



# 2017/18 Annual Report



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# Abbreviations

The following abbreviations are referenced throughout this report:

**AASs** – Australian Accounting Standards  
**BAU** – Business As Usual  
**CMA** – Catchment Management Authority  
**CP** – Connections Project  
**CSO** – Community Service Obligations  
**DWMP** – Domestic Wastewater Management Plans  
**DEDJTR** – Department of Economic Development, Jobs, Transport and Resources  
**DELWP** – Department of Environment, Land, Water and Planning  
**EBITDA** – Earnings before Interest, Tax, Depreciation and Amortisation  
**EMS** – Environmental Management System  
**ESC** – Essential Services Commission  
**FOI** – Freedom of Information  
**FRD** – Financial Reporting Direction  
**FTE** – Full Time Equivalent employees  
**GBCMA** – Goulburn Broken Catchment Management Authority  
**GHG** – Greenhouse Gases  
**GL** – Gigalitres of water (one billion litres)  
**GMID** – Goulburn Murray Irrigation District, Australia's largest irrigation delivery network  
**GMU** – Groundwater Management Units  
**GMW** – Goulburn-Murray Rural Water Corporation (trading as Goulburn-Murray Water)  
**GSERP** – Government Sector Executive Remuneration Panel  
**GST** – Goods and Services Tax  
**HRWS** – High-Reliability Water Shares  
**HSE** – Health, Safety, Environment and Sustainability  
**ICT** – Information, Communications and Technology  
**KL** – Kilotres of water (one thousand litres)  
**KMP** – Key Management Personnel  
**LGBTI** – Lesbian, Gay, Bisexual, Transgender and Intersex  
**LOWMP** – Land and On-Water Management Plan  
**LRWS** – Low-reliability Water Shares  
**LSL** – Long service Leave  
**MDBA** – Murray Darling Basin Authority  
**ML** – Megalitres of water (one million litres)  
**NTER** – National Tax Equivalent Regime  
**NVIRP** – Northern Victoria Irrigation Renewal Project  
**OH&S** – Occupational Health & Safety  
**PCG** – Connections Project Control Group  
**SAP** – Strategic Advisory Panel  
**SCC** – Stakeholder Consultative Committee  
**SIR** – Shepparton Irrigation Region  
**SO** – Strategic Outcomes  
**The Board** – Independent Board of Directors appointed by the Minister for Water  
**VGV** – Valuer General Victoria  
**VPSC** – Victorian Public Sector Commission  
**WSD** – Water Storage and Delivery  
**WSPA** – Water Supply Protection Area  
**YYNAC** – Yorta Yorta Nation Aboriginal Corporation

## Responsible Body's Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Goulburn-Murray Water's Annual Report for the year ending 30 June 2018.



**Patrick McNamara**  
Acting Chair  
Goulburn-Murray Water  
29 August 2018



# Year In Review

## Vision, Mission, Values.

The 2017/18 financial year saw the completion of GMW's five year corporate strategy (the Fundamental Commitments strategy), the creation of a new strategic plan, and the appointment of a Strategic Advisory Panel (SAP) by the Minister for Water.

### Fundamental Commitments Strategy

Our Fundamental Commitments strategy is now firmly embedded throughout the business. Work to maintain and improve upon the outcomes of the strategy remains ongoing as business as usual.

Our Fundamental Commitments and Strategic Outcomes are as follows.

#### Fundamental Commitment 1 - Partnering with our customers

##### Strategic Outcomes:

- **SO 1** – Our service levels meet our customer's needs.
- **SO 2** – We are easy to deal with.

#### Fundamental Commitment 2 - Creating the opportunity to increase production in northern Victoria over the next 20 years

##### Strategic Outcomes:

- **SO 3** - We deliver the Connections Project for the long term benefit of our region.

- **SO 4** - Our stakeholders are enrolled in our sustainable future.
- **SO 5** - We operate commercially to deliver sustainable, predictable and affordable pricing.
- **SO 6** - We develop our business in support of our customers and community.

#### Fundamental Commitment 3 - A high performing organisation

##### Strategic Outcomes:

- **SO 7** - We are world leaders in water storage and irrigation management systems.
- **SO 8** - We have an ongoing depth of capability, opportunity and leadership throughout the organisation.
- **SO 9** - Our processes, systems and technology enable our future.

Accompanying the Fundamental Commitments strategy was a suite of Conditions of Satisfaction. The Conditions of Satisfaction are known as the 'rules of the game' and are never compromised in achieving the strategy. The Conditions of Satisfaction are also key drivers of performance that we strictly adhered to in all business undertakings. The Conditions of Satisfaction are as follows:

- Safety first is non-negotiable.
- We always operate in service of our Fundamental Commitments.
- We always operate consistent with our agreed behaviours.
- We have strong ethical governance.
- Our decisions are informed to ensure we are financially sustainable.
- We manage our risk.
- We meet our legal, contractual and regulatory obligations.
- We listen to, understand and anticipate what is important to our customers.

### Our new Strategic Plan

In 2017 we undertook extensive consultation with customers, stakeholders and staff in developing our new strategic plan. Our new strategy contains nine goals and 18 outcomes which broadly represent GMW's long term aspirations and operational objectives. It is designed to make us more agile, efficient and aware of the changing nature of water availability and security, water markets and evolving customer needs. It emphasises our role as a partner in encouraging regional investment, development and sustainability.

Our new strategy builds upon and strengthens our previous strategic priorities, which are now embedded as core business. The new strategy brings a suite of new initiatives which we are committed to achieving, whilst continuing to drive savings throughout the business.

Our new strategy is detailed in our Corporate Plan for 2018/19 to 2022/23.

### Strategic Advisory Panel

In October 2017, the Minister for Water appointed the SAP to assist GMW with focussed, and in some areas accelerated, implementation plans to ensure a strongly viable future following the Connections Project and outcomes of the Murray-Darling Basin Plan.

The SAP report was published in February 2018, and provided recommendations in areas as diverse as asset and project management through to customer engagement.

Following the SAP phase, the Minister appointed two independent members, plus the Managing Director, to a Transition Panel to ensure that GMW is supported with specialist advice to transition and transform the business.

Substantial transformation activities will take effect from 2019/20.

## Chair and MD's Report

With dry conditions and below average rainfall, GMW faced a high demand for deliveries to our irrigation, environmental and urban customers in the 2017/18 season.

We delivered more than 2 million megalitres of water to customers – the highest since the 2014/15 season, which was also a dry year. These deliveries served vital agriculture and town water supplies, and environmental flows that help maintain our rivers, lakes and wetlands in trying conditions.

The irrigated agriculture in northern Victoria generates more than \$6 billion of production value annually and directly supports more than 10,000 jobs in the GMID – the largest and most intensely irrigated region in Australia.

Water capture, storage and delivery is our core business along with helping our customers manage their most vital asset – water – with more flexibility than ever before. GMW fulfils many other roles, from managing recreation at Victoria's most popular lakes to a wide range of licensing and regulatory duties.

In addition, we service and supply urban water authorities, catchment management authorities and the Murray Darling Basin Authority. We're also delivering the Connections Project – a \$2 billion investment in modernising our irrigation infrastructure set to continue to 2020.

As Australia's largest rural water corporation we provide more than 39,000 services to more than 21,000 customers across northern Victoria. We manage 70 per cent of the state's stored water and half of its groundwater – most of it delivered via irrigation infrastructure assets valued in excess of \$5 billion.

GMW delivered water volumes this season equivalent to 60 per cent of Lake Eildon's total storage capacity, and water availability will be a continuing challenge in our future. Climate change and a continually changing customer base means GMW needs to be more nimble and efficient than ever before.

In October 2017, the Minister for Water Lisa Neville announced the establishment of the Strategic Advisory Panel to support GMW in meeting the challenges of reduced water availability in the region and a changing customer base and expectations.

The Panel handed down its review in January 2018.

The SAP findings and 30 recommendations now form a Transformation Delivery Plan for GMW, driven by the Transformation Team, with the overall goal of improving efficiency and affordability of all services provided by GMW to customers, while ensuring a satisfying work environment for employees.

The Transformation Project is already well underway, and we're excited to take these vital steps towards helping to secure the future of our region.

We see the importance of the Minister's appointment of the Strategic Advisory Panel and the work of our Transformation Team, and look forward to seeing the hard work of our project teams pay off in the coming months and years.

There's no doubt that this year has been a significant one for both GMW and our customers, and we believe our work will help create a viable future. We are looking forward to continuing to partner with our customers and make changes to our business that will ensure northern Victoria remains one of the world's most productive and effectively managed irrigation regions.



**Patrick McNamara**  
Acting Chair  
Goulburn-Murray Water  
29 August 2018



**Pat Lennon**  
Managing Director  
Goulburn-Murray Water  
29 August 2018

# Year In Review

## Manner of establishment and the Responsible Minister

GMW is a statutory Corporation constituted by Ministerial Order under the provisions of the *Water Act 1989* (Water Act). The relevant Minister for the period from 1 July 2017 to 30 June 2018 was the Hon Lisa Neville MP, Minister for Water.

## Nature and Range of Services Provided

GMW manages a range of operational business objectives to service our customers and stakeholders. Our key operational objectives are as follows:

- harvesting, storing and managing water in our reservoirs and dams
- managing the supply, delivery, and drainage of water for our irrigators, diverters and our water districts
- providing flood protection, salinity mitigation and maintenance of infrastructure for our irrigation and water districts
- implementing the Government's regulations and policy for groundwater and surface water resource management in accordance with delegated powers
- facilitating hydroelectricity generation
- operating salinity mitigation works, and
- providing for public recreational activities.

## About Us

GMW is a statutory Corporation constituted by Ministerial Order under the provisions of the Act. An independent board of directors (the Board) governs GMW. The Board operates under Part 6 of the Act and reports annually to the Minister for Water and the Treasurer.

GMW is Australia's largest rural water corporation managing around 70 per cent of Victoria's stored water resources, around 50 per cent of Victoria's underground water supplies and Australia's largest irrigation delivery network.

GMW manages water related services in a region of 68,000 square kilometres, bordered by the Great Dividing Range in the south and the River Murray in the north and stretching from Corryong in the east down river to Nyah. We have more than 21,000<sup>1</sup> customers using over 39,000 services in northern Victoria.

GMW manages both regulated and unregulated river systems that flow into the Murray and administers groundwater within this area.

GMW also operates a number of storages and weirs on behalf of the MDBA, operates salinity mitigation works on the Murray downstream of Nyah, and is the Victorian constructing authority for the MDBA.

GMW is the Northern Victorian Resource Manager appointed by the Minister for Water and has been given responsibility for making the seasonal determination for all northern Victorian declared water systems. GMW is a partner in the Victorian Water Register, using it to manage more than \$4 billion of water entitlements and trade.

GMW also maintains recreational infrastructure and services and manages safe boating access at 14 of its 24 storages. This includes managing 722 houseboat licenses, 11 caravan park leases and 61 clubs. All the dams managed by GMW are available to varying degrees to the public for recreational use such as boating, fishing and swimming. A total of 71 reserves are located around GMW headworks and MDBA storages. Of these, 43 are funded by GMW, 15 by MDBA and 27 partly or fully funded by local councils.

We are also delivering the \$2 billion Connections Project, funded by the Victorian and Commonwealth governments. This is the most significant upgrade to the region's irrigation infrastructure in its 100-year history and is the largest irrigation modernisation project in Australia.

The project will automate much of the water delivery network and replace ageing irrigation infrastructure, meet measurement compliance requirements and ensure equitable access to maintain the true value of water while also reducing the GMID footprint and making water use sustainable by preparing us for future challenges and opportunities. The project has created hundreds of jobs for local contractors, designers, manufacturers and other water-related staff.

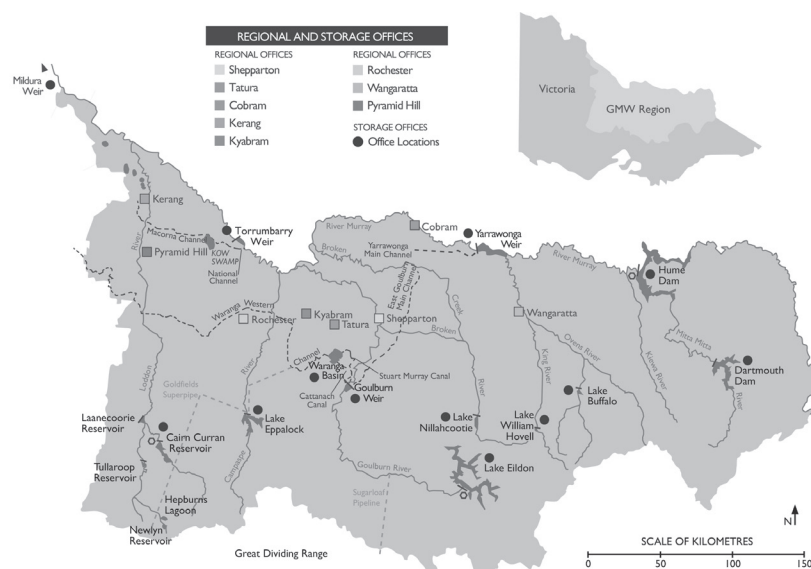


Diagram 1: GMW's operational area

<sup>1</sup> Based on single customer view as at 30 June 2018.



## Objectives, functions, powers and duties

### Functions and Powers

GMW has functions and powers under the Water Act to provide, manage and operate:

- an irrigation district
- a water district
- a waterway management district.

GMW also has responsibilities as a delegate or appointee of the Minister of Water and the Water Registrar pursuant to the Water Act and the *Murray-Darling Basin Act 1993*:

- for licensing activities (unregulated streams, groundwater, works on waterways, water use), approval of water share and allocation applications
- as storage manager and resource manager for all declared water systems in northern Victoria.
- as Victoria's relevant water authority (constructing authority) for the MDBA
- for recording of certain water share dealings.

### Our Operating Functions

#### Delivering water to our region

- store and deliver 70% of the State's stored water and 50% of underground water supply
- provide water to our customers within agreed service standards
- manage customer accounts including fees and charges
- monitor compliance and appropriate usage of water allocation
- Minister's delegate for licensing ground water and surface water diversions and private dams.

#### Monitoring the quality of our water

- monitor salinity and algae levels for public safety and irrigation use
- ensure developments (proposed planning applications) do not impact the quality and/or quantity of the water.

#### Building and maintaining infrastructure

- build, provide and maintain the infrastructure to support the storage and delivery of water
- deliver on the State and Commonwealth Government's commitment to modernise and maintain water delivery infrastructure to improve water efficiency
- facilitate hydroelectricity generation
- provide construction and operational services for other Government agencies for delivering water (MDBA and Victorian Government).

#### Securing our water supply

- allocate the agreed supply of water to meet our region's needs
- provide water registry services for water trading
- plan for the future to safeguard and maximise the diminishing water resource
- support Government policy development and implementation regarding water resource management.

#### Supporting strong and vibrant communities

- provide feedback to Government on their policy and the impacts on the diverse needs of our community
- inform and engage the community on water resource management including resource availability, general operations and emergencies including flood safety
- educate the community in better use of water for improved sustainability
- facilitate recreational use on and around our rivers, lakes and reservoirs.

#### Meeting our legislative and reporting requirements

- compliance with legislative requirements under the Water Act and other relevant governing legislation
- meet reporting obligations to Government in accordance with statutory requirements
- set prices to collect revenue for GMW's prescribed and non-prescribed services
- comply with the regulator's requirements for setting of water prices.

### Statutory Planning

1,624 planning applications were referred to GMW in 2017/18 and a further 28 Planning Scheme Amendment submissions were received. Under the *Planning and Environment Act 1987*, GMW is required to respond to matters referred within 28 days or within the time period determined by the relevant Council.

The GMW statutory planning section is also involved in the development of Domestic Wastewater Management Plans (DWMP) for the 17 councils that contain Special Water Supply Catchments. During 2017/18 GMW finalised two approved DWMPs; one is still under consultation and one Council is refusing to implement.

# Year In Review

## Performance against objectives

Our 2017/18 Corporate Plan set out a suite of initiatives that we committed to progress throughout 2017/18.

The status of each initiative is listed in the table below.

Strategic Initiative	Objective	Status
<b>Customer Experience Improvement Program</b>	To significantly improve the way we deliver services to our customers and enhance their experience when dealing with GMW.	Complete (now business as usual)
<b>Tariff and Pricing Review</b>	A simple tariff which is accountable to customers, able to be understood and explained easily. Note that 2017/18 will be the second year of the four year regulatory period set by the ESC, and that tariff structures are unable to be changed prior to July 2020.	Ongoing
<b>Connections Program Reset Delivery Plan</b>	This initiative will focus on three key deliverables: <ul style="list-style-type: none"> <li>• Connections Project long term business implications (e.g. whole of life)</li> <li>• Supporting the operational delivery of the Connections Project</li> <li>• The Connections Project Reset.</li> </ul>	Ongoing per Connections Project Reset Plan
<b>Field Workforce Mobility Initiative</b>	Identify and implement solutions which enable our infield workforce to become more mobile and reduce the risks and costs associated with unnecessary travel to and from work sites.	Currently being implemented – to be completed by December 2018.
<b>Water Management System Optimisation</b>	To ensure that the automated delivery and data collection system can perform at a level that meets GMW's and customers' needs.	Complete (now business as usual)
<b>Plan for All Dams</b>	Develop a plan for all dams that will assist in future investment decisions and long-term direction.	Ongoing
<b>Water Management System Roadmap</b>	Identify a future desired state for the Water Management System allowing key business decisions to be made in service of that outcome.	Ongoing
<b>Water Delivery Efficiency Project</b>	To understand forecast bulk entitlements and develop an efficiency improvement initiative.	Complete
<b>Our People Our Future</b>	To develop a structured capability, succession and performance management framework.	To be completed 30 June 2019
<b>ICT Plan Delivery</b>	To deliver technical capabilities around core systems, business data and reporting automation, systems sustainability and rationalisation.	Ongoing
<b>Internal Process Optimisation Program</b>	To streamline internal business processes using process optimisation methodologies, maximising the use of technology and automation.	Ongoing
<b>Finance Information Structure Review</b>	Enhance the level of financial information detail for decision making, particularly in the non-prescribed segment (including recreation and land), and increase financial management capability across GMW.	To be completed 31 December 2018

Table 1: List of Strategic Initiatives that have progressed to BAU or will be implemented as part of GMW's future strategic plan.

Our 2017/18 Corporate Plan also set out 'priority areas' to focus on to ensure a smooth transition from the previous Fundamental Commitments strategy to our new strategy. The status of each priority area is listed in the table below.

Priority Area	Objective	Status
Improving our Engagement	Ensure we're working with all our customer segments, stakeholders and communities.	Ongoing
Diversity & Inclusiveness	Create a genuine culture of inclusiveness within GMW, through targeting recruitment, employee welfare and staff retention. Deliver statistical improvement in all key diversity statistics through to 2024. Targets in scope include gender, ATSI, LGBTI+, disabled, multicultural, flexible working, and carers.	Ongoing
Staff Communication Engagement Review	Investigate new options to deliver improved engagement and communications to all GMW staff.	Ongoing
Land Parcel Strategy	Release value from our land assets through leasing opportunities and limited strategic sales. Ensure utilisation of land for social or recreational purposes.	Ongoing
Capital Expenditure Innovation	Achieve improved asset functional outcomes and other 'earned value' from the fixed/planned total value of capital expenditure funding available through fees and approved borrowings.	Ongoing
Maintenance Innovation	Focus primarily on the gravity distribution channel network seeking to reduce our OPEX spend and improve reliability, life and service levels.	Ongoing
Grant & Partnership New Revenue	Look for external grant funds to leverage / support our capital and operation programs.	Ongoing
Controllable Cost Operational Expenditure Target	Achieve \$20 million recurrent cost reduction by end of June 2020 (from the original 2014 base), which has already been built into prices by the ESC through to June 2020. Consistent with the SAP Report, a further stretch target towards 2024 is to be implemented.	Ongoing
Capital Expenditure Target	Value-for-money improvements of \$3 million annually, or \$15 million across five years by end of June 2022. This means producing more asset functionality or extended asset life for the planned expenditure, rather than a reduction in capital expenditure.	Ongoing
Asset Modelling	Consider enhancements to asset modelling software to better inform GMW's investment profile and prioritise the asset treatments to provide best value solutions.  Broaden irrigation asset modelling to drainage and dams assets to further understand the cost challenges from a whole of business perspective.  Link asset modelling with a corporate view of the business to better ascertain revenue generation and prices within the regulatory constraints.	Ongoing
GMID Strategy & River Assets	Establish a future vision and footprint for the GMID, Diversions, Pumped Districts, Water Districts and associated river assets. The strategy will include surface and sub-surface drainage infrastructure and consider known and forecast opportunities and threats within the identified areas.	Ongoing
Additional Water Savings	Confirm the potential volume of bulk entitlements conveyance losses that may result in potential new water sources beyond those water savings achieved through the Connections Project.	Ongoing
Water for Victoria Implementation Plan	Activities to improve performance towards the <i>Water for Victoria</i> key priority areas. Detailed information on the activities we are undertaking is set out in our Corporate Plan for 2018/19 to 2022/23.	Ongoing

Table 2: List of priority areas for GMW in 2017/18.

# Year In Review

## Minister's Letter of Expectations Key Performance Indicators

GMW is committed to delivering long-term and short-term key strategic business objectives and drivers to deliver its part of this response as both a lead and a stakeholder.

GMW is focusing its attention on improving performance in relation to the Minister's Letter of Expectations. The information on the following pages provides GMW's performance against the key performance indicators relevant to the priority areas as set out in *Water for Victoria*.

## Climate Change

Provide services that minimise environmental impacts, mitigate climate change and put in place adaptation strategies and actions.

### Key Performance Indicator

**E2 Emission reduction.** Demonstrate reasonable progress toward achievement of the entity's emission reduction pledge, as per the 2018-19 Corporate Plan Guidelines.

#### Measure

E2 Total net emissions of CO2 equivalent tonnes.

#### Definition

Net tonnes of CO2 equivalent emissions (scope 1 and scope 2 emissions only) for the whole business and its activities.

#### Performance

Two major initiatives have commenced under the emissions pledge adopted by GMW's Board: An EOI to convert 15% of traditional electricity to solar and a Renewable Energy Plan which aims to achieve 100% electricity conversion by 2024. Vehicle and machinery emissions are targeted next.

### Key Performance Indicator

**E3 Climate adaptation.** a) Apply the Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria and demonstrate adaptation by:

- their application in drought preparedness and urban water strategies (Urban water corporations).

- Rural water corporations (as applicable) develop low flow contingency plans that include an appropriate range of climate scenarios.

b) Integrate climate change adaptation into decision-making across the business (all sources of water, wastewater, and where relevant drainage and flood management) including:

- source waters and demand
- built assets
- natural environment
- people and workplace
- interdependencies
- customer and product delivery.

#### Measure

E3 Qualitative description of how adaptation to climate change and variability are integrated across all relevant business decisions, in the parts of the business specified. Include consideration of short, medium and long-term changes.

#### Definition

Planning for adaptation to all changed conditions anticipated under climate change. These include the warmer, drier climate conditions, more intense rainfall and more frequent extreme events predicted for the future.

#### Performance

GMW is anticipating publication of the draft AAP in February/March. The AAP will provide better indication of Government and DELWP direction on climate change management in the water sector.

GMW is guided by the *Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria* in undertaking project initiatives that are intended to improve the robustness of water supply options as climate change occurs. Key projects under investigation include new sources of water, acquisition of additional entitlement (for distribution to GMW customers), climate change adaptation plan and supplying water through conjunctive use.

Planned recurrent work includes adapting seasonal outlooks to the new climate change guidelines.

## Customer and community outcomes

All aspects of service delivery will be customer and community centred.

### Key Performance Indicator

**C1 Customer satisfaction** Note this indicator includes both direct and proxy measures. Overall, reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.

#### Measure

C1(R) Customer satisfaction survey  
High level survey to be developed across the four businesses, with a joint delivery method. DELWP/Rural Working Group to be established early 2018 to progress, with survey methodology to be finalised and agreed by end June 2018.

C1.4 Orders delivered at time agreed.

C1.5 Percentage of applications completed within agreed timeframes.

C1.6 Rural bills (data to be provided by district).

C1.6.1 Total rural bill gravity irrigation.

C1.6.2 Total rural bill pumped irrigation.

C1.6.3 Total rural bill domestic and stock supply.

#### Definition

C1.4 Proportion of water orders delivered on time.

C1.6.1 Irrigation gravity - 50 ML irrigations customer; or

C1.6.2 Irrigation pumped - 50 ML irrigations customer; or

C1.6.3 2ML - Domestic and stock supply as applicable

#### Performance

GMW has been involved in discussions with DELWP regarding a combined Rural Water Corporation customer satisfaction survey. An initial workshop was held in July 2018 and GMW is continuing to work with DELWP to implement the new survey.

C1.4 Pumped Districts 98% as at 30/6/2018.

Gravity Systems 94% as at 30/6/2018.

C1.5 98% as of 30/6/2018.

#### C1.6.1 – gravity System<sup>2</sup>

- Shepparton: \$9,212
- Central Goulburn, Rochester & Loddon Valley: \$6,835
- Murray Valley & Torrumbarry: \$7,086.

#### C1.6.2 – Pumped Irrigation<sup>3</sup>

- Nyah: \$8,425
- Tresco: \$8,265
- Woorinen: \$8,134.

#### C1.6.3 – Water D&S Districts<sup>4</sup>

- Normanville: \$2,155
- Tungamah: \$1,781
- East Loddon (South): \$1,396
- East Loddon (North): \$1,052
- West Loddon: \$878.

## Key Performance Indicator

### C2 Customer and community engagement

Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DELWP Community Charter or IAP2 framework could be considered as a guide.

#### Measure

C2 Development and delivery of an engagement strategy/plan/policy and publication (via the water corporation's website) of the engagement strategy/plan/policy or equivalent explanation.

#### Performance

GMW is currently undertaking a project to review and improve its engagement approach with customers and stakeholders.

The project is underway and so far we have completed:

1. Customer segmentation – this has allowed us to identify 10 clear customer groups
2. Needs analysis – this has allowed us to identify our customer and stakeholder's preferred engagement approach and allows us to tailor our communications and engagement in the future to meet their needs.

We have now drafted our Communications, Engagement and Partnerships strategy, with associated documents that flow from this strategy including a handbook that provides detailed guidance on how to deliver the strategy. Our approach draws and expands upon the IAP2 Engagement Spectrum and proposed a suit of interactions that our business can use to improve customer and stakeholder engagement.

## Water for Aboriginal cultural, spiritual and economic values

Recognise and support Aboriginal cultural values and economic inclusion in the water sector.

## Key Performance Indicator

### AC1 Engagement of Aboriginal communities

Effective and genuine engagement of Aboriginal communities for involvement in business opportunities and access to water for economic development. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement, taking into account the relevant local context.

#### Measure

AC1.1 A strategy that demonstrates how the water corporation will build capability and understanding of procurement processes to address barriers for Aboriginal enterprises to supply goods/services to water corporations.

AC1.2 Number/explanation of sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships.

AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last 5 years.

#### Definition

Explore and develop opportunities for business arrangements with Traditional Owners and Aboriginal enterprises to deliver value-for-money catchment and water services.

Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal Victorians.

#### Performance

AC 1.1 Developing Traditional Owner Engagement Plan.

AC1.2 Finalising Algabonyah Employment Agreement with GMW and Kaiela Institute.

AC1.3 Cultural Awareness Training. 203 employees have undertaken training. Further workshops are planned in March April throughout GMW's region.

## Key Performance Indicator

### AC2 Engagement of Traditional Owners

Effective and genuine engagement of Traditional Owners for inclusion of Aboriginal values in water planning. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement, taking into account the relevant local context.

#### Measure

AC2.1 Number of engagements with Traditional Owners in water planning and management and report on outcomes.

AC2.2 Number of pilot programs to test different ways to achieve shared benefits.

#### Definition

Inform Traditional Owners when opportunities arise to access water entitlements within existing framework. Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners.

Notify and engage with Traditional Owners to achieve shared benefits.

#### Performance

Finalising new GMW Yorta Yorta Agreement. Meetings conducted with Yorta Yorta and Aboriginal Victoria (AV) on management of Kow (Ghow) Swamp. Meetings completed onsite with Yorta Yorta regarding management of Kanyapella Basin and planning for DELWP Aboriginal Water Grants. Meeting conducted with Dja Dja Wurrung to better understand requirements of 'Traditional Owner Settlement Agreement.' Submitted support letters to Traditional Owner Groups for their submissions for DELWP Aboriginal Water Grants.

<sup>2</sup> Calculated based on a customer having one service point and using 100ML of water allocation.

<sup>3 & 4</sup> Calculated based on a small customer having one service point and using 100ML of water allocation.



# Year In Review

## Key Performance Indicator

**AC3 Aboriginal Inclusion Plan/ Reconciliation Action Plan** To be considered in conjunction with AC1 and AC2, taking into account the relevant local context.

### Measure

AC3 Development of either an Aboriginal Inclusion Plan or a Reconciliation Action Plan, reflecting measures AC1.1 to AC1.3 and AC2.1 to AC2.2 as appropriate.

Draft Reconciliation Action Plan submitted to Reconciliation Australia

## Resilient and liveable cities and towns

Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.

## Key Performance Indicator

### L4 Payment management and hardship

### Measure

- Number of instalment plans at the end of the reporting period
- Number of customers awarded hardship grants

### Performance

A more thorough approach has been taken to communicate with customers who owe GMW for their accounts. More effort is occurring by GMW staff to communicate with customers before referring those debtor accounts to an outsourced debt collection company.

A number of accounts have balances owed in excess of 2 years. It will take a substantial time period to restore those customers to an annual account basis, through a multi-step approach.

Legal action available to GMW is currently minimised, pending reasonable and mutual outcomes.

Financial counselling service information is being advised to customers, as is the Plan2Farm program coordinated by the NCCMA (the latter has so far been taken up only minimally by customers).

## Recognising recreational values

Support the wellbeing of rural and regional communities by considering recreational values in water management.

## Key Performance Indicator

**Rec1 Recreational values** Consideration of recreational values in carrying out functions and providing services.

### Measure

- Efforts taken around the following four themes of Water for Victoria, including numbers where available:
  - Community engagement in order to understand recreational objectives relating to water and waterways
  - Planning and management that incorporates consideration of recreational values objectives
  - Availability of accessible, user-friendly information to help recreational users to plan their activities
  - Collaboration with other organisations and government agencies to explore and progress opportunities to support recreational objectives.
- Where applicable, progress to date to prepare land and recreation management plans for all major water storages of recreational value, and the extent to which management plan actions have been implemented, as per Water for Victoria action 7.3.

### Definition

Explicit consideration of opportunities to support recreational values objectives through delivery of function areas.

### Performance

Development and rollout of information on GMW recreational services and general information including storage specific public access and safety messaging via social media.

Development and release of individual User Guides and Boating Maps at Eildon and Eppalock.

Introduced public use web based Interactive Mapping for Lake Eppalock and Lake Eildon providing accessible information on all recreational opportunities on both foreshore and waterways.

GMW is supporting the DELWP Closing The Loop Project that is assessing current and future recreational user information needs across the State.

GMW is working with the offices of the Ministers for Water, Roads and Road Safety and Ports and DEDJTR on the Safe and Accessible Waterways State wide initiative looking at the potential to fund recreational facilities and services and establish a robust safety education and compliance across the state under the *Marine Safety Act 2010*.

Seek input from the wider Community, Recreational Users, Key Stakeholders and other Agencies via formalised working groups. Initiate process to develop recreational opportunities to support public access opportunities into the future.

With support from community and users and backing from other agencies seek out external funding sources to implement upgrades to existing and develop new facilities and services.

## Leadership and Culture

Water corporations reflect the needs of our diverse communities.

## Key Performance Indicator

**G1 Diversity and inclusion** Improve gender and cultural diversity in workforce including gender equity in executive leadership. Diversity Inclusion plans to be based on best practice. The approach of the DELWP Diversity and Inclusion Strategy 2016-2020 could be considered as a guide.

### Measure

- G1.1 Development and delivery of a Diversity Inclusion Plan/s and publication (via the water corporation's website) of the Inclusion Plan or equivalent explanation.
- G1.2 Number of females occupying senior executive positions over projected five-year period.
- G1.3 Adopt a 1% target for Aboriginal people in the business consistent with Vic government policy[1] and work to a stretch target of 3% by 2020 (DELWP policy[2]).

- G1.4 Actions taken to improve participation by Traditional Owners in Board committees and other organisational Committees.
- G1.5 Number of respondents to the VPSC People Matter Survey from each water corporation should be high or improving over time (to be based on participation in alternate years with implementation measures achievements reported in follow up year). Results indicate favourable response to implementation of diversity inclusion plan.

#### Definition

- G1.1 A Diversity Inclusion Plan/s that includes gender equity and cultural, indigenous inclusion.
- G1.5 Staff participation in the Victorian Public Sector Commission (VPSC) People Matter Survey. Water corporation to encourage staff participation to complete annual survey or equivalent survey.

#### Performance

- GMW's Diversity and Inclusion Plan is available on our website at [www.g-mwater.com.au/about/reports-and-publications/policies](http://www.g-mwater.com.au/about/reports-and-publications/policies)
- G1.1 Refer to page 38 to see our current diversity and inclusion targets to be achieved by 2024, and our performance against those targets for 2017/18.
- G1.2 2018/19 target is 40%. Current performance is 0%.
- G1.3 2018/19 target is 3% Indigenous people in the business. Current performance is 2% Indigenous people in the business.
- G1.4 GMW to employ a dedicated Aboriginal Water Officer and embark on an Indigenous Work Experience stream (have delivered three programs through 'Geared for Careers' targeting disadvantaged youth).
- G1.5 GMW did not participate in the VPSC People Matter survey for 2018. Instead, a transformation-focused Cultural Change survey was conducted to gauge staff's understanding of, and readiness for, the transformational change which is currently underway in the business.
- Our agreed survey actions from 2016 and 2017 are more than 90 per cent progressed and we continue to follow through to complete these.

### Key Performance Indicator

**G2 Board performance review.** Annual Board performance review to help monitor and improve the Board's effectiveness in leading the organisation.

#### Measure

G2 Board performance report submitted to the Minister for Water by 31 March each year with identified actions for continuous improvement. Monitoring of previous year's actions has had a positive result on the Board's ability to lead the organisation.

#### Performance

Review completed 28 February 2018.

### Key Performance Indicator

**G3 Health and Safety** Sustained annual improvement against H&S performance benchmarks (AS/NZS standard 4801).

#### Measure

G3 Performance indicators adopted to monitor occupational health and safety in line with FRD 22H, section 5.10.

#### Performance

Performance indicators adopted to monitor occupational health and safety in line with FRD 22H, section 5.10. Refer to page 36 for performance results.

## Financial Sustainability

Delivering safe and cost-effective water and wastewater services in a financially sustainable way.

### Key Performance Indicator

**F1-F8 Financial Indicators** Overall reporting on these measures should demonstrate financial sustainability and provide a positive picture of a corporations' financial sustainability over time.

#### Measure

F1 interest cover  
F2 gearing ratio  
F3 internal financing ratio  
F4 current ratio  
F5 return on Assets  
F6 return on equity  
F7 EBITDA Margin  
F8 Credit rating

#### Definition

F1-F7 Financial indicators as prescribed by PRF.

F8 Credit rating based on TCV for FAL or independent credit rating.

#### Performance

F1-F7 See page 26.

F8 See page 26.

## Our Customers

GMW provides more than 39,000 services to more than 21,000 customers as some customers have multiple services across different classes. Our services include water storage, delivery and management services to surface and groundwater customers across the region.

# Year In Review

## Understanding and responding to customers' needs

We strive to deliver what is important to our customers. Our ongoing customer experience program is driven by key insights captured through primary customer contact channels including our call centre, local customer service centres, frontline staff and WaterLINE users. We remain focused on creating solutions to key customer issues and concerns relating to their accounts, assets, water entitlement, resource availability and water delivery management. For example; this year our customer communications, improved bill layouts and updated web based information have all been driven by customer feedback and insights.

As part of our customer digital service strategy, the "MyGMW" self-service portal was launched and is accessible from our website. MyGMW provides customers with online access to their information and accounts, ensuring customers can access their information at any time. Based on usage insights and customer feedback, GMW will continue to refine and enhance the MyGMW self-service platform.

After the success of the Lake Eppalock interactive water level mapping tool, we expanded this web-based functionality to Lake Eildon. The interactive tool provides anyone visiting Lake Eildon the ability to pre-check water levels and plan their recreational activities based on various scenarios. We plan to expand this feature to include other storages and add additional information based on what is important to recreational users.

Customer working groups and committees provide GMW with a meaningful way of engaging our customers on the key issues that affect them. This year GMW established seven working groups made up of customers and key stakeholders from a range of industries with the goal of assisting GMW to put forward its next pricing submission to the ESC. In addition the groups will provide ideas and feedback on how to tackle future challenges in the GMID such as changing climate, ageing assets and overall water security. This method of engagement is a new and exciting way forward for GMW allowing us to build trust and respect with our customers and reach mutually beneficial outcomes through a collaborative process.

Primary Service Segment <sup>1</sup>	Example customers	Number of Customers <sup>2</sup>	Revenue (\$m)	% of total Customer base	Annual Water Use <sup>3</sup>
Irrigation	<ul style="list-style-type: none"> <li>Horticulture, dairy, mixed farming</li> </ul>	12,338	\$100m	58%	1,315 GL
Domestic and stock	<ul style="list-style-type: none"> <li>Rural residential</li> <li>Mixed farming</li> <li>Intensive animal industries (e.g. piggeries)</li> </ul>	6,513	\$2.8m	30.9%	12.1 GL
Environmental watering	<ul style="list-style-type: none"> <li>Commonwealth and State environmental water holders</li> </ul>	2	\$12m	0.01%	649 GL
Bulk water for urban and rural water supply	<ul style="list-style-type: none"> <li>Urban water corporations</li> </ul>	12	\$11.2m	0.05%	638 GL
Water investment	<ul style="list-style-type: none"> <li>Investment funds</li> <li>Agriculture corporations</li> </ul>	789	\$1.6m	3.7%	6.3 GL
Flood protection	<ul style="list-style-type: none"> <li>Protection of land and property in flood protection districts</li> </ul>	35	\$0.01m	0.1%	0.0 GL
Recreation	<ul style="list-style-type: none"> <li>Houseboat operators</li> <li>Recreation clubs</li> </ul>	891	\$1.9m	4.2%	0.2 GL
Commercial leasing	<ul style="list-style-type: none"> <li>Livestock graziers</li> <li>Forestry corporations</li> <li>Caravan parks</li> </ul>	337	\$2.2m	1.6%	0.5 GL
Contract services	<ul style="list-style-type: none"> <li>MDBA</li> <li>Local government and catchment management authorities</li> <li>Commercial contracts</li> </ul>	142	\$19.4m	0.6%	126.8 GL
Power generation <sup>3</sup>	<ul style="list-style-type: none"> <li>Hydroelectric power utilities</li> </ul>	18	\$1.5m	0.01%	0.0 GL
<b>Total</b>		21,077	\$153m	100	

Table 3: Customer numbers by segment

## GMW Customer Service - Performance

### Water Deliveries

During the 2017/18 irrigation season a total of 1,318,270 ML was delivered to GMW irrigation customers in the irrigation areas and regulated river systems, 322,807 ML more than the previous season in 2016/17.

Of the 146,992 irrigation orders received, 94.3 per cent were delivered on the day requested by the customer. Over half (64 per cent) of the irrigation orders received were lodged via electronic means, demonstrating our customers' appetite for self-service and online convenience.

Percentage of orders delivered on day (regardless of notice)		
	Actual	Target
Gravity	94%	93%
Pumped	98%	98%

Table 3: Percentage of orders delivered on day regardless of notice.

<sup>1</sup> The customer segments have been identified using a single customer view methodology that groups customers based on their primary need. For example, if a customer accesses a gravity irrigation service and a domestic and stock service, they are classified as in the irrigation segment if their gravity irrigation charges exceed their domestic and stock charges.

<sup>2</sup> Total customers based on single customer view as at 30/06/2018.

<sup>3</sup> For the 2015/16 period, as at 30 June 2016.

# Year In Review

## Water Trading

During the 2017/18 irrigation year GMW processed 14,232 trades involving 3,324,634 ML of allocation. Demand for allocation was quite strong, with customers looking to the water market to support high deliveries across the retail regulated system. Customers managing allocation now have unprecedented access to the water market through online tools supplying up to date information as well as the ability to transact online. Customers can also trade allocation with one of the many water brokers enabled to transact online through the Broker Portal. This has resulted in a highly active water market allowing customers to secure allocation when required or quickly on sell when use is not required. GMW continues to support the development of the water market working closely with DELWP in providing trading solutions through the Water Register platform.

GMW received 2,739 applications to transfer 120,352 ML of Water Share throughout the 2017/18 irrigation year representing a decrease in volume over last year. The decreased volume is the result of less environmental water transactions taking place during the 2017/18 year.

Chart 1: Retail and Environmental allocation trades and volumes since 1 July 2012

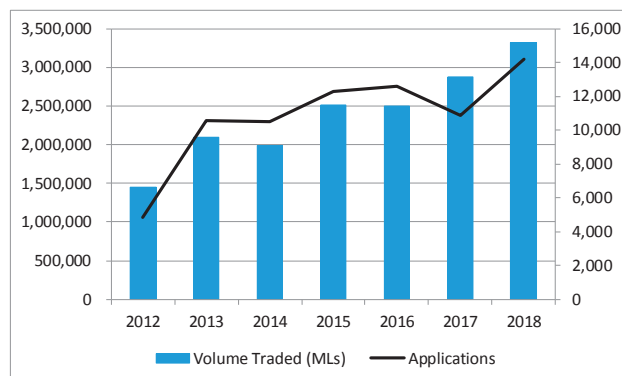
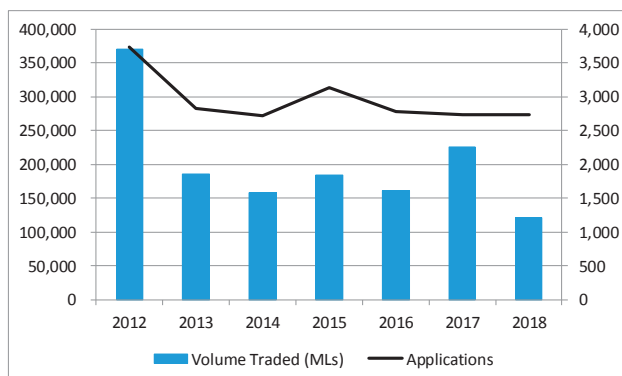


Chart 2: Water Share transfers and volumes since 1 July 2012



Water Share Transfers and Allocation Trades					
		2014/15	2015/16	2016/17	2017/18
Water share transfers	Volume (ML)	185,602	161,545	225,855	120,352
	Number	3,131	2,778	2,741	2,739
Allocation trades	Volume (ML)	2,513,653	2,496,000	2,885,000	3,324,640
	Number	12,231	12,611	10,861	14,231

Table 4: Water Share transfers and allocation trades 1 July 2014.



## The Connections Project

The GMW Connections Project (the Project) is contributing to the sustainable future of productive agriculture in the GMID. Funded by the Commonwealth and Victorian governments, it is the most significant upgrade to the region's irrigation infrastructure in its 100-year history. The Project is a significant and fundamental change to the way in which water is used for irrigated agriculture in the GMID, and contributes to Victoria's water savings targets as outlined in the Murray Darling Basin Plan.

The Project is investing more than \$2 billion to improve the delivery of water to irrigation businesses across the GMID. The Project is focused on modernising infrastructure and improving service standards while generating water savings, and is working to provide long term sustainability of irrigation in the region. The Project is the key to ensuring water for the environment is provided through infrastructure upgrades, not buybacks. Delivering such a complex project is not without its challenges particularly given the many variables that need to be managed throughout the project.

### Project Background

Prior to the Project, GMW operated and maintained more than 6,300 km of open channel and around 24,000 customer service points.

The Commonwealth Government, Victorian Government and Melbourne water retailers have provided the \$2 billion of funding for the Project. In return, the Governments and water retailers will receive a defined share of the water savings achieved from improving the efficiency of the channel delivery network. The Victorian and Commonwealth Government's shares of the water savings will be used to deliver environmental benefits.

### Project Developments 2017

Following the September 2016 approval of the Connections Reset Delivery Plan (Reset), in 2017 the Project commenced the full scale implementation of the Reset scope of works. The Project is now on time and on budget for delivery by October 2020. Key activities completed in the 2017 year included:

- appointment through a competitive tendering process of John Holland as the Project's Early Contractor Involvement (ECI) Contractor to deliver backbone modernisation

and connections works through to completion of the Project.

- completion of \$100 million winter works program including 40 km of pipeline, 250 automation sites and 33 km of remediated channel. To the end of 2017, the Project has installed 7,144 modernised meter outlets and decommissioned 1,064 km of channel.
- delivery of the winter works program of construction works (the largest of recent years) with no Lost Time Injuries (LTIs). The Project is currently running at a Lost Time Injury Frequency Rate (LTIFR) of 4.0 LTIs per million man hours worked which compares favourably to the heavy construction industry LTIFR of 13.7.
- achievement of three consecutive milestones and water savings targets, including 296GL to 30 June 2017, highlighting that the Reset of the Project in 2016 is on track to deliver on the Project Aims for investors, GMW and the GMID community.
- publication of the rules by which the Project makes important decisions. The Connections Project Operational Rules provide information about how we determine meter types and sizing, as well as the principles of co-contribution, voluntary dry-off and on-farm works.
- enhancement of the complaints management process to provide customers with more timely and consistent resolutions to issues raised.
- engagement of the Stakeholder Consultative Committee (SCC) for four meetings which included site visits and workshops. The SCC provides support to the Project Control Group (PCG) on customer and community engagement to assist with the smooth implementation of the Project.
- welcoming new PCG Chair Peter McManamon, as well as new member Pat McNamara to the monthly PCG meetings. The significant leadership of outgoing chair Mike Walsh and the contribution of outgoing PCG member Margot Henty were acknowledged.
- certification of the Project's management systems to International and Australian Standards for Quality, Environment and Safety (ISO 9001:2015; ISO 14001:2015 and AS 4801:2001).
- introduction of a revised engagement model using statutory reconfiguration powers with remaining works to be delivered through Reconfiguration Plans (RPs). During 2017 work commenced on 127 RPs and 7 RPs were formally gazetted, the first time under the Water Act 1989. In total to the end of 2017, the Project has connected over 4,700 landowners to the modernised backbone.
- provided a stimulus to the regional GMID economy through the Project's 2017 construction program creating an estimated 1,190 FTEs in the region (direct and indirect employment) and generating an estimated regional GDP increase of \$114 M for the 6 month reporting period.

### Next steps in 2018

The Project will build on the implementation of the Reset in 2017 to deliver on the Project aims and milestones for 2018. Key activities to achieve these milestones include a substantial 2018 winter works construction program involving channel remediation, pipelining, channel automation, meter installations and asset rationalisation. Delivery of the works program will be supported by the RP engagement process.

### Project milestones

As at 30 June 2018, the project has achieved the following milestone targets:

- 7,299 service points installed.
- 1,132km of channel decommissioned.
- 283GL of audited water savings made.
- 290km of channel remediated.

# Year In Review

Seasonal Determinations for Northern Victorian Water Systems												
Season	Murray		Broken		Goulburn		Campaspe		Loddon		Bullarook Creek	
	HRWS%	LRWS%	HRWS%	LRWS%	HRWS%	LRWS%	HRWS%	LRWS%	HRWS%	LRWS%	HRWS%	LRWS%
2016/17	100	5	100	100	100	0	100	100	100	0	100	100
2017/18	100	0	100	100	100	0	100	59	100	0	100	100

Table 5: Seasonal Determinations for Northern Victorian Water Systems since 1 July 2016.

## Our Wholesale Catchment Services

GMW delivers a range of catchment and water resource planning services to implement government surface water and groundwater management regulations and policy.

All systems in season 2017/18 achieved 100 per cent allocation against High Reliability Water Shares (HRWS). 100 per cent allocation against Low Reliability Water Shares (LRWS) was also achieved in the Broken and Bullarook system. The Campaspe system had a LRWS allocation of 59 per cent.

## Carryover

Northern Victorian water entitlement holders carried over 1,299 GL into the 2017/18 season, approximately 418 GL more than the 2016/17 season.

In its role as Resource Manager, GMW declared a low risk of spill on 10 August 2017 for the Goulburn system, 10 November 2017 for the Murray system and 10 January 2018 for the Campaspe system. A portion of the volumes held in spillable water accounts in the Murray system were spilled when Victoria's share of Lake Hume filled and spilled in August and September 2017. A total of 91 GL was spilled from Murray spillable water accounts in these two months.

The low risk of spill declarations allowed customers to trade or use allocation held in spillable water accounts. The volume returned from spillable water accounts totalled 187 GL. The total volume of allocation available to entitlement holders in 2017/18 was 4,049 GL.

## Groundwater

Northern Victoria experienced below average rainfall in 2018 which saw a high demand for groundwater across the GMW region with high usage in the Loddon, Campaspe and Katunga Water Supply Protection Areas. Across the region all Groundwater Management Units received a maximum allocation in 2017/18. An exception was the Newlyn Zone of the Loddon Highlands Water Supply Protection Area, which received a 75 per cent allocation in 2017/18.

## Dams

During the year, GMW delivered a number of initiatives to improve the operation and services provided at and around its storages including:

- The MDBA Dartmouth Dam awarded the prestigious Senator JS Collings Trophy for 2017 to Dartmouth Dam. The Senator Collings trophy has been awarded annually since 1943 to the team that has the most effectively maintained asset on the River Murray.
- Goulburn Weir was the first major diversion structure built for irrigation in Australia and has a rich history. The National Museum of Australia has several of the weir's original gates, lifting gear and rock support structures that date back to 1891 making them over 125 years old. These pieces will form part of a new display at the museum in a new 'water gallery' set to open at the museum in 2020.
- Goulburn Weir was also recognised as a Heritage Irrigation Structure by the International Commission on Irrigation and Drainage during the year.
- The dams and catchments responded well to a major rain event in late spring 2017, which resulted in some dams filling, spilling below the minor flood level and harvesting 310 GL of water.
- In the Central Goulburn and Murray Valley irrigation areas, there was significant overland flow, some of which was diverted through the channel system. GMW assisted the emergency services and landowners accelerating the recession of the flood waters and relocating stranded fish following the rain events.
- The Waranga Basin embankment suffered considerable cracking and erosion as a result of the rain event in late spring 2017. The GMW construction team undertook the necessary repairs to ensure the integrity of the storage in early 2018. The team also completed planned works to improve drainage and access at the site.
- Following a successful trial in 2016, an additional 900 m of sheetpile was used along the Stuart Murray Canal to create an impermeable wall to reduce water loss through seepage and prevent bank deterioration. This solution was undertaken while the canal was operating.
- An upgrade of the control system for the Cairn Curran spillway gates and outlet works has commenced on site, and will be completed in 2019. The new system will replace aging infrastructure in excess of 60 years old and has been designed to improve operator safety and increase asset reliability.
- The control system and electrical upgrade on Torrumbarry Weir was completed and the gates commissioned.
- Significant refurbishment work at the Torrumbarry Weir Lock is underway to promote its safe and reliable operation. The project includes corrosion protection works, assessment and replacement of seals, mechanical and metal components, drains and concrete repairs. The works are due for completion in August 2018.

- At Lake Eildon, the old analogue CCTV system has been replaced with a fully integrated digital system, which will enhance operational surveillance and safety, as well as asset security.
- Replacement of the lift in the spillway structure at Lake Eildon has been completed and commissioned.
- The Eildon trash rack refurbishment progressed during the year, with five of the 10 sets completed to date. This project will continue until mid-2019, when all trash racks will be fully refurbished.
- A comprehensive (five-yearly) dams safety inspection was undertaken at Lake Buffalo, with no major issues identified.
- A 10 yearly review and update of the Dams Portfolio Risk Assessment, inclusive of 12 GMW owned dams and four dams managed on behalf of MDBA, progressed during the year. At the end of June 2018, the failure likelihood assessment, dambreak modelling, consequence and risk assessments will be 90 percent complete for Loddon storages and commenced for Murray weirs.
- A combined flood operation and emergency exercise involving GMW, AGL and Pacific Hydro personnel was conducted at Eildon in November 2017. Desktop exercises testing the Flood Incident Management Plans and Dam Safety Emergency Plans for all 16 of the Corporation Dams were undertaken over the period April to May 2018.
- Due to extensive weed (*Egeria*) growth in Lake Mulwala, the lake was drawn down 4.5m during winter 2018 to reduce its proliferation. During this time, the opportunity was taken to undertake 180m of bank stabilisation works along River Road, to prevent erosion along this section of the shoreline. A walking path was constructed behind it and landscaped with native plants and shrubs.
- Moira Shire, GMW and Lotus Living were successful in obtaining \$2.7 million of Commonwealth funding from the Regional Jobs and Investment Packages to extend the erosion protection works, walking path and landscaping on Lake Mulwala a further 800 m along the foreshore.
- Victorian Fisheries Authority (VFA) and New South Wales Roads and Maritime Services have provided \$93,000 and \$150,000 respectively to improve and extend the boat ramps at Majors Creek and Paisley Road Bundalong on Lake Mulwala in order to cater for larger vessels and improve on shore access and parking. This work will commence in 2018/19.
- GMW worked with DELWP, houseboat owners and the houseboat industry, to reduce any impacts when the *Water (Lake Eildon Recreational Area) (Houseboats) Regulations 2013*, were repealed in relation to the mandatory installation of greywater treatment systems on Lake Eildon houseboats.
- With the assistance of the DELWP and VFA, a section of Dartmouth Pondage was opened to public access to permit bank based fishing.
- The old toilet block at Kimbolton on Lake Eppalock has been replaced with one that meets contemporary standards. New shelters, BBQ's, seating and tables have also been installed to improve the recreational facilities at Kimbolton and Randell's Cove. The works were funded by DELWP.
- In partnership with the MDBA, Mallee Catchment Management Authority, Parks Victoria, the DELWP, the Victorian Environmental Water Holder and the Commonwealth Environmental Water Holder, a significant environmental watering event was successfully undertaken over five months at Hattah Lakes, with 112GL of water pumped into the Ramsar site and infrastructure commissioned to a new water level. Native fish, birdlife and vegetation values responded very favourably to the event.

## Our Environment

GMW has in place a comprehensive process to report and monitor compliance against legal, regulatory and Statement of Obligations requirements. An annual attestation of compliance against these obligations is reported to the Board and Executive Management Team. In the instance a breach is identified an action plan is developed in consultation with the relevant

business unit to identify appropriate control measures to mitigate future occurrences. As required, breaches are reported to the relevant regulatory authorities. GMW attests that there were no breaches of our legal, regulatory, or Statement of Obligations requirements during the 2017/18 reporting period.

GMW fulfilled its obligations under the *Safe Drinking Water Act 2003* and *Safe Drinking Water Regulations 2015*. This included arranging an audit by an external provider, which found GMW to be compliant with the Acts and regulations.

GMW undertook blue-green algae and water quality monitoring at key locations to ensure effective management, reporting and communication of risks to water users and other stakeholders.

GMW manages its interactions with the environment through its Environmental Management System (EMS). GMW's EMS is certified to the International Standard for Systems AS/NZ ISO 14001 and has maintained this certification throughout 2017/18. Performance against this standard was assessed through the completion of external third party audits.

## System Efficiency

Modernisation in GMW's irrigation areas is seeking to improve the operational efficiency of its channel delivery networks. Table 7 shows system efficiencies compared with 2014/15 and 2015/16. System efficiency reflects the percentage of water diverted into an irrigation area that is recorded through customers' outlets.

A number of different factors influence system efficiency including the total volume of water delivered during the season, start of season channel fill and end of season channel drawdown, operation of local system storages, seasonal weather conditions and local catchment inflows.

# Year In Review

GMW System Efficiency within Irrigation Areas			
	2015/16	2016/17	2017/18
<b>Total</b>	79.9%	87.0%	84.5%
<b>Shepparton</b>	88.4%	88.8%	86.1%
<b>Central Goulburn</b>	80.2%	83.0%	84.6%
<b>Rochester</b>	87.8%	86.7%	90.1%
<b>Loddon Valley</b>	78.5%	84.6%	83.5%
<b>Murray Valley</b>	75.5%	84.4%	80.8%
<b>Torrumbarry</b>	75.9%	93.1%	84.9%

Table 6: GMW system efficiency within irrigation areas

## Sustainable Resource Management

Surface water and groundwater resources are managed sustainably via GMW's water resource management and monitoring programs. These programs are delivered by GMW in conjunction with partner agencies including the MDBA, Catchment Management Authorities (CMAs), DELWP and DEDJTR.

GMW undertook aquatic plant control, surface and subsurface drainage operations and monitoring, water quality monitoring and salt interception operations to manage the environmental risks within our area of operation.

Groundwater management plans provide important information and clear operating rules to our customers about the use of groundwater resources for a range of purposes, including irrigation and domestic and stock.

During 2017/18 GMW began the review of the Loddon Highlands, Mid Loddon, Upper Ovens, Lower Ovens and Lower Campaspe groundwater management unit management plans. The review includes evaluation of the objectives and operation of the plans. The review recommendations will be provided to the Minister for Water in early 2018/19.

## Current year financial review

The 2017/18 year completes the halfway mark of the four-year price regulated period (termed 'Water Plan 4'). The ESC has determined a revenue cap for the prescribed services for the period to June 2020, and GMW's operating expenditure target to remove \$20 million recurrently by that date has been included in prices throughout the regulatory period. As a consequence, GMW has maintained a strong focus on managing costs that affect prices for customers. The cost target has been achieved by June 2018; earlier than planned.

Other highlights include:

- The Connections Project Stage 1 business plan was formally 'reset' during the year, with an extended date for completion to align with Stage 2.
- Storages for the year were at sound capacity and, combined with a drier than average period, was a key factor in water deliveries being higher than the prior year by more than 32 per cent (described in the section – GMW Customer Service – Water Deliveries at page 30). As a result, variable revenue from gravity irrigation and regulated river systems was higher by more than \$2.9 million.

- Total Revenue of \$211 million was in line with the prior year, despite some minor variations within the revenue elements. The fixed tariff elements reduced and offset the increased variable revenue.
- The combined effect of the capital additions through the Connections Project and routine customer-funded projects were not sufficient to offset the writing down of assets being decommissioned by the Project during the year, along with impairment and other adjustments, lead to a small decline in the value of infrastructure assets
- The dairy industry commodity price reduction announced in April 2016 continued to affect a significant number of GMW customers, with consequential impact on an increased trade debtor balance and reduced cash receipts. The amount owed that is older than 90 days is 30% higher than the value prior to that 2016 industry incident. GMW has ability to recover such debt, so provisioning for bad debt is very low.
- Borrowings have reduced slightly from the prior year. Along with flat and low interest rates, this has assisted to reduce interest expense.
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) has halved from the prior year, to \$10.5m. A material factor was an increased contribution to the Victorian Government towards the Murray-Darling Basin Authority. After adjusting for the asset decommissioning outcomes of the fixed period Connections Project, the underlying or adjusted EBITDA was \$33.6m.
- The Net Result before tax of (\$118.6 million) loss was affected mainly by asset decommissioning occurring through the planned actions of the Connections Project, as well as depreciation not being fully covered in the regulatory pricing and revenue setting regime. The Total Comprehensive Result of (\$99.7 million) loss was affected mainly by changes in the Asset Revaluation Reserve through movements in asset disposal write-down of decommissioned assets.

## GMW Financial Structure

GMW disaggregates the activities of the business into two major components. Due to the size and impact on the consolidated business a disaggregated note has been included in the Financial Statements. The two major components are:

1. Water Storage and Delivery – these are the operating activities of GMW which include harvesting, storing and delivering water to customers.
2. Connections Project – these are the activities relating to the delivery of the \$2 billion Victorian and Federal Governments' irrigation modernisation and renewal program in northern Victoria to achieve water savings. The Connections Project operates as a business unit of GMW and results are consolidated.

Operations of the Connections Project are accounted for separately from Water Storage and Delivery operations as required by the Commonwealth and Victoria. This assists delivering governance, financial and operational accountability for the business. It also prevents cross-subsidy between either GMW's customers' or the governments' funding for the Project. Approved financial transactions between the Water Storage and Delivery business and the Connections Project are eliminated in producing GMW's financial statements, to avoid double counting of revenue and expenses. Note 2 of the Financial Statements disaggregated information.

## Water Storage and Delivery – Operational Result

The 2017/18 financial year for Water Storage and Delivery was one where water deliveries were higher than the prior year and in line with recent year average volumes. The higher variable or volume revenue was offset by lower fixed revenue. Continued focus on expenditure control ensured another strong financial performance. This year's Net result, was \$25m lower than the prior year due to and higher asset disposals from decommissioning activity completed by the Connections Project, and a higher contribution to the MDBA's Joint Programs. These two factors increased expenditure compared with 2016/17. The main drivers of the positive operating result for 2017/18 were revenue in line with budget combined with lower 'controllable' operating costs. Controllable operating costs exclude depreciation, asset write-down

expenses through the Connections Project asset rationalisation, and other expenditure that is funded by external parties and offset by increased revenue.

The Water Storage and Delivery business achieved an EBITDA result of \$4.6 million compared to 2016/17 of \$32.4 million. The two main expenditure factors noted above were the cause of the difference.

The underlying or adjusted EBITDA was \$31.1m.

Positive operational cash flows of \$38.7m were achieved compared to \$10.9 million in 2016/17. As detailed above, several

'one off' factors can impact the operating results and present a timing variance year by year, although it is important to note the underlying EBITDA and operating cash performance remains strong.

## Connections Project result

The Connections Project received government funding of \$210 million during 2017/18. Overall the Project enters the 2018/19 year with a strong cash position due to the funding received ahead of the intensive construction period between May and August. Cash holdings at 30 June 2018 were \$326 million.

### Revenue (000's)

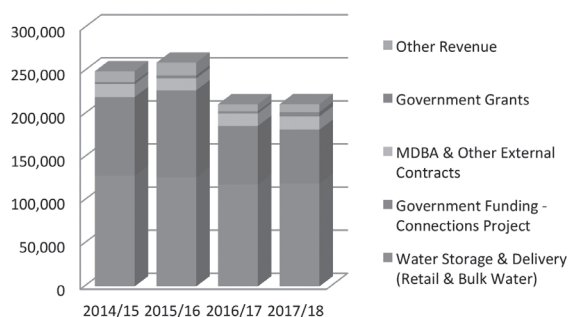


Chart 3: Revenue by source (000's) since 1 July 2014

### Expenditure (000's)

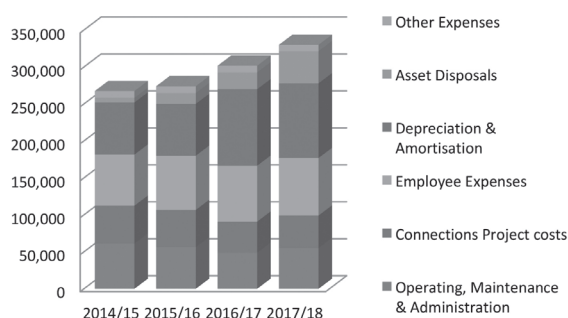


Chart 4: Expenditure breakdown (000's) since 1 July 2014

### Expenditure (000's)

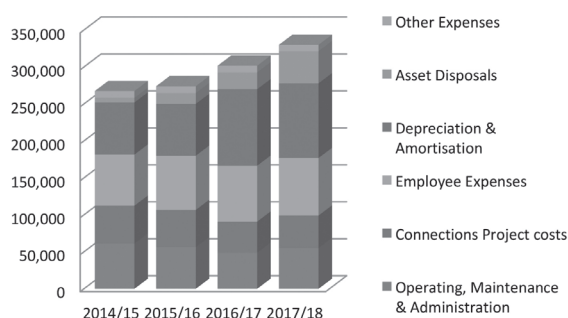


Chart 5: Capital Expenditure breakdown between business units (000's) since 1 July 2014



# Year In Review

## Five year financial summary

Summary of Financial Results - Water Storage & Delivery and Connections Project (before internal adjustments)					
	2017/18	2016/17	2015/16	2014/15	2013/14
	('S000)	('S000)	('S000)	('S000)	('S000)
<b>Water Storage &amp; Delivery</b>					
<b>Profit &amp; Loss</b>					
Total revenue	168,259	170,312	164,333	169,982	170,294
Expenses excluding interest, depreciation and amortisation	164,311	138,126	137,910	133,048	150,563
<b>Earnings before interest, tax, depreciation and amortisation (EBITDA)</b>	<b>3,948</b>	<b>32,186</b>	<b>26,423</b>	<b>36,934</b>	<b>19,731</b>
Depreciation and amortisation	100,231	102,759	69,381	69,691	69,535
Interest expense	7,118	7,424	7,732	7,942	8,140
<b>Net result before tax - Water Storage &amp; Delivery</b>	<b>(103,401)</b>	<b>(77,996)</b>	<b>(50,690)</b>	<b>(40,699)</b>	<b>(57,944)</b>
<b>Cash Flow</b>					
Net cash flow from operations	38,722	10,886	38,693	25,749	24,471
Payments for property, plant, equipment and infrastructure	35,232	37,564	36,082	21,938	14,202
<b>Connections Project (Integrated into GMW on 1 July 2012)</b>					
<b>Profit &amp; Loss</b>					
Funding revenue	63,422	68,873	106,143	94,189	78,066
<b>Project Expenditure</b>					
Project costs	60,322	66,954	49,600	50,919	57,778
Other project costs (1)	18,282	14,270	20,108	20,345	17,832
<b>Total Project Expenditure</b>	<b>78,605</b>	<b>81,225</b>	<b>69,708</b>	<b>71,264</b>	<b>75,610</b>
<b>Net result before tax - Connections Project</b>	<b>(15,181)</b>	<b>(12,351)</b>	<b>36,434</b>	<b>22,924</b>	<b>2,456</b>
<b>Cash Flow</b>					
Net cash flow from operations	54,186	124,704	(31,706)	45,631	93,266
Payments for property, plant, equipment and infrastructure	96,723	80,201	96,530	61,143	64,077
(1) Includes employee expenses, other operating costs, depreciation and interest					
<b>Summary of Financial Results - Total GMW (after internal adjustments)</b>					
<b>Profit &amp; Loss</b>					
Total revenue	211,411	211,296	259,603	249,683	231,824
Total expenses	329,990	301,642	273,998	267,459	287,310
<b>Net result before tax - GMW</b>	<b>(118,580)</b>	<b>(90,347)</b>	<b>(14,395)</b>	<b>(17,776)</b>	<b>(55,486)</b>
<b>Balance Sheet</b>					
<b>Assets</b>					
Current	376,907	314,852	147,215	199,815	231,000
Non-current	4,734,348	4,765,406	4,820,608	4,185,516	4,170,281
<b>Total assets</b>	<b>5,111,255</b>	<b>5,080,259</b>	<b>4,967,824</b>	<b>4,385,330</b>	<b>4,401,281</b>
<b>Liabilities</b>					
Current	253,915	194,920	85,456	150,672	135,596
Non-current	634,354	668,675	726,178	557,251	587,196
<b>Total liabilities</b>	<b>888,269</b>	<b>863,595</b>	<b>811,634</b>	<b>707,923</b>	<b>722,792</b>
<b>Cash Flow</b>					
Net cash flow from operations	92,908	135,590	6,987	71,380	117,737
Payments for property, plant, equipment and infrastructure	131,955	117,765	132,613	83,081	78,279

Table 7: Summary of financial results since 1 July 2013

## Performance Report

### Certification of Performance Report for 2017/18

We certify that the accompanying Performance Report of Goulburn-Murray Rural Water Corporation in respect of the 2017/18 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the Minister for Water and as set out in the 2017/18 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/or between the actual results in the current year and the previous year.

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



Patrick McNamara  
Acting Chair



Pat Lennon  
Managing Director



Geoff Cutter  
Chief Financial Officer

29 August 2018

# Performance Report

Performance against key performance indicators (financial)							
Number	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to prior year	Variance to target	Notes
F1	<b>Cash Interest Cover</b> Net operating cash flows before net interest and tax/net interest payments	23.9	16.6	2.4	-30.5%	591.7%	1
F2	<b>Gearing Ratio</b> Total debt/total assets*100	2.1%	2.1%	2.3%	0%	-8.7%	2
F3	<b>Internal Financing Ratio</b> Net Operating cash flow less dividends/ net capital expenditure*100	115.2%	70.6	6.4%	-38.7%	1003.1%	3
F4	<b>Current Ratio</b> Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	5.5 times	5.2 times	2.7 times	-5.5%	92.6%	4
F5	<b>Return on Assets</b> Earnings before net interest and tax/average assets*100	-1.7%	-2.2%	-2.0%	29.4%	10.0%	5
F6	<b>Return on Equity</b> Net profit after tax/average total equity*100	-1.4%	-2.0%	1.8%	42.9%	11.1%	6
F7	<b>EBITDA Margin</b> Earnings before Interest, Tax, Depreciation and Amortisation/total revenue*100	9.0%	-5.4%	3.4%	-160.0%	-258.8%	7
F8	<b>Credit Rating</b> Government assessment of underlying credit risk	A-	A	Held or improved	Positive	Positive	8

Table 8: Results against financial performance indicators

Notes:

- Cash Interest Cover results year on year and against target are significantly impacted by timing of receipts and payments relating to the Connections Project. The result is lower than the prior year and target due lower net operating cash flows for the Connections Project (2016-17 \$125m vs 2017-18 \$54m and target \$37m).
- The Gearing Ratio is consistent with 2016-17 due to consistent total assets and debt. The higher cash balances and lower debt than budget causes favourable variance to target.
- The Internal Financing Ratio is significantly lower than prior year and higher than target due to significant variances in operating cash inflows from the Connections Project as per Note 1, and funds received towards capital expenditure conducted by the Connections project not being sourced from operating cash.
- The Current Ratio is slightly lower than prior year due to increased current liabilities (2016-17 \$58m vs 2017-18 \$72m) offset by higher current assets at 30 June 2018 due mainly to higher cash holdings for the Connections Project (2016-17 \$267m vs 2017-18 \$326m and target \$122m). Variance to target is due to Connections Project cash balances.
- Return on Assets trend is lower due to significantly higher asset disposals in 2017-18 impacting the earnings before interest and tax. Return on Assets is negative as GMW reports a net loss before net interest and tax due to the annual depreciation expense which was \$101m in 2017-18 (2017-18 \$103m and target \$113m). GMW is price-regulated, and pricing principles using an asset base set far lower than the full asset base restrict GMW from pricing to fully recover statutory depreciation.
- Return on Equity is lower than the prior year and target due to increased asset disposals in 2017-18. Net profit after tax is negative for the same reasons as reported in Note 5 above.
- EBITDA Margin is negative in 2017-18 due to significant asset disposals (2016-17 \$22.6m vs 2017-18 \$43.3m and target \$15.0m) partly offset by lower Connections Project revenue (2016-17 \$68m vs 2017-18 \$63m and target \$157m).
- Credit rating is assessed by the Department of Treasury and Finance with reference to Total debt compared to Total Debt plus Equity, and Total Debt compared to EBITDA.

Water and Sewerage Service Performance Indicators								
KPI Number	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to prior year	Notes	Variance to target	Notes
WSR1	<b>Gravity rural water supply deliveries</b> Number of orders delivered/total number of orders *100	93%	94%	92%	1%		2%	
WSR1	<b>Pumped: Rural water supply deliveries</b> Number of orders delivered/total number of orders *100	99%	98%	98%	-1%		0%	
WSR2	<b>Unavailability of Domestic and Stock supply</b> Duration that domestic and stock service is unavailable in excess of on-property storage	0%	0%	1.5%	0%		-100.0%	1
WSR3	<b>Groundwater supply</b> Number of transfers processed within target period/total number of transfers processed *100	53.6%	72.55%	74.74%	18.95%	2	-2.19%	2

Table 9: Performance against Water and Sewerage Performance Indicators

Customer Responsiveness Performance Indicators								
KPI Number	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to prior year	Notes	Variance to target	Notes
CR4	<b>Billing Complaints</b> No. of complaints per 1000 customers	0.04	0.00	0.18	-100%		-100%	3

Table 10: Performance against customer responsiveness performance indicators

Environmental Performance Indicators								
KPI Number	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to prior year	Notes	Variance to target	Notes
E2	<b>Total net CO2 emissions</b> Net tonnes CO2 equivalent	10,034 tonnes	9,719 tonnes	10,703 tonnes	-19.1%		+10.0%	4

Table 11: Performance against environmental performance indicators

Notes:

1. Despite being shown as a negative variance, the 2017/18 result is a positive result with no unavailability during 2017/18.
2. The process controlling the Groundwater Permanent Transfer Applications was updated in time for the 2017/18 season. This is helping overcome issues such as incomplete forms and applications that required advertising for 30 days which contributed to delays previously. GMW continues to review the process to identify ways to reduce processing time.
3. GMW continues to engage with customers and improve services and processes to minimise customer complaints. The processes in place reduce the number of incorrect bills going to the customer.
4. MDBA emissions are excluded from GMW's emissions. GMW has revised its targets outside of the pledge to reflect this change and continues towards its net zero target in 2050. While electricity usage has fallen at GMW's staffed locations, due to the changing nature of GMW's delivery network and the incorporation of more pumping schemes replacing traditional gravity irrigation, there has been an increase in power usage. In 2017/18 drier conditions have resulted in a significant increase in water deliveries when compared to the previous season.

# Independent Auditor's Report



## Independent Auditor's Report

### *To the Board of the Goulburn Murray Rural Water Corporation*

<b>Opinion</b>	<p>I have audited the accompanying performance report of the Goulburn Murray Rural Water Corporation (the corporation) for the year ended 30 June 2018, which comprises the:</p> <ul style="list-style-type: none"><li>• financial performance indicators</li><li>• water and sewage service performance indicators</li><li>• customer responsiveness performance indicators</li><li>• environmental performance indicators</li><li>• certification of performance report.</li></ul> <p>In my opinion, the performance report of the corporation for the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the performance report</b>	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<b>Auditor's responsibilities for the audit of the performance report</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>



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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control.
- evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether performance report represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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MELBOURNE  
3 September 2018



Paul Martin  
*as delegate for the Auditor-General of Victoria*

# Year In Review

## Significant changes in financial position

For significant changes in financial position please refer to the current year financial review commentary on page 22.

## Significant changes or factors affecting performance

For significant changes or factors affecting performance please refer to the current year financial review commentary on page 22.

## Capital Projects

Capital works were delivered in two main areas. In the normal course of its Water Storage and Delivery business, GMW delivered capital works (outlined below). The Connections Project, which is modernising the Goulburn Murray gravity irrigation network, also delivered capital works (also outlined below). As described above, the majority of construction activity occurs while the gravity irrigation system is non-operational and occurs in the months either side of 30 June.

### Water Storage and Delivery

During 2017/18 GMW delivered \$37.7 million of customer funded capital projects. GMW delivers its works through a mix of direct management with internal resources and by outsourcing to contractors. The mix is determined through competitive tendering of works and ensures GMW continuously compares costs and demonstrates efficient delivery. Works within GMW's irrigation areas were targeted to irrigation backbone assets ensuring the investment was consistent with the roll-out of modernisation.

Some of the projects undertaken were:

- End of useful life replacement of 125 structures
- Rehabilitation of the Campapse Siphon and Bulls Siphon
- ICT system, server and network upgrades (including corporate records system)

Water Storage and Delivery Capital Projects		
Project	2017/18 expenditure (\$m)	Percentage completed as at 30 June 2018
Bridge and Culvert Replacements	10.9	100%
Linear Programme (channel desilting & remodelling, access and fencing)	12	100%
Bulk Water Projects (prescribed)	5.56	90%
Replacement of major items of plant	2.1	100%

Table 12: Capital projects delivered since 1 July 2016 by Water Storage and Delivery in expenditure and percentage completed.

- Rehabilitation of outlet works at Cairn Curran Outlet and Eildon spillway lift replacement
- Continued programme of channel remediation across the GMID.

As the construction authority for the MDBA, GMW carried out:

- Full replacement of Torrumbarry Weir Lock
- Yarrawonga Weir Spillway Gate No 4.

Table 12 details the major capital projects delivered during the period (per cent complete represents how much of the 2017/18 program was complete at 30 June 2018).

### Capital Projects – Connections Project

The Connections Project delivered \$99.3 million of capital works during 2017/18.

The intensive construction period occurred predominantly over the winter works period between May and August when the channel systems were largely dewatered.

Some of the infrastructure projects undertaken were:

- Channel automation, including the automation of structures of varying types and sizes
- Channel remediation, consisting of remediation types High-Density Polyethylene plastic, clay lining and outer bank remodelling

- Continuation of the meter installation program
- Works on the Stage 2 Swan Hill Modernisation Special Project, including the construction of the No.9 pipeline and associated channel decommissioning works
- A number of pipelines were constructed during the year and a number of pipelines were under construction and scheduled for completion early in the new financial year
- A number of other discrete capital projects were also in progress during the year.

These major capital programs are part of the overall Connections Project with a completion date in the second half of 2020.

## Subsequent Events

There were no events after 30 June 2018 likely to affect GMW's financial performance in a material way.

On 30 July 2018, GMW Chair Jo Anderson announced her resignation from the board effective immediately. Mr Patrick McNamara was appointed as the Acting Chair.

On 28 August 2018, the Minister for Water announced the appointment of Ms Diane James AM as Chair for GMW. Ms James will commence her appointment as of 1 September 2018.

## Organisational structure and corporate governance arrangements

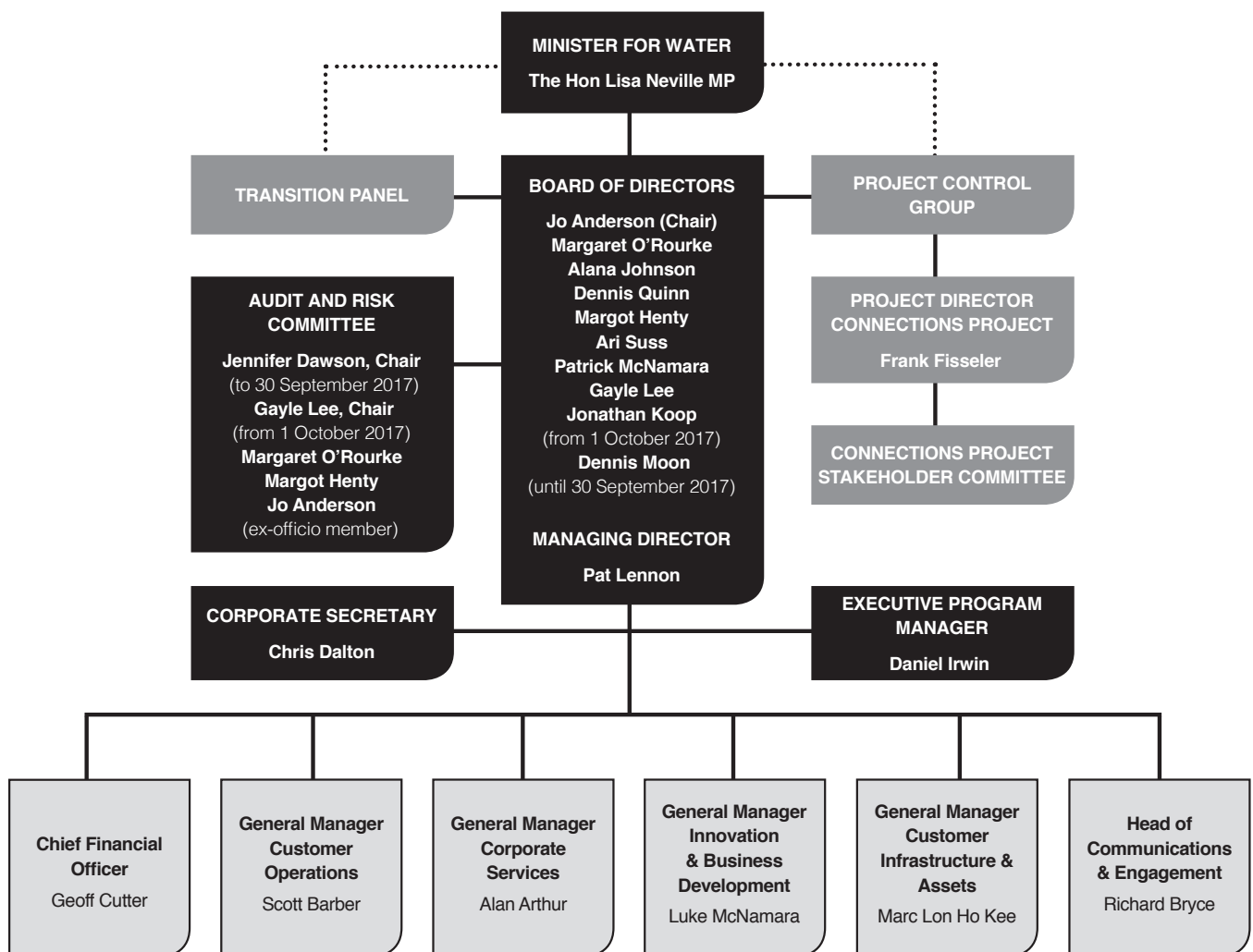


Diagram 2: Governance and organisational structure

# Governance and Organisational Structure

## Governance and Organisational Structure

### Our business units

On a practical level, the employees of GMW are divided within functionally separated division and business units which work collaboratively to achieve its strategic and operational business objectives. GMW's divisions are as follows:

- **Connections Project** - Responsible for the delivery of the \$2 billion Connections Project. The Project is the single most important upgrade of the GMID in its 100 year history. The Project improves farm productivity, reduces the GMID footprint and benefits the health of the local environment and the Murray Darling Basin by generating water savings through infrastructure upgrades.
- **Corporate Secretariat** - Provides support services to GMW in the areas of strategic and operational corporate governance, business integrity, regulatory and statutory compliance, corporate legal matters for the Board, Executive Team and the overall business.
- **Corporate Services** - Provides support services to GMW in the areas of human resources, training and development, safety, risk and compliance, facilities and property management along with ICT operations, enterprise knowledge management and programme management.
- **Customer Operations** - Responsible for providing customer service, retail, wholesale and construction related operations. This includes, but is not limited to continual improvements in delivery of our customer experience, implementation of lean business processes, and in doing so reducing costs for customers, operation and monitoring of key infrastructure including dams, channels, drains, pipelines and associated assets, and engineering and technical support.
- **Customer Infrastructure and Assets** - Responsible for the strategic management of GMW's asset base which is used to provide outstanding water related service to an extensive and diverse customer base in Northern Victoria. The strategic management of GMW's infrastructure and assets to ensure appropriate asset management policy and planning and the coordinated delivery of capital and maintenance programs is achieved.
- **Finance** - Provides support services to GMW in the areas of financial control, procurement, budgeting and forecasting, financial analytics and systems, and regulation and pricing.
- **Innovation and Business Development** - The role involves facilitation, and at times direct delivery and accountability, of innovation. It covers all facets of the business with an aim to secure future sustainable operational and capital savings/ efficiencies and new income streams. The role involves working in partnership with key government stakeholders, customers and other GMW divisions to ensure goals and objectives are achieved.
- **Communications and Engagement** - Provides support services to GMW in the areas of marketing and communications strategy, media relations, community and stakeholder engagement, brand awareness and internal and external communications.

## Board of Directors

### Independent Directors

The independent non-executive Directors for the financial year were:

#### Jo Anderson, Chair

Jo Anderson is a past Deputy Chair of Western Water and past Chair and Deputy Chair of North East Water. She was formerly a board member of the Victorian Water Industry Association, the Victorian Catchment Management Council and the Melbourne Market Authority.

Ms Anderson has an extensive background in local government having held administrator positions at Brimbank City Council and the Benalla Rural City. She was a member of the Victoria Grants Commission and was the Rural City of Wangaratta's inaugural Chief Executive Officer.

Ms Anderson also has a history in agriculture, previously owning a beef cattle and blueberry farm in Strathbogie with her husband John, and now a small acreage in Lancefield. She has a Bachelor of Business and is a fellow of the Australian Institute of Company Directors.

#### Margot Henty

Margot Henty is a dairy farmer at Cohuna with a strong understanding of irrigation in the Goulburn Murray region.

She is a director of the board of Waterpool Trading, a water trading business, and has contributed extensively to regional resource management plans, including Torrumbarry Reconfiguration and Asset Modernisation Strategy and the Barr Creek Salinity Management Plan.

Ms Henty has a Bachelor of Arts and Graduate Diploma in Education (Geography). MAICD.

#### Alana Johnson

Alana Johnson is a rural development specialist and principal of Lurg Cattle Co.

Ms Johnson is Deputy Chair of the Victorian Catchment Management Council and a former director of the Rural Industries Research and Development Corporation. Ms Johnson is Chair of the Victorian Women's Trust, Past President of Voices for Indi and founding member of Australian Women in Agriculture.

Ms Johnson has served on a range of ministerial advisory committees and statutory and not-for-profit boards. She was named in the inaugural 100 Women of Influence in Australia by the Australian Financial Review in 2012 and the inaugural 100 Women in Australian Agribusiness by Rural Press in 2014, and was the Rural Women's Award Victorian winner and Australian runner up in 2010.

Ms Johnson is a graduate of the Australian Rural Leadership Program and the Australian Institute of Company Directors. She holds a Bachelor of Arts, a Bachelor of Social Work and was awarded an Australian Post Graduate scholarship for her PhD research on sustainable agriculture.

#### Gayle Lee

Gayle Lee is an accountant and works with businesses to improve their financial management, reporting and strategic planning processes. She owns a farming property and runs an agricultural contracting business with her husband.

Previously, Ms Lee was General Manager of Bruck Textiles in Wangaratta and Commercial Manager of Pacific Marine Group in Townsville.

Ms Lee is currently a Board Director at North East Water, an independent member of the audit committee for the Rural City of Wangaratta and a trustee of the Benalla Cemetery Trust.

Ms Lee has a financial administration degree, is a CPA and a graduate of the Australian Institute of Company Directors.

#### Patrick McNamara

Pat McNamara was formerly a member of the Victorian Legislative Assembly representing Benalla.

Mr McNamara was Deputy Premier of Victoria from 1992 to 1999 and held several ministerial positions, including Minister for Agriculture and Resources, Minister for Tourism, Minister for Police and Emergency Services and Minister for Corrections.

#### Margaret O'Rourke

Margaret O'Rourke is a former General Manager of Telstra. Ms O'Rourke's leadership roles in Telstra involved working extensively in regional, rural and remote communities throughout Australia. These roles also included infrastructure, sales and customer experience.

Ms O'Rourke has consulted to industry using her specialist skills in digital economy strategies, community facilitation, telecommunications infrastructure and leadership consultancy. She is currently a Councillor in local government for the City of Greater Bendigo and has served as Mayor of Bendigo since 2016/17.

She is also a board member of Bendigo Healthcare, and Bendigo Kangan TAFE.

Ms O'Rourke is also a Fellow of the Australian Institute of Company Directors.

#### Dennis Quinn

Dennis Quinn has a background in engineering, and marketing and sales management and was previously CEO at Engenco Ltd. Prior to that he was Managing Director and General Manager of Cummins South Pacific, and spent many years in senior positions in large, multi-national industrial businesses both in Australia and the USA.

Mr Quinn has a Master of Arts (Marketing) and Bachelor of Engineering.

# Governance and Organisational Structure

## Ari Suss

Ari Suss is Executive Director at the Fox Private Group, the family office of the Linfox Group of Companies and is General Manager at the Australian Automotive Research Centre in Victoria.

Mr Suss has previously worked for the Premier of Victoria and is a Board Member of Avalon Airport.

Mr Suss has a Master of Public Policy and Management and completed leadership studies at Harvard Business School and is a Graduate of the Australian Institute of Company Directors.

## Jonathan Koop From 1 October 2017

Jonathan Koop was appointed a GMW director in October 2017, having previously served as director with North East Water.

Mr Koop owns and manages a 700-hectare grazing and cropping property in North East Victoria (part-time 12 years, full-time since 2010). Previously Mr Koop had a career in senior finance positions with Murdoch Books Pty Ltd (2008 - 2011) where he was also Company Secretary, Fairfax Media Ltd (2003 - 2007) and TNT Express (2001 - 2003).

Mr Koop has a Bachelor of Economics and is a Chartered Accountant and Graduate of the Australian Institute of Company Directors.

## Dennis Moon Until 30 September 2017

Dennis Moon is a business owner from Rochester with experience in irrigation systems, particularly sub surface drip. Mr Moon has been an irrigator in northern Victoria for 25 years and with partners operates Campaspe Irrigation, which specialises in the design, supply and construction of a wide range of on-farm irrigation supplies. He is the former Chair of the Australian Tomato Processing Research Council and is the tomato representative to Horticulture Australia Limited. Mr Moon was awarded a Nuffield Scholarship in 2001.

## Executive Director

### Pat Lennon (Managing Director)

Pat Lennon has extensive business and stakeholder management experience, both nationally and internationally. Mr Lennon spent the past 30 years involved in major business operations and projects in Australia, the USA and South East Asia.

Mr Lennon's experience covers development, operations and maintenance, engineering consulting, engineering construction, and management consulting. He has held positions with both public and private entities including with Hydro Tasmania, one of the Australia's largest water managers.

Mr Lennon comes to GMW with a broad background and is well positioned to contribute to its diverse activities and to support its extensive stakeholder community.

### Conflicts of interests

GMW's directors and committee members declare their conflicts of interest (including pecuniary interests):

- in their declaration of interests. Directors complete their declarations upon appointment and then review them at least annually.
- whenever a matter arises at a board meeting that would constitute a conflict of interest: the director is then excluded from the meeting when that matter is discussed and decided upon.

Directors Dennis Moon, Dennis Quinn, Margot Henty, Patrick McNamara and Gayle Lee are customers of GMW. Section 110(2) (a) of the Water Act provides that being a customer of GMW is not a pecuniary interest (conflict of interest) if the director is receiving a service in common with other customers.

## Board Committees

The Board establishes committees with specific objectives in order to use directors' time more efficiently. These committees make recommendations to the Board. The Board retains collective responsibility for decision making. The membership of these committees consists of directors.

From 1 July 2017 to 30 June 2018 the following Board committees operated:

**People and Culture**, Oversees GMW's remuneration policy and management remuneration.

**Customer and Stakeholder Engagement**, Provide the Board with assurance that GMW is actively and strategically engaging with its customers, stakeholders and incorporating the learnings from its engagement into its plans and operations.

**Audit Committee\*** Oversees GMW's financial reporting process, internal controls and the internal and external audit program.

**Risk and Compliance Committee\*** Oversees GMW's risk management and compliance.

\*Replaced by the following Committees from 13 December 2017

**Audit and Risk (from 13 December 2017)** Oversees the internal audit function and program, risk management and compliance and provides advice to the Board.

**Finance Committee (from 13 December 2017)** Monitors the financial management and accounting responsibilities, delivery of GMW's annual capital expenditure program, reviews annual financial statements and provides advice to the Board.



## Board Meetings

Directors attended the following scheduled meetings:

Number attended/eligible to attend							
Person	Board	Audit (to 12/12/17)	Risk and Compliance (to 12/12/17)	People and Culture	Customer and Stakeholder Engagement (from 27/7/16)	Finance (from 13/12/17)	Audit & Risk (from 13/12/17)
Jo Anderson*	14/15	2/2	2/2	4/4	4/4	2/2	1/1
Margot Henty	14/15	2/2	2/2		4/4		1/1
Alana Johnson	14/15				4/4		
Gayle Lee	15/15	2/2	2/2			2/2	1/1
Patrick McNamara	15/15						
Dennis Moon	4/4			2/2	0/1		
Marg O'Rourke	15/15	2/2	2/2		2/2		1/1
Dennis Quinn	14/15			4/4		2/2	
Ari Suss	15/15		2/2	2/2	1 /2		
Jonathan Koop	11/11					2/2	
Pat Lennon	14/15	2/2	2/2	4/4	4/4		
Jennifer Dawson		2/2				2/2	

Table 13: Board member attendance and eligibility from 1 July 2017

\* The Chair is an ex-officio member of all Committees. She is not required to attend the committee meetings, but if she does, she is able to vote.

## Project Control Group

The role of the Connections PCG is to:

- oversee, monitor and be responsible for the management and delivery of the Project.
- ensure effective Project governance.
- ensure appropriate use of government funds in accordance with funding agreements.
- ensure key stakeholder requirements are met during the implementation of the Project.
- notify the GMW Board and governments of any material variations to the project.

The Connections PCG has a direct reporting line to both the GMW Board and the Minister for Water.

Membership of the Connections PCG during 2017/18 consisted of:

- Peter McManamon, Chair
- Patrick McNamara, GMW Director
- Campbell Fitzpatrick
- Frank Fisseler (non-voting member)
- Richard Anderson (non-voting member)
- Pat Lennon (non-voting member).

# Workforce data

## Water Services Committees

Water Services Committees are also advisory committees to the Board, created under section 122(c) of the Water Act. The committees are comprised of customers proposed or voted for and appointed by the Board. There are six gravity irrigation committees, four regional committees and one water district committee.

## Audit Committee membership and roles

The Audit Committee's main responsibilities are to oversee GMW's financial reporting process, internal controls and the internal and external audit program.

The Audit Committee consists of four independent members who are appointed by the Board. The following persons were the independent members of the Committee in 2017/18:

- Jennifer Dawson, Chair (to 30 September 2017)
- Margaret O'Rourke
- Margot Henty
- Gayle Lee (Chair from 1 October 2017)
- Jo Anderson, ex-officio member.

From 13 December 2017 the Audit Committee ceased and two new Board Committees were established being the Audit and Risk Committee and the Finance Committee.

The following persons were the independent members of the Audit and Risk Committee:

- Margaret O'Rourke (Chair)
- Gayle Lee
- Margot Henty.

Meetings are held quarterly and at any other time on request of a committee member. In 2017/18, the Audit Committee and subsequently the Audit and Risk Committee met four times.

## Occupational Health and Safety

The 2017/18 period saw GMW successfully complete external accreditation audits of its OHS Management Systems against the AS/

Occupational Health and Safety Key Performance Indicators					
	2013/14	2014/15	2015/16	2016/17	2017/18
Number of health and safety employee representative committees	9	8	3	4	8
Number of lost time injuries for the year	16	16	16	16	11
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	13.1	13.2	11.2	12.8	9.1
Average Lost Time Rate (average number of days lost per lost time injury)	10.1	22.8	25.7	6.9	26.1
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	25.6	17.8	15.4	13.5	11.1
Number of lost time standard claims for the year per 100 full-time equivalent staff members	0.94	1.19	1.16	0.67	1.72
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$4,469	\$52,215	\$73,860	\$15,655	\$34,449

Table 14: Results against occupational health and safety key performance indicators.

NZS 4801 and OHSAS 18001 standards.

The Health, Safety and Environment (HSE) team worked closely with GMW Learning and Development staff to create, review or conduct online and face-to-face learning modules for areas identified as being of high risk to the business. These included Working near Overhead and Underground Assets and Hazard Identification, Assessment and Control and other HSE refresher training complemented by a face to face manager and supervisor OHS training.

Online contractor HSE inductions continue with a total of 2,072 persons either renewing or completing this for the first time compared with 1,830 in 2016/17.

### Wellbeing, Rehabilitation and Return to Work

Injuries sustained in 2017/18 consisted predominantly of minor slips trips and falls and manual handling injuries. A complete review of GMW's Return to Work and Rehabilitation procedure was completed which now forms part of our broader and simpler Injury and Illness Support Program.

Key field based roles were also assessed and analysed with an associated strengthening and resilience pilot. The pilot is designed to increase each worker's resilience to injury with respect to specific risks within their field based roles. This program will continue to be developed and broadened in 2018/19. A mental health training pilot was also completed and is being considered for broader implementation in 2018/19.

## Workforce Data

### Public Administration values and employment principles

GMW has continued to comply with all employment obligations relevant to its business including those within the *Equal Employment Opportunity Act 2010*, the *Public Administration Act 2004* and the *Disability Act 2006*.

Consistent with these obligations and in support of GMW's commitment to be a high performing organisation, a number of initiatives are being rolled out across the business, including Aboriginal and Torres Strait Islander Peoples Cultural Awareness training, Inclusive Leadership training for all hiring managers, our revised processes for recruitment advertising and selection along with work experience programs for disadvantaged youth and promotion of GMW's diversity and inclusion program.

GMW celebrates major diversity and Inclusion dates such as but not limited to NAIDOC Week celebrating Aboriginal and Torres Strait Islander Peoples culture, IDAHOBIT standing against discrimination in support of lesbian, gay bisexual, transgender, intersex, and queer (LGBTIQ+) employees, disability and capability, plus

celebrating our multi culturalism through *Taste of Harmony*. Celebrating our diverse workforce sends an important message so all employees feel included and valued.

## Comparative Workforce Data

GMW has seen no significant changes to its work force numbers but we have reduced overall headcount through rationalisation of vacant roles within the business and not replacing a role where the position is not needed. Our attrition rate remains at 9 per cent which is below industry standard. GMW has again seen an increase year on year in part time roles, becoming more flexible with working conditions to accommodate employee needs.

GMW employs a total of 716 staff (figures include full time, part time, casual employees and exclude directors and chair) equivalent to 688.7 FTE.

In line with the Victorian government's new *Policy and Standard Model for Collecting Staff Gender Information – Victorian Public Sector*, by 1 July 2021, when collecting information on gender, employees and executives will be asked whether their gender is 'woman', 'man' or 'self-described'. Where there is no legal requirement to collect gender information, employees and executives may opt not to respond.

The demographic data for GMW's workforce as at 30 June 2018 is listed below:

GMW Total		
	Number (headcount)	FTE
Jun-18	716	688.7
Jun-17	785	747.6

Employees						
Ongoing employees					Fixed term and casual	
	Number (headcount)	Full time (headcount)	Part time (headcount)	FTE ongoing employees	Headcount	FTE
Jun-18	547	507	40	535.5	169	153.2
Jun-17	593	555	38	580.7	192	166.9

Employee demographics								
	Jun-18				Jun-17			
	Ongoing		Fixed term and casual		Ongoing		Fixed term and casual	
	Number (headcount)	FTE	Number headcount	FTE	Number headcount	FTE	Number (headcount)	FTE
<b>Gender</b>								
Male	427	424.5	112	100.2	452	449.8	127	105.3
Female	120	111.1	57	52.9	141	130.8	65	61.5
<b>Age</b>								
< 25	6	6	15	9.2	8	8	10	6.1
25 – 34	92	87.9	38	36.4	112	107.3	40	33.1
35 – 44	144	141	46	44	151	147.6	58	55.3
45 – 54	149	147.7	31	29.8	156	154.3	38	33.9
55 – 64	135	132.8	37	33.8	143	140.8	40	35.8
65>	21	20	4	0.5	23	22.6	6	2.7
<b>Classification</b>								
Band A	108	107.3	18	14.9	131	130.3	31	13.3
Band B	171	167.9	30	21.9	191	186.8	18	14.8
Band C	122	116.5	47	44.8	129	125.2	52	51
Band D	90	88.4	31	29.1	88	85.3	38	37.4
Band E	35	34.4	15	14.6	35	34.2	24	22.4
Band F	21	21	21	21	19	18.8	22	21
Executives	0	0	7	7	0	0	7	7

Table 15: GMW's workforce data by classification, gender and age demographics

# Workforce data

## Workforce Inclusion Policy

GMW has implemented and actively promotes to its staff the following strategies, procedures and policies which demonstrate that we are working towards achieving a balanced workforce:

- *GMW Diversity Strategy*
- *GMW Gifts, Benefits and Hospitality Policy framework*
- *GMW Conflict of Interest Policy*
- *Victorian Public Sector Code of Conduct*
- *Victorian Charter of Human Rights.*

GMW continues to grow its extensive on line course library along with scheduled classroom style training to ensure that all policies and expected employee workplace practices are explained to all new and existing employees to ensure compliance and adherence.

Any employee or candidate can voice any grievance, dispute any decision or give feedback. GMW's dispute resolution processes through the Human Resources Department allow for escalation points to the Head of Human Resources and the General Manager of Corporate Services to ensure that all issues are dealt with in a timely manner.

## Diversity Strategy

The purpose of the revised 2017/18 strategy is to continue to build accountability for diversity and inclusion in all its forms throughout the organisation by creating awareness through education and action. This in turn will create a culture that values employees which will assist GMW in recruiting, retaining and developing talented people.

Working in conjunction with the Victorian water industry GMW has adjusted its strategy in 2017/18 to reflect that of the commitment of the Victorian water industry. The water industry aims to be collectively leaders in diversity and inclusion.

GMW's diversity plan targets align to the Victorian water industry targets to ensure equitable gender balance, diversity and inclusion of all groups including but not limited to lesbian, gay, bisexual, transgender, intersex (LGBTI), disabled, indigenous peoples, carers and flexible working arrangements. This ensures that GMW is employing people based on merit, treating all employees and candidates fairly and reasonably.

Our current diversity and inclusion targets by 2024, and performance for 2017/18, are as per below.

## Executive Officer data

An Executive Officer (EO) is defined as a person employed as an EO at an annual remuneration rate not less than an EO employed by a department.

The following tables disclose the EOs of GMW for 2017/18:

- Table 15 discloses the number of EOs for GMW broken down by gender.
- Table 25 provides a reconciliation of EO numbers presented between the report of operations and Note 10.3 in the financial statements.
- Both tables also disclose the variations, denoted by 'var', between the current and previous reporting periods.

Current GMW diversity and Inclusion targets by 2024	2017/18 report on GMW diversity and inclusion targets
50/50 split of male to female in leadership positions (D band +)	75/25% current split of male to female in leadership positions (D band +)
3% of our workforce will identify as Indigenous peoples	2% of our workforce currently identify as Indigenous peoples
7% will identify as LGBTI	6% currently identify as LGBTI
10% of our workforce will identify as having a disability	4% of our workforce currently identify as having a disability
20% of our workforce will speak a language other than English	15% of our workforce currently speak a language other than English;
25% of the workforce will enjoy flexible working	41% of the workforce currently enjoy flexible working
35% of the workforce will identify as having care responsibilities.	25% of the workforce currently identify as having care responsibilities

Table 16: Progress towards diversity and inclusion targets

The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the financial year. Note 10.3 at page 86 in the Financial Statements lists the actual number of and amount of remuneration paid to EOs over the course of the reporting period. The Financial Statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations. Separations are those executives who have left GMW during this year. To assist readers, these two disclosures are reconciled in table 18.

Executive Officers								
	All		Male		Female		Self-described	
Class	No.	Var.	No.	Var.	No.	Var.	No.	Var.
EO 1	1	-	1	-	0	-	0	N/A
EO 2	6	-	5	1	1	1	0	N/A
EO 3	0	-	0	-	0	-	0	N/A
Total	7	-	6	1	1	1	0	N/A

Table 17: Breakdown of EOs into gender

Executive Officers		
Indicator	2017	2018
Executive	7	7
Accountable Officer	1	1
Less Separations	-1	-1
Total Executives at June 30	7	7

Table 18: Reconciliation of executive numbers

## Other Disclosures

### Local Jobs First - Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* requires government departments and agencies to report on commitments and outcomes against the Victorian Industry Participation Policy (VIPP) under the VIPP Act, relating to procurement activities that meet or exceed \$1 million in regional Victoria.

DEDJTR is responsible for implementing the VIPP across the Victorian Government on behalf of the Minister for Regional Development and Minister for Industry and Employment. GMW has submitted its annual return which forms part of the department's annual report.

### Consultancy Expenditure

In 2017/18, there were 33 consultancies related to the water storage and delivery business where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2017/18 in relation to these consultancies is \$4,908,432 (excl. GST).

In 2017/18, there were 16 consultancies related to the Connections Project where the total fees payable to the consultants were \$10,000 or greater. Total expenditure during 2017/18 was \$443,274.97 (excl. GST).

In 2017/18, there were 25 consultancies related to the water storage and delivery business where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2017/18 in relation to these consultancies is \$121,746 (excl. GST).

In 2017/18, there were 11 consultancies related to the Connections Project where the total fees payable to the consultants were

less than \$10,000. Total expenditure during 2017/18 was \$57,112.55 (excl. GST).

Please note that the number of consultants refers to the number of consultants GMW used, not the number of times GMW used consultants.

Details of individual consultancies can be viewed at [gmwater.com.au](http://gmwater.com.au) under the Annual Reports section.

### Government advertising expenditure

GMW's expenditure on government campaign expenditure in the 2017/18 reporting period did not exceed \$100,000 (excl. GST).

# Other Disclosures

## Information and Communication Technology expenditure

For the 2017/18 reporting period, GMW had a total ICT expenditure of \$15.4m, with the details shown below.

All operational ICT expenditure	ICT expenditure relating to projects to create or enhance ICT capabilities		
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure)	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
11,666	3,771	358	3,413

Table 19: Information and communication technology expenditure since 1 July 2017 (\$'000)

ICT Expenditure refers to GMW's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure.

Non-BAU ICT expenditure relates to extending or enhancing GMW's current ICT capabilities.

BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

## Disclosure of Major Contracts

During 2017/18 GMW commenced nine contracts valued at \$29,571,000 (inclusive of GST)<sup>6</sup> in value, to which the VIPP was applied. All contracts are for regional projects.

## Freedom of Information

GMW is subject to the *Freedom of Information Act 1982* (FOI Act). Requests for access to GMW documents under the FOI Act can be sent to:

**Freedom of Information Officer**  
**Goulburn-Murray Water**  
**PO Box 165**  
**TATURA VIC 3616**

Requests must be made in writing, provide necessary information to identify the documents sought and be accompanied by a \$28.40 application fee. If payment of the application fee would cause hardship it may be waived or reduced. Additional access charges may also apply.

GMW has 30 days to respond after receiving a valid request along with the application fee. However, this may be extended in certain circumstances.

In 2017/18 GMW received 18 new Freedom of Information (FOI) requests. Of those, 13 requests related to Water Storage and Delivery, and 5 requests related to the Connections Project. Requests were received from various sections of the community including individuals, community groups, solicitors and organisations.

Project	Division	Tender #	Value (incl GST) <sup>7</sup>
Waste Services	GMW	297386	\$1,320,000.00
Supply and Delivery of Herbicide – Panel	GMW	RFT1461	\$2,750,000.00 (maximum spend over 5 year contract term)
Campaspe Siphon Tunnel Lining	GMW	RFT1208	\$3,833,000.00
Tree Services – Panel	GMW	RFT1322	\$2,695,000.00 (maximum spend over 5 year contract term)
GMW Connections On-Farm Works Construction – Panel	Connections Project	GMW-CP-1062	\$23,000,000
Swan Hill No.9 Decommissioning Project	Connections Project	GMW-CP-1073	\$5,500,000
Tree Services – Panel	GMW	RFT1322	\$2,450,000
Supply of Precast Concrete Materials – Panel	Connections Project	GMW-CP-1071	\$3,000,000
Flowmeter Supply – Panel	Connections Project	GMW-CP-1072	\$8,000,000

Table 20: Details of major contracts 2017/18

<sup>6</sup> Value of 'panel' projects is the maximum approved value. Actual spend may be significantly less, but cannot be determined until contract expiry date.

<sup>7</sup> As above.



During this time 19 requests were finalised. The outcomes are in the table to the right.

Two applications for review of an FOI decision were made to the FOI Commissioner. As at 30 June 2018, neither of the reviews had been finalised.

There were no applications made to the Victorian Civil and Administrative Tribunal to review an FOI decision.

The FOI Commissioner did not receive any complaints concerning FOI requests handled by GMW.

## Compliance with the Disability Act 2006

GMW actively promotes its diversity and inclusion across all minority groups. We are currently revising our Disability Action Plan and a new plan will be developed for the 2018/19 year. GMW's disability action plan will be aligned with *Absolutely everyone: state disability plan for 2017-2020*, which is the Victorian Government's framework for enabling people with a disability to participate and contribute to the social, economic and civic life of their community.

Six percent of GMW's workforce currently identify as having a disability of some kind and we work collectively to ensure no employee is disadvantaged in any way.

In 2017/18 the following facilities were upgraded to assist our disabled community as prescribed in our current 2016 disability action plan:

- Shepparton Office: Installed new toilets and kitchen amenities that meet disability requirements. Work included new doorways, ramps and amenities.
- Eildon Office: Installed a ramp to the front door of the office and currently looking at internal modifications to this office so that the entire office can be accessed by persons with a disability.
- 33 Casey Street: Modified the access walk way (ramp) to the front of the office so it complies with the building standard, also modified the hand rail to suit.
- 39A Casey Street: Modified hand rails to meet standards for hand rails on ramps and stairs.

FOI Request Outcomes	Number (WS&D)	Number (Connections)
Full access	6	2
Partial access granted	5	0
Access denied	0	0
Request withdrawn	2	0
No documents	1	1
Neither confirm nor deny existence of documents	1	0
Act does not apply	1	0
Total	16	3

Table 21: Freedom of information request outcomes

- Cussen Street: Modified hand rail to the steps off the ramp at building 2 to comply with the standards; and installed hand rails to the sides of the ramps going into building 6.

Several employees have been assisted with modified workstations and equipment to assist with height, back and general accessibility issues.

GMW actively promotes all diversity and inclusion sectors through recruitment, on boarding and corporate induction programs.

Unconscious bias training provides all hiring managers with the skills to look at the overall capability and not the disability of any employee within GMW.

## Compliance with the Building Act 1993

GMW owns or controls premises at Tatura, Shepparton, Cobram, Wangaratta, Lake Hume Village, Dartmouth, Buffalo River, Eildon, Kyabram, Rochester, Cohuna, Kerang, Swan Hill, Pyramid Hill, Mildura, Cairn Curran, Laanecoorie, Tullaroop,

Eppalock, Waranga, Yarrawonga, Goulburn Weir, Torrumbarry, Lake Nillahcootie and Lake William Hovell, and consequently is required to include a statement on its compliance with the building and maintenance provisions of the Building Act 1993 in relation to those buildings.

GMW requires appropriately qualified consultants and contractors to be engaged for all proposed works on land controlled by GMW and that their work and services comply with current building standards. All such consultants and contractors are expected to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*.

In relation to existing buildings, the Asset Maintenance Unit is responsible for mandatory testing of emergency and exit lighting and lift equipment in accordance with relevant standards, monthly, quarterly and bi-annual inspection and preventive maintenance routine of mechanical services and monthly and annual fire service audits. These inspections inform the works program which is delivered annually through existing maintenance contracts.

2017/18 Building Matters	Number
Number of major works projects undertaken by GMW (greater than \$50,000)	0
Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by the entity	A change of use permit was obtained in 2017/18 for a building (building 5) in Cussen Street, Tatura
Number of emergency orders and building orders issued in relation to buildings	0
Number of buildings that have been brought into conformity with building standards during the reporting period	62%

Table 22: 2017/18 Building Matters

# Other Disclosures

Based on the findings of the recent building audit it was found that 52 per cent of the buildings currently compliant with building standards. This has now been upgraded to 62 per cent of buildings comply as of end of June 2018 through the schedule of works being implemented by GMW. With these works scheduled we anticipate that all buildings will be brought into conformity with building standards by June 2022.

There are other buildings at premises that have not been assessed as part of the original audit including, but not limited to, public toilets, BBQ shelters, viewing platforms, pump buildings and enclosures. GMW also owns land containing houses which have not yet been assessed. These other buildings and dwellings are scheduled to be audited in future years to establish their compliance with the *Building Act 1993* and building regulations. Any shortcomings identified will be prioritised accordingly and included in our schedule of rectification works.

## Compliance with the Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* (Protected Disclosure Act) encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Protected Disclosure Act provides protection to people who make disclosures in accordance with the Protected Disclosure Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

GMW does not tolerate improper conduct by employees, or reprisals against those who come forward to disclose such conduct. GMW:

- is committed to ensuring transparency and accountability in its administrative and management practices.
- supports disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Under the Protected Disclosure Act, Victorian Government agencies such as GMW can no longer directly receive disclosures about improper or corrupt conduct. Disclosures about improper or corrupt conduct about GMW or its employees must now be made to the Independent Broad Based Anti-Corruption Commission on:

**Phone:** 1300 735 135  
**Fax:** (03) 8635 6444  
**Postal address:** GPO Box 24234, Melbourne, VIC 3001.

## Compliance with Water Act 1989

There are no additional disclosures required to be made in this Annual Report under the Water Act.

## Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be

removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

GMW continues to comply with the requirements of the Competitive Neutrality Policy.

## Office-Based environmental impacts

GMW recorded a 669 tonne increase in Greenhouse Gas (GHG) emissions over the 2017/18 period compared with 2016/17. The result excludes MDBA assets.

GMW uses the online Envizi platform and the SG Fleet Management online dashboard to gather consumption and emission data to assist in the calculation of our GHG emissions.

Greenhouse Emissions by Source						
CO2e by source (Tonne)	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Energy <sup>1</sup>	9,753	8,634	8,851	8,375	6,310	6983
Vehicle Fleet <sup>2</sup>	4,636	4,223	3,822	4,026	3,724	3720
MDBA <sup>3</sup>	-	-	-	-	1,923	836
<b>Total</b>	<b>14,579</b>	<b>12,858</b>	<b>12,673</b>	<b>12,401</b>	<b>11,957</b>	<b>11,539</b>

Table 23: Greenhouse gas emissions by source since 1 July 2012.

1. Electricity and gas to run offices and depot and deliver water to customers excluding MDBA assets.
2. Fuel consumed by the vehicle fleet.
3. These are assets that are owned/operated by GMW on behalf of the MDBA. Previously GMW included these emissions as its own. During the development of the DELWP Pledge it was identified that these assets should be separated from GMW's emissions.

In 2017/18 GMW developed an internal GHG emissions target separate to its DELWP Pledge target. This internally developed target excludes all MDBA assets which were identified during the pledge process but not able to be extracted before the final pledge submission. The target has changed from previous years due to the development of the DELWP Pledge and specific emissions reduction initiatives. Note: Emissions recorded above are 12% lower (not including DELWP Assets) than the pledge target of 12,159 tonnes, however emissions are 10% higher than GMW's internally developed target.

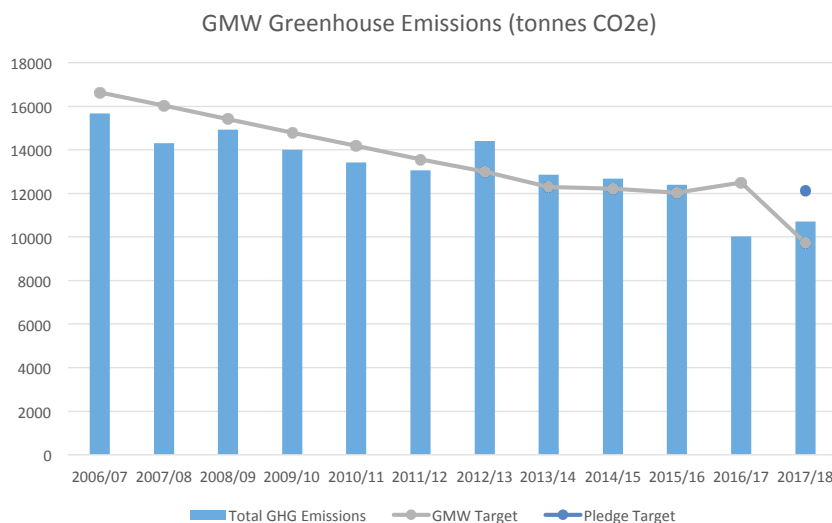


Chart 6: Total greenhouse gas emissions vs target emissions since 1 July 2005.

Greenhouse gas emission reporting						
Performance Indicator	Tonnes CO2-e				Variance (%)	Commentary
	Baseline	2016-17 Result	2017-18 Target	2017-18 Result		
Water Treatment and Supply	0	0	Not available	4,965	N/A	Target not available due to 2017/18 reporting year being the first year of MRD06, GMW has not previously separated its emissions total between office-based and water supply emissions but will do so in future reporting years
Sewerage Treatment and Management	0	0	0	0	0	GMW does not treat any or manage any sewerage
Transport	4,468	3,724	3,611	3,720	+3%	GMW is undergoing a Fleet Review presently to further reduce running costs and emissions
Other	8,585	6,310	Not available	2,018	N/A	See note for Water Treatment and Supply, result also includes Natural Gas usage at offices
Offsets	0	0	0	0	0	
<b>Total</b>	<b>13,053</b>	<b>10,034</b>	<b>9,729</b>	<b>10,703</b>	<b>+10%</b>	<b>+10% against target +6.7% % against 2016/17 result -12.0% against pledge target of 12,159 tonnes</b>

Table 24: Greenhouse gas emissions.

Energy consumption reporting											
Performance Indicator	(a) Total energy use (MWh)	Tonnes CO2-e							(h) Renewable energy use (%) ((h)/(a))*100	Renewable Energy Generated for Export (MWh)	Renewable energy use target (%)
		(b) Solar panels	(c) Hydro-electricity	(d) Wind power	(e) Biogas	(f) Green-power	(g) Other	(h) Total			
Water treatment and supply	4,597	0	0	0	0	459.7	0	459.7	0	0	0
Sewerage treatment and management	0	0	0	0	0	0	0	0	0	0	0
Other (office, workshops, depots, etc)	1,867	0	0	0	0	186.7	0	646.4	10%	0	10%
<b>Total</b>	<b>6,464</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>646.4</b>	<b>0</b>	<b>1,106.1</b>	<b>10%</b>	<b>0</b>	<b>10%</b>

Table 25: Energy consumption.

# Other Disclosures

## Corporate Water Consumption

Corporate water consumption at GMW's 15 major office locations was 13,351 kilolitres (KL) in 2017/18 equating to an office water consumption of 20 KL per FTE.

Corporate Water Consumption	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Water Consumption (KL)	16,781	16,017	19,704	22,503	24,314	13,351
Consumption per FTE	24	24	26	29	33	20

Table 26: Total water consumption in kilolitres and kilolitre consumption per FTE across major offices.

## Value of Community Service Obligations

During 2017/18, GMW granted \$292,084.60 in pension concessions compared to \$263,237 granted in 2016/17, and \$245,239.42 in 2015/16.

## Victorian Waterway Management Strategy

Regional Waterway Strategies are single planning documents for river, estuary and wetland management in each catchment management region and drive implementation of the management approach outlined in the Victorian Waterway Management Strategy.

GMW is involved in implementation activities associated with the Regional Waterway Strategies for the North East, Goulburn Broken and North Central catchment management regions, which all fall within GMW's region.

Such activities have included participating in project groups, funding and implementing water quality monitoring programs, information and data sharing with CMAs and water corporations, responding to environmental incidents and facilitating delivery of environmental water. GMW also carries out activities complementary to waterway health at its storages, such as erosion control works, fencing to protect native vegetation and facility upgrades.

GMW, together with the North East CMA and MDBA, continues to implement the Mitta Mitta Waterway Action Plan, with a focus on fencing, revegetation and addressing erosion as a result of water transfers from Dartmouth to Hume Dam. Under the Action Plan, in excess of 1 km of riparian zone has been fenced off from stock access to reduce erosion and vegetation damage. Over 5,000 trees have been planted across 5.5 ha of riparian land and 5.21 ha of willow trees have been removed. Rafting Australia were contracted to treat willow and willow

regrowth in old works areas from the Dartmouth Pondage to Tallandoon (30 km of waterway). Bank stabilisation works have consisted of timber brushing and in excess of 1,000m<sup>3</sup> of rock armouring of eroded sites. GMW also provided the NECMA a letter of support for its 'Cods of Anarchy' Recreational Fishing Grant submission that aims to introduce in-stream habitat on the Mitta Mitta.

GMW, in conjunction with the MDBA, NECMA, City of Wodonga and Parklands Albury Wodonga, performed emergency works to stabilise the Killara gauging station on the Kiewa River. High sustained flows had eroded the site and presented significant risk to the infrastructure and the public that utilised the path network.

GMW and the MDBA are coordinating a winter 2018 drawdown of Lake Mulwala to control the aquatic weed *Egeria densa*. Gradual drawdown commenced in May 2018, with refilling planned to start in July. Significant capital works will occur during this period to address erosion along the Yarrawonga foreshore. Improvements to boat ramps and public facilities will also occur during this period due to the support of Fisheries Victoria, NSW Roads and Maritime Services and the Commonwealth Government's Regional Jobs and Investment Packages.

GMW continues to work with the MDBA and NSW Roads and Maritime Services on delivery of a draft Murray River Erosion Management Plan, concentrating on a stretch of river between Bundalong and Corowa (50 km). This has gone through the public consultation period and submissions are now being collated for consideration by the committee, on which GMW sits.

GMW is about to embark on the development of the Dartmouth Land and On-Water Management Plan following the re-opening of the pondage (Lake Banimboola) for recreational fishing in April/May 2018.

GMW is working with the Yorta Yorta traditional owners to manage erosion and sites of cultural heritage significance at Kow Swamp. GMW is implementing trapping, baiting and surveillance activities to control feral pigs at Kow Swamp. GMW is also supporting the Gunbower Landcare Group to revegetate perimeter lands at the swamp under the 20 Million Trees Program, funded by the Commonwealth Government through the National Landcare Program.

GMW has concluded its 20 Million Trees Program works at Lake Hume and Lake Mulwala, which used the resources of local governments, school groups, Landcare networks and indigenous contractors. Almost 20,000 plants were planted on the foreshore of Lake Hume and Lake Mulwala.

### Regional Catchment Strategies

GMW was actively involved in the review, development and implementation of the Regional Catchment Strategy for each of the three catchment management regions within GMW's area of operations. While there has been no review of these strategies in the past year, GMW continues to be involved in the review and implementation of various sub-strategies, including floodplain management, drainage and waterway management.

GMW continues to lead the delivery of a new Shepparton Irrigation Region (SIR) Surface Water Management Program in partnership with Goulburn Broken Catchment Management Authority (GBCMA). A key principle of the program is ensuring projects are prioritised and developed in areas across the SIR that have a long-term future in supporting irrigated farming.

The four year program commenced in 2017 with Victorian Government funding and is focussed on developing and implementing a more cost-effective 'hybrid' drainage approach based on improving linkages

to, and increasing effectiveness of, natural drainage courses. A key aspect of this approach is establishing Drainage Course Declarations (DCDs) in priority catchments. DCDs are important in that they enable obstructions to natural drainage flows to be removed. Three 'hybrid' drainage priority projects were scoped during 2017/18 and the planning and design of these projects is already well advanced.

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

GMW continued to participate in the review of the State Environment Protection Policy (SEPP) (Waters of Victoria) and SEPP (Groundwaters of Victoria) via working groups. The new SEPP (Waters), which will replace the previous two documents, is due to come into effect in late 2018.

## Statement of availability of other information

Information held by GMW and available on request subject to the FOI Act includes:

1. a statement that declarations of pecuniary interests have been duly completed by all relevant officers
2. details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
3. details of publications produced by GMW about itself, and how these can be obtained
4. details of changes in prices, fees, charges, rates and levies charged by GMW
5. details of any major external reviews carried out on GMW
6. details of major research and development activities undertaken by GMW
7. details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
8. details of major promotional, public relations and marketing activities undertaken by GMW to develop community awareness of the entity and its services
9. details of assessments and measures undertaken to improve the OH&S of employees

10. a general statement on industrial relations within GMW and details of time lost through industrial accidents and disputes
11. a list of major committees sponsored by GMW, the purposes of each committee and the extent to which the purposes have been achieved
12. details of all consultancies and contractors including:
  - consultants/contractors engaged
  - services provided
  - expenditure committed to for each engagement.

Requests for access to GMW documents under the FOI Act can be sent to:

Freedom of Information Officer  
Goulburn-Murray Water  
PO Box 165  
TATURA VIC 3616.

## Energy and Water Ombudsman (Victoria) Limited

GMW is a member of the Energy and Water Ombudsman (Victoria) (EWOV) Dispute Resolution Scheme, which provides an independent third-party reconciliation process for the resolution of complaints by customers of electricity, gas and water service providers in Victoria.

During the 2017/2018 financial year, EWOV referred 40 matters to GMW. The nature of these complaints is outlined as follows:

Type of EWOV complaint	Number
Unassisted Referral	6
Assisted Referral	25
Investigation	9
<b>Total</b>	<b>40</b>

Table 27: EWOV complaints including Connections.

As at 30 June 2018, there were four outstanding complaints against GMW being investigated by EWOV.

The Energy and Water Ombudsman (Victoria) may be contacted by writing to:

The Energy and Water Ombudsman (Victoria)  
Replay Paid 469  
MELBOURNE VIC 8060  
Or, by telephone on 1800 500 509.

# Financial Compliance

## Financial Management Compliance

### Certification of Financial Management Compliance for 2017/18

I Patrick McNamara, on behalf of the Responsible Body, certify that Goulburn-Murray Water has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



Patrick McNamara  
Acting Chair



Pat Lennon  
Managing Director



Geoff Cutter  
Chief Financial Officer

29 August 2018

## Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information (all data tables and financials) included in this Annual Report will be available at [www.data.vic.gov.au](http://www.data.vic.gov.au) in electronic readable format.

## Financial Statements 2017/18

### Corporation Statutory Certification

The attached financial statements for Goulburn-Murray Rural Water Corporation have been prepared in accordance with Standing Direction 5.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

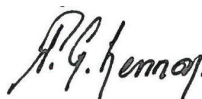
We further state that, in our opinion, the information set out in the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of the Corporation at 30 June 2018.

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

We authorise the attached financial statements for issue on 29 August 2018.



Patrick McNamara  
Acting Chair



Pat Lennon  
Managing Director



Geoff Cutter  
Chief Financial Officer



## Independent Auditor's Report

### To the Board of the Goulburn Murray Rural Water Corporation

<b>Opinion</b>	<p>I have audited the financial report of the Goulburn Murray Rural Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2018</li> <li>• statement of comprehensive income for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• statutory certification.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2018 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which includes the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Information other than the Financial Report, Performance Report and Auditor's Reports</b>	<p>The Board is responsible for the "other information" included in the corporation's annual report for the year ended 30 June 2018. The other information comprises the information in the annual report but excludes the financial report, the performance report and my auditor's reports thereon. My opinion on the financial report does not cover the other information included in the annual report and accordingly I do not express any form of assurance conclusion thereon.</p> <p>In connection with my audit of the financial report, my responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a materially misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

# Financial Statements 2017/18

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**Auditor's responsibilities for the audit of the financial report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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MELBOURNE  
3 September 2018



Paul Martin  
*as delegate for the Auditor-General of Victoria*

**Comprehensive Operating Statement  
for the period ended 30 June 2018**

	Notes	2017/18 \$000	2016/17 \$000
<b>Revenue from operating activities</b>			
Service and usage charges	3.1.1	119,247	118,461
Government grants	3.1.2	5,056	2,384
Connections funding	3.3.1	62,558	67,654
Contracting services	3.2.1	15,325	14,475
Other revenue	3.2.2	9,225	8,321
<b>Total revenue</b>		<b>211,411</b>	<b>211,295</b>
<b>Expenses from operating activities</b>			
Operations, maintenance and administration expense			
WSD	4.1.1	55,474	49,116
Connections Project costs	4.1.2	43,610	36,590
Employee expenses	4.2.1	77,834	80,746
Depreciation and amortisation	5.1.2	100,987	103,448
Environmental contribution	9.2	1,686	1,686
Interest expense	7.1.2	7,120	7,425
Loss on disposal	5.1.3	43,280	22,630
<b>Total expenses</b>		<b>329,990</b>	<b>301,641</b>
<b>Net result before tax</b>		<b>(118,580)</b>	<b>(90,347)</b>
Income tax expense/(benefit)	9.1.1	(35,225)	(32,087)
<b>Net result for the year</b>		<b>(83,355)</b>	<b>(58,260)</b>
<b>Other comprehensive result</b>			
<i>Items that will not be reclassified to net result</i>			
Change in asset revaluation reserve		(23,316)	(44,273)
Income tax related to this change	9.1.2	6,995	13,282
<b>Other Comprehensive result, net of income tax</b>	5.1.5	<b>(16,321)</b>	<b>(30,991)</b>
<b>Total comprehensive result</b>		<b>(99,676)</b>	<b>(89,251)</b>

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

# Financial Statements 2017/18

## Balance Sheet as at 30 June 2018

	Notes	2017/18 \$000	2016/17 \$000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7.2	344,427	283,119
Receivables	6.1	28,480	28,120
Inventories		2,682	2,695
Prepayments		1,318	918
<b>Total current assets</b>		<b>376,907</b>	<b>314,852</b>
<b>Non-current assets</b>			
Receivables		130	59
Intangible assets	5.2	7,443	9,354
Infrastructure, property, plant and equipment	5.1.1	4,726,775	4,755,993
<b>Total non-current assets</b>		<b>4,734,348</b>	<b>4,765,406</b>
<b>TOTAL ASSETS</b>		<b>5,111,255</b>	<b>5,080,258</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	6.2	61,131	36,278
Employee benefits	4.2.2	21,407	21,449
Borrowings	7.1	2,035	11,915
Unearned revenue	3.4	169,342	125,277
<b>Total current liabilities</b>		<b>253,915</b>	<b>194,919</b>
<b>Non-current liabilities</b>			
Employee benefits	4.2.2	2,342	2,408
Borrowings	7.1	104,909	96,944
Deferred tax liabilities	9.1.2	527,103	569,323
<b>Total non-current liabilities</b>		<b>634,354</b>	<b>668,675</b>
<b>TOTAL LIABILITIES</b>		<b>888,269</b>	<b>863,594</b>
<b>NET ASSETS</b>		<b>4,222,985</b>	<b>4,216,664</b>
<b>EQUITY</b>			
Contributed capital	7.3.1	2,872,798	2,766,801
Asset revaluation reserve	5.1.5	1,579,993	1,596,314
Accumulated surplus / (deficit)		(229,806)	(146,451)
<b>TOTAL EQUITY</b>		<b>4,222,985</b>	<b>4,216,664</b>

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

**Cash Flow Statement**  
**for the period ended 30 June 2018**

	Notes	2017/18 \$000	2016/17 \$000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		151,096	146,911
Receipts from government		116,091	183,808
Interest received		957	1,231
GST received from ATO		19,379	18,002
<b>Payments</b>			
Payments to suppliers and employees		(186,021)	(205,211)
Interest and other costs of finance paid		(6,909)	(7,465)
Environmental contribution levy		(1,686)	(1,686)
<b>Net cash flow from operating activities</b>	7.2.1	<b>92,908</b>	<b>135,590</b>
<b>Cash flows from investing activities</b>			
Payment for infrastructure, property, plant and equipment		(131,955)	(117,765)
Proceeds from sale of property, plant & equipment		361	114
<b>Net cash (outflow) from investing activities</b>		<b>(131,594)</b>	<b>(117,651)</b>
<b>Cash flows from financing activities</b>			
Capital contributions from Victorian Government		101,910	149,725
Repayment of borrowings		(1,915)	(1,802)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>99,995</b>	<b>147,923</b>
<b>Net increase in cash and cash equivalents</b>		<b>61,308</b>	<b>165,862</b>
Cash and cash equivalents at the beginning of the year		283,119	117,257
<b>Cash and cash equivalents at the end of the year</b>	7.2	<b>344,427</b>	<b>283,119</b>

Goods and Services Tax paid to and received from the ATO is presented on a net basis.

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

## Statement of Changes in Equity for the period ended 30 June 2018

	Notes	Contributed Capital \$000	Asset Revaluation Reserve \$000	Accumulated Surplus /(Deficit) \$000	Total \$000
<b>Balance at 30 June 2016</b>					
Total comprehensive income/(loss) for the year	5.1.5	2,617,076	1,627,305	(88,191)	4,156,190
<b>Transactions with State in its capacity as Owner</b>					
Contributions by owner	7.3.1	149,725	(30,991)	(58,260)	(89,251)
<b>Balance at 30 June 2017</b>		<b>2,766,801</b>	<b>1,596,314</b>	<b>(146,451)</b>	<b>4,216,664</b>
Total comprehensive income/(loss) for the year	5.1.5	-	(16,321)	(83,355)	(99,676)
<b>Transactions with State in its capacity as Owner</b>					
Contributions by owner	7.3.1	105,997	-	-	105,997
<b>Balance at 30 June 2018</b>		<b>2,872,798</b>	<b>1,579,993</b>	<b>(229,806)</b>	<b>4,222,985</b>

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



## 1. About this report

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### Basis of Accounting

The financial report includes separate financial statements for Goulburn Murray Rural Water Corporation (the Corporation or GMW) as an individual reporting entity. This financial report is a general purpose financial report, that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements for the period ending 30 June 2018. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. GMW is a not-for-profit entity for the purpose of preparing the financial statements.

GMW is a statutory Corporation constituted by Ministerial Order under the provisions of the *Water Act 1989*. The principal address is:

Goulburn Murray Water  
40 Casey Street  
Tatura Vic 3616

Where applicable, those AASs paragraphs applicable to not-for-profit entities have been applied

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

The annual financial statements were authorised for issue by the Board on 29 August 2018

### Accounting Policies

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

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

### Functional and presentation currency

The financial statements are presented in Australian dollars, which is GMW's functional and presentation currency.

### Classification between current and non-current

To determine if an asset or liability is current or non-current, GMW considers the time when the asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be realised or paid within the next twelve months - see 4.2.2 for a variation in relation to employee benefits.

### Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars. Figures in the financial statements may not equate due to rounding.

### Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the revaluation of land, buildings and infrastructure.

# Financial Statements 2017/18

## **Accounting estimates**

GMW makes judgements, estimates and assumptions about financial information where required. The significant judgements made in the preparation of these financial statements are disclosed in the notes. Estimates and associated assumptions are based on professional judgements based on historical experience and other relevant factors. Actual results may differ from these estimates. Revisions to accounting estimates are made in the period in which the estimate is adjusted. Judgements and assumptions made by management in applying Australian Accounting Standards that have significant effects on the financial statements and estimates relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (note 8.3.2)
- estimation of useful lives (note 5.1.2)
- impairment of assets (note 5.1.1)
- employee benefit provisions and actuarial assumptions on likely leave patterns and tenure (4.2.2)
- superannuation (note 4.2.3)
- accruals (note 6.2)
- deferred tax liability (note 9.1.2)

## 2. Disaggregated information

### Introduction

This section provides high level information separating the Water Storage & Delivery business (WSD) from the Connections Project (CP). This is due to the need to segregate the impacts of a limited term project from the ongoing activities of GMW. These business segments are functionally segregated due to the requirement to effectively ring fence CP funding receipts and project expenditure.

The Connections Project is funded by the Victorian and Commonwealth Governments. It is a limited term project with the target to achieve 429GL of water savings annually. This is being achieved through modernisation of GMW's aging infrastructure, and on-farm modifications.

#### Structure

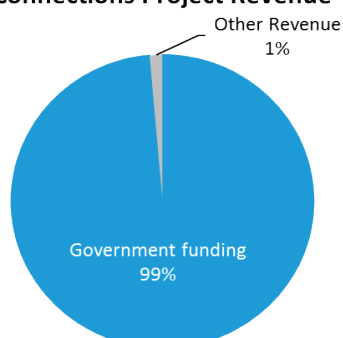
##### 2.1 Disaggregated Revenues & Results

##### 2.2 Disaggregated Assets & Liabilities

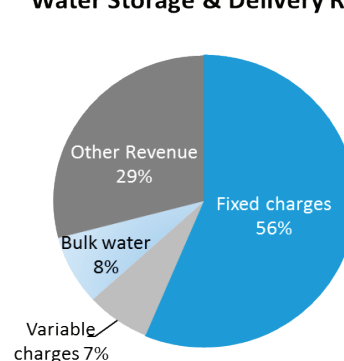
### 2.1 Disaggregated revenues and results

	Revenue		Net result	
	2017/18	2016/17	2017/18	2016/17
	\$000	\$000	\$000	\$000
Water Storage & Delivery	168,259	170,312	(103,398)	(77,996)
Connections Project	63,422	68,873	(15,182)	(12,351)
Elimination of internal transactions	(20,271)	(27,890)	-	-
<b>Total</b>	<b>211,411</b>	<b>211,295</b>	<b>(118,580)</b>	<b>(90,347)</b>
<b>Net result before tax</b>			<b>(118,580)</b>	<b>(90,347)</b>

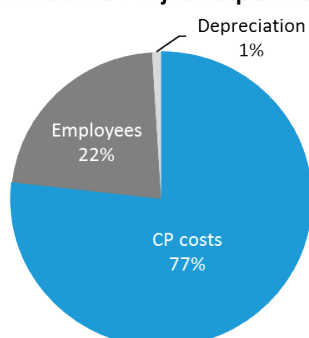
Connections Project Revenue



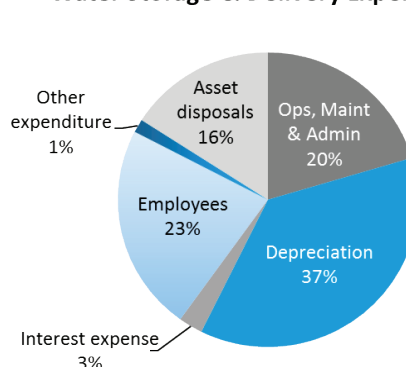
Water Storage & Delivery Revenue



Connections Project Expenditure



Water Storage & Delivery Expenditure



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Disaggregated revenue is generated from customers both within and external to GMW. Revenue generated between WSD and CP in the current year was \$20.3m (2016: \$27.9m). These transactions are eliminated in the consolidated result to ensure that revenues and expenses are not artificially inflated.

Net result represents the earnings before tax after all administrative costs are allocated between the business divisions. Profits recognised by CP are due to timing differences and will be offset by losses over the life of the project to result in a break even position on completion.

## 2.2 Disaggregated assets and liabilities

	Assets		Liabilities	
	2017/18 \$000	2016/17 \$000	2017/18 \$000	2016/17 \$000
Water Storage & Delivery	4,551,235	4,584,933	168,678	152,014
Connections Project	560,831	496,375	193,298	143,308
<b>Total</b>	<b>5,112,066</b>	<b>5,081,308</b>	<b>361,976</b>	<b>295,322</b>
Deferred Tax Liability			527,104	569,323
Elimination of internal transactions	(811)	(1,051)	(811)	(1,051)
<b>Total</b>	<b>5,111,255</b>	<b>5,080,258</b>	<b>888,269</b>	<b>863,594</b>

Assets and liabilities for WSD and CP are ring fenced. Allocations are based on the nature of the underlying transactions with the exception of the deferred tax liability, as GMW is a single entity for income tax purposes and lodges a consolidated return.

Disaggregated assets and liabilities reported above include receivables and payables between WSD and CP that result from internal transactions. These have been excluded in the elimination of internal transactions to calculate total assets and liabilities.

### 3. Funding delivery of our services

#### Introduction

This section provides additional information about how GMW is funded and the relevant accounting policies.

GMW's core focus is the provision of water storage and delivery for irrigation customers using its network of infrastructure. Irrigation revenue is generated through prices that are regulated by the ESC. Revenue is also generated through activities such as; Government funding of the Connections Project, construction contracts, leases & licences, power generation and boating licences.

#### Structure

- 3.1 Water Storage and Delivery
  - 3.1.1 Service and Usage charges
  - 3.1.2 Government Grants WSD
- 3.2 Other Revenue
  - 3.2.1 Contracting Services
  - 3.2.2 Other Revenue
  - 3.2.3 Revenue Commitments - lessor
- 3.3 Connections Project
  - 3.3.1 Government Funding
  - 3.3.2 Funding Commitments - Connections Project
- 3.4 Unearned Revenue

#### 3.1 Income from transactions:

Revenue is recognised if it is probable that the economic benefits will flow to GMW and they can be reliably measured.

3.1.1 Service and Usage charges	2017/18	2016/17
<b>Water storage &amp; delivery</b>	<b>\$000</b>	<b>\$000</b>
Fixed charges	94,679	95,454
Variable charges	11,588	8,655
Bulk water sales	12,980	14,352
<b>Total Service and Usage charges</b>	<b>119,247</b>	<b>118,461</b>

Fixed charges are invoiced annually in July and recognised progressively throughout the year. Variable charges for water delivered are invoiced progressively, with the final billing in June after all usage has been determined. Bulk water revenue is recognised throughout the year based on the agreed entitlement volumes for each customer.

#### 3.1.2 Government Grants WSD

Salinity works	3,225	1,225
Other	1,831	1,159
<b>Total Government Grants WSD</b>	<b>5,056</b>	<b>2,384</b>

Income from grants (other than contribution by owners) is for contracted works on a cost recovery basis. Revenue is recognised as services are provided.

# Financial Statements 2017/18

	2017/18 \$000	2016/17 \$000
<b>3.2.1 Contracting Services</b>		
Murray-Darling Basin Authority	14,695	14,040
Other external clients	630	435
<b>Total Contracting services</b>	<b>15,325</b>	<b>14,475</b>

GMW is the Victorian constructing authority for the Murray Darling Basin Authority (MDBA) and performs contracted works on a cost recovery basis for MDBA and other clients. Revenue is recognised as services are provided.

<b>3.2.2 Other Revenue</b>		
Interest	984	1,565
Leasing and licences	1,723	1,619
Boating licences	1,471	1,385
Power generation	1,530	723
Termination fees	225	438
Connections Project - sale of water	157	157
Fees for services	627	540
Sale of water shares and water allocation	1,360	1,002
Other	1,148	892
<b>Total Other Revenue</b>	<b>9,225</b>	<b>8,321</b>

Interest revenue includes interest charged to customers on overdue debts and interest received on bank deposits. Interest from customers is recognised when it is charged and interest from bank deposits is recognised when it is earned.

Sale of water shares and trades of water allocations relate to fees charged to customers for these transactions. Revenue is recognised when service is provided to the customer.

Other income includes income from property leases and licences, grazing and occupational licences, boating licences and power generation. This income is recognised over the period of the relevant lease or licence or when it is earned.

## 3.2.3 Revenue commitments - lessor

### Nagambie Caravan Park

No later than 1 year	425	415
Later than 1 year and not later than 5 years	1,832	1,788
Later than 5 years	25,878	26,485
<b>Total Non-cancellable operating lease revenue commitments (GST inclusive)</b>	<b>28,135</b>	<b>28,688</b>
Less GST payable to the Australian Tax Office	(2,558)	(2,608)
<b>Total Non-cancellable operating lease revenue commitments (GST exclusive)</b>	<b>25,577</b>	<b>26,080</b>

GMW has rental income from property leases which are recognised on a straight line basis over the term of the lease.

Other commitments can be found in section 4.3 (Operating expenditure commitments), section 5.1.4 (Capital expenditure commitments) and section 9.2.1 (Environmental contribution commitments).



<b>3.3.1 Connections Project</b>	<b>2017/18 \$000</b>	<b>2016/17 \$000</b>
<b>Connections funding</b>	<b>62,558</b>	<b>67,654</b>

After the restructure of administrative arrangements (1 July 2012), the Northern Irrigation Renewal Project (NVIRP) was integrated into GMW and renamed as the Connections Project – a division of GMW.

The Connections Project (the Project) objective is to deliver water savings. This is achieved through planning, designing and delivering a program to modernise the irrigation system throughout the Goulburn Murray Irrigation District (GMID).

Funding revenue received by the Project is recognised under the percentage of completion methodology in accordance with AASB 118. Any funding received that is not recognised as revenue in the current period is recognised as an unearned revenue liability on the balance sheet.

### **3.3.2 Funding Commitments - Connections Project**

The Connections Project has two discrete funding streams for Stage 1 and Stage 2 of the project. In September 2016, the Minister for Water, the Hon Lisa Neville MP, approved the re-set of the Connections Project. The Stage 2 Reset Plan Funding Deed was approved in January 2017 followed by the Stage 1 Completion Plan in November 2017.

- (i) Stage 1 funding of \$1,033m is being provided by the State Government via the Department of Environment, Land, Water and Planning (DELWP), including \$104m paid directly to GMW to upgrade the Goulburn Murray Irrigation District in Northern Victoria. Funding commenced in 2007-08.
- (ii) Stage 2 funding of \$1,071m is being provided by the Federal Government (via the State Government) and the Department of Environment, Land, Water and Planning (DELWP).
- (iii) Funding is received for each stage as follows:  
Operational funding (Stage 1 & 2) to meet direct operating costs.

Project works funding (Stage 1 & 2) :

- Output – Funding which is received largely for connections, is recognised as revenue on a percentage of completion basis in accordance with AASB 118 Revenue.
- Capital – which will predominantly fund the construction of assets or the enhancement of existing assets owned by GMW, is recognised as a transfer through contributed capital in accordance with FRD 119A Transfers Through Contributed Capital.

Revenue commitments and the timing of receipt of funding are subject to the conditions within the appropriate funding agreements.

- (iv) As part of the Reset, the Victorian Government agreed to a reapportioning of the funding between Operational funding and Project works funding (Output and Capital).

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## (a) Funding position project to date:

	Total committed \$000	Received / Receivable \$000	Balance \$000
Operational funding			
Stage 1	57,406	55,942	1,464
Stage 2	112,603	68,108	44,495
<b>Total Operational funding</b>	<b>170,009</b>	<b>124,051</b>	<b>45,958</b>
Project works funding - Output			
Stage 1	381,626	348,373	33,253
Stage 2	447,225	441,752	5,473
<b>Total Project works funding - Output</b>	<b>828,851</b>	<b>790,125</b>	<b>38,726</b>
Project works funding - Capital			
Stage 1	593,875	593,875	-
Stage 2	511,026	399,770	111,256
<b>Total Project works funding - Capital</b>	<b>1,104,902</b>	<b>993,646</b>	<b>111,256</b>
<b>Total Project works funding - Output &amp; Capital</b>	<b>1,933,753</b>	<b>1,783,771</b>	<b>149,982</b>
<b>Total funding commitments</b>	<b>2,103,762</b>	<b>1,907,821</b>	<b>195,941</b>

All funding commitments are nominal amounts. No GST is receivable.

	2017/18 \$'000	2016/17 \$'000
<b>3.4 Unearned Revenue</b>		
Funds held for government or governmental programs	5,602	5,624
Unearned revenue - Connections Project	163,740	119,653
<b>Unearned revenue</b>	<b>169,342</b>	<b>125,277</b>

Funding revenue received by the Connections Project is recognised under the percentage of completion methodology. Any funding received that is not recognised as revenue in the current period is recognised as an unearned revenue liability on the balance sheet.

Government grants which have outstanding performance or return conditions are recognised in accordance with AASB 118 *Revenue* with reference to the percentage of completion method. The stage of completion is measured by assessing the total expenditure incurred to date compared with the funding provided. The Corporation regards the receipt of such revenue as a reciprocal transfer as the Corporation is required to provide the necessary services in return for grant funding. A liability is recognised in the Balance Sheet in respect of grant revenue which is unearned at balance date. AASB 118 requires revenue to be recognised in the reporting periods in which the services are rendered.

	Note	2017/18 \$'000
<b>(a) Reconciliation of revenue - Connections Project</b>		
Unearned Revenue at 1 July 2017		(119,653)
<b>Funding received/receivable during the year:</b>		
Project works funding - Operational & Output		(108,216)
Interest revenue		1,571
<b>Total Project services performed recognised as revenue during the year:</b>		
Operational services		21,743
Project works services		40,815
<b>Unearned revenue at 30 June 2018</b>	3.4	<b>(163,740)</b>

Capital Contributions received for the Connections Project during the year have been accounted for in accordance with the requirements of FRD 119A "Transfers Through Contributed Capital". Refer Note 7.3 for details.

## 4. The cost of delivering our services

### Introduction

This section provides additional information about how GMW's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

GMW's core focus is the provision of water storage and delivery for irrigation customers using its network of infrastructure. Expenditure is incurred for operations, maintenance and administration activities to ensure that agreed customer service levels are met. Along with delivering the Connections Project and providing services for construction contracts, leases & licences, power generation and boating licences.

### Structure

- 4.1 Expenses incurred in delivery of services
  - 4.1.1 Operations, maintenance and administration expenses WSD
  - 4.1.2 Connections Project costs
- 4.2 Our People
  - 4.2.1 Employee benefits - comprehensive operating statement
  - 4.2.2 Employee benefits - balance sheet
  - 4.2.3 Superannuation
- 4.3 Operating expenditure commitments

### 4.1 Expenses incurred in delivery of services

Expenses from transactions are recognised as they are incurred, and reported in the relevant financial year.

#### 4.1.1 Operations, maintenance and administration expenses WSD

	2017/18	2016/17
	\$000	\$000
Contracted services	13,506	14,750
Contributions to Victorian Government re MDBA	15,487	6,384
Electricity	1,554	1,329
Insurances	1,066	1,066
Labour hire	1,163	1,004
Materials	3,385	4,224
MDBA and Government Services Contract	11,032	10,031
Plant and motor vehicles	3,893	4,249
Plant hire	1,747	2,320
Other (i)	2,642	3,759
<b>Total Operations maintenance and administration expenses</b>	<b>55,474</b>	<b>49,116</b>

(i) Other expenses includes other miscellaneous expenses and ex-gratia expenses. Refer 10.6.

Operations, maintenance and administration costs are expensed as incurred. Costs are capitalised and depreciated when maintenance activities relate to the replacement of an asset with an expected useful life longer than one year and if the cost exceeds the capitalisation threshold.

#### 4.1.2 Connections Project costs

Connections Project - operations, maintenance & administration	859	2,763
Connections Project - project delivery costs	42,751	33,827
<b>Total Connections Project costs</b>	<b>43,610</b>	<b>36,590</b>

Project costs are costs associated with the delivery of a modernised irrigation system which will not result in an asset or enhance a fixed asset held by GMW. These generally relate to planning and on-farm modernisation works. Project costs are expensed as they are incurred.

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4.2 Our People		2017/18	2016/17
		\$000	\$000
<b>4.2.1 Employee benefits - comprehensive operating statement</b>			
<b>Salary, wages and other costs</b>	Water Storage & Delivery	56,564	57,628
	Connections Project	15,084	16,943
<b>Superannuation</b>			
- Defined contribution plans	Water Storage & Delivery	4,147	4,049
	Connections Project	1,052	1,067
- Defined benefit plans	Water Storage & Delivery	853	955
	Connections Project	59	60
<b>Termination benefits</b>	Water Storage & Delivery	75	44
<b>Total Employee expenses</b>		<b>77,834</b>	<b>80,746</b>

Employee benefits include all costs relating to employment including wages and salaries, leave entitlements, fringe benefits tax, work cover premiums, payroll tax and superannuation contributions. These are recognised as an expense when they are incurred.

The amount charged to the Comprehensive Operating Statement for superannuation represents contributions paid or payable by GMW to the relevant superannuation fund. Superannuation contributions are made to the funds based on the relevant fund rules and compulsory superannuation requirements.

Termination benefits are payable when employment is terminated before normal retirement date or when an employee accepts a redundancy offer. Termination benefits are recognised when GMW is committed to terminating the employment of current employees.

## 4.2.2 Employee benefits - balance sheet

Wages, salaries, annual leave and long service leave are accrued for services rendered to 30 June.

### Current

#### Annual leave

Unconditional, settlement expected within 12 months	6,680	7,024
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#### Long service leave

Unconditional, settlement expected within 12 months	2,223	1,995
Unconditional, settlement not expected within 12 months	10,666	10,517

#### Oncosts

Unconditional, settlement expected within 12 months	212	440
Unconditional, settlement not expected within 12 months	1,626	1,473

<b>Total current employee benefits</b>	<b>21,407</b>	<b>21,449</b>
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### Non-current

Conditional long service leave	2,050	2,088
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Oncosts	292	320
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<b>Total non-current employee benefits</b>	<b>2,342</b>	<b>2,408</b>
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<b>Total employee benefits</b>	<b>23,749</b>	<b>23,857</b>
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<b>Reconciliation of movement in on-cost provision</b>	<b>2017/18</b>
	<b>\$000</b>
Opening balance	2,233
Additional provision recognised	234
Reductions arising from payments	(189)
Reductions resulting from remeasurment or settlement without cost	(148)
<b>Closing balance</b>	<b>2,130</b>
Current	1,838
Non-current	292

Liabilities for annual leave and other relevant entitlements are recognised in the provision for employee benefits as 'current liabilities', and must be settled by employee request.

The settlement of liabilities for wages, salaries, annual leave and other leave are measured at:

- Nominal value – if GMW expects to settle within 12 months; or
- Present value – if GMW does not expect to settle within 12 months.

Long service leave (LSL) liability is recognised in the provision for employee benefits.

GMW recognises LSL entitlement as a current liability as it must be settled at the employee request, even when GMW does not expect to settle the liability within 12 months.

The current LSL liability is measured at:

- Nominal value – if GMW expects to settle within 12 months; and
- Present value – if GMW does not expect to settle within 12 months.

Accrued LSL is disclosed as a non-current liability. There is no obligation to settle the accrual until the employee has completed the required years of service. This is measured at present value.

Employee benefit on-costs provision includes payroll tax, workers compensation and superannuation.

Employee bonuses are performance based, calculated on a percentage of the annual salary. A liability is recognised for the expected payment to eligible employees. The accrual is classified as a current liability as payment is expected to occur within 12 months.

#### **4.2.3 Superannuation**

GMW makes the majority of its employer superannuation contributions to Vision Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each is funded differently. Obligations for contributions to the Fund are recognised as a liability or prepayment and expensed in the period they relate.

#### **Accumulation**

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9.5% required under Superannuation Guarantee legislation).

# Financial Statements 2017/18

## Defined Benefit

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

There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as this is a floating obligation. The only time that the aggregate obligation is allocated to specific employers is when a call is made. GMW's participation in the Fund cannot be measured as a percentage of other participating employers. The Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purpose of AASB 119 *Employee Benefits*.

Contributions by GMW to superannuation plans of 9.5% for the financial year ended 30 June 2018 are detailed below:

	Paid contribution for the year		Contribution outstanding at year end	
	2017/18 \$000	2016/17 \$000	2017/18 \$000	2016/17 \$000
<b>Defined Benefit Plans</b>				
State Employee Retirement Benefits Board	70	67	(2)	1
Vision Super	123	130	-	-
Emergency Services and State Superannuation	719	818	12	12
<b>Accumulation Funds</b>				
Vision Super Saver & Other accumulation funds	5,743	5,568	311	303
<b>Total</b>	<b>6,655</b>	<b>6,583</b>	<b>320</b>	<b>316</b>

## State Superannuation Schemes - Defined Benefit Funds

At the time GMW was created in 1994 the Government agreed to take responsibility for any unfunded liabilities arising prior to 1992. Since that date contribution rates have risen to avoid any further unfunded liabilities arising. GMW has no responsibility for any unfunded liabilities of these funds.

<b>4.3 Operating expenditure commitments</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Non-cancellable operating lease commitments</b>	<b>\$000</b>	<b>\$000</b>
No later than 1 year	2,652	2,885
Later than 1 year and not later than 5 years	2,174	3,163
Later than 5 years	7	41
<b>Total Non-cancellable operating lease commitments (GST inclusive)</b>	<b>4,833</b>	<b>6,089</b>
Less GST recoverable from the Australian Tax Office	(439)	(554)
<b>Total Non-cancellable operating lease commitments (GST exclusive)</b>	<b>4,394</b>	<b>5,535</b>

At the start of a lease, the lease is classified as a finance or operating lease based on the substance of the agreement regarding the risks and rewards of ownership.

A lease is classified as a finance lease when the majority of the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the term of the lease, except where another basis is more appropriate. The leased asset is not recognised as an asset on the balance sheet.

All benefits in the agreement are costed as part of the agreed use of the leased asset, irrespective of the nature, form or timing of payments.

GMW does not have any finance lease liabilities.

	2017/18 \$000	2016/17 \$000
<b>Other expenditure commitments</b>		
Connections Project	31,457	32,516
Nagambie Caravan Park	14,068	14,274
Other	12,878	96
<b>Total Other expenditure commitments (GST inclusive)</b>	<b>58,403</b>	<b>46,886</b>
Less GST recoverable from the Australian Tax Office	(5,309)	(4,262)
<b>Total Other expenditure commitments (GST exclusive)</b>	<b>53,094</b>	<b>42,624</b>

Commitments for future operating expenditure include those arising from contracts. These are disclosed at their nominal value and inclusive of GST. Future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

These commitments are likely to fall within:

No later than 1 year	44,548	32,741
Later than 1 year and not later than 5 years	916	967
Later than 5 years	12,939	13,178
<b>Total Other expenditure commitments (GST inclusive)</b>	<b>58,403</b>	<b>46,886</b>

Other commitments can be found in section 3.2.3 (Revenue commitments), section 5.1.4 (Capital expenditure commitments) and section 9.2.1 (Environmental contribution commitments).



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## 5. Key assets available to support output delivery

### Introduction

This section provides additional information about how GMW manages its infrastructure, other assets and capital commitments along with the material accounting policies. The majority of GMW controlled infrastructure and other assets are used for storing and delivering water to customers.

### Structure

#### 5.1 Infrastructure, Property, Plant and Equipment: Carrying amount

##### 5.1.1 Reconciliation of movement in carrying value

##### 5.1.2 Depreciation and amortisation

##### 5.1.3 Other expenses

##### 5.1.4 Capital commitments

##### 5.1.5 Asset revaluation reserve

#### 5.2 Intangible assets

### Significant judgements: Fair value measurement

Where the assets included in this section are carried at fair value, additional information on how those fair values were determined is disclosed in note 8.3.

#### 5.1 Infrastructure, Property, Plant and Equipment: Carrying amount

	2017 \$000	2016 \$000
<b>Land</b>		
at Fair Value	54,041	53,902
<b>Buildings</b>		
at Fair Value	18,496	18,174
Less: Accumulated Depreciation	(1,464)	(812)
	17,032	17,362
<b>Plant &amp; Equipment</b>		
at Fair Value	32,876	28,687
Less: Accumulated Depreciation	(19,474)	(16,449)
	13,402	12,238
<b>Infrastructure</b>		
at Fair Value	4,556,482	4,508,683
Less: Accumulated Depreciation	(183,685)	(96,497)
	4,372,796	4,412,186
<b>Work in Progress</b>		
at Cost	269,504	260,305
<b>Total Infrastructure Property Plant &amp; Equipment</b>	<b>4,726,775</b>	<b>4,755,993</b>

All infrastructure, property, plant & equipment are initially recognised at cost and subsequently revalued to fair value less accumulated depreciation and impairment. This is in accordance with the requirements of Financial Reporting Direction (FRD) 103F Non-Current Physical Assets. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Carrying value is considered to be a reasonable approximation of fair value for infrastructure, property, plant and equipment.

In estimating the fair value of an asset GMW uses observable market data to the extent it is available. Information about the valuation techniques and inputs used in determining the fair value of Infrastructure, Property, Plant and Equipment is disclosed in Note 8.3.2.

Items with a cost greater than \$2,000 (2017: \$2,000) and a useful life of more than one year are recognised as an asset. Groups of items with an individual cost less than \$2,000 but with a value greater than \$2,000 as a group (i.e. computer equipment) are capitalised. All other items less than \$2,000 are expensed.

Capital works in progress (WIP) are carried at cost, less any recognised impairment loss.

Fixed assets are subject to fair valuation every five years by an independent assessor in accordance with the requirements of FRD 103F *Non-Financial Physical Assets*. This may occur more frequently if management assessments indicate material changes in asset values. A movement in carrying value greater than 10 percent requires a management revaluation. A movement greater than 40 percent will require the Valuer General Victoria (VGV) to perform a detailed fair value assessment. Where movement is less than or equal to 10 percent, no change is made to carrying amounts.

Formal infrastructure assets revaluations (every five years) use specialised advisors. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value. A full valuation of Land, Buildings and Infrastructure was undertaken in 2016. There have been no indication of material changes to asset values in 2018.

Revaluation decrements are recognised immediately as an expense, except if there is an asset revaluation reserve for the same class of assets, where they reduce the asset revaluation reserve.

Net revaluation increases are recognised in other comprehensive income and accumulated in equity as an asset revaluation surplus. Where the net revaluation increase reverses a previously recognised decrease for the same class of assets, the previously recognised expense is reversed.

Revaluation increases and decreases relating to individual assets within a class (i.e.. Infrastructure, property, plant and equipment) are offset. Revaluation movements are not offset between classes.

Asset revaluation reserves are not transferred to accumulated funds on disposal of an asset.

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5.1.1 Reconciliation of movement in carrying value						
	Land \$000	Buildings \$000	Plant & Equipment \$000	Infrastructure \$000	WIP (a) \$000	Total \$000
<b>2017/18</b>						
Opening WDV	53,902	17,362	12,238	4,412,186	260,305	4,755,993
Additions	-	-	1,081	-	135,966	137,047
Transfers in/(out) of WIP	139	322	3,879	122,156	(126,496)	-
Other Transfers <sup>1</sup>	-	-	-	-	(271)	(271)
Disposals	-	-	(373)	(43,440)	-	(43,813)
Impairment <sup>2</sup>	-	-	-	(1,426)	-	(1,426)
Revaluation increment / (decrement) <sup>3</sup>	-	-	-	(21,890)	-	(21,890)
Depreciation	-	(652)	(3,423)	(94,790)	-	(98,865)
<b>Closing WDV</b>	<b>54,041</b>	<b>17,032</b>	<b>13,402</b>	<b>4,372,796</b>	<b>269,504</b>	<b>4,726,775</b>
<b>2016/17</b>						
Opening WDV	53,902	17,016	7,321	4,461,017	272,049	4,811,306
Additions	-	-	1,600	-	110,599	112,199
Transfers in/(out) of WIP	-	1,005	6,507	114,102	(121,614)	-
Other Transfers <sup>1</sup>	-	-	(103)	103	-	-
Disposals	-	(1)	(272)	(21,096)	(729)	(22,098)
Impairment <sup>2</sup>	-	-	-	(16,807)	-	(16,807)
Revaluation increment / (decrement) <sup>3</sup>	-	-	-	(27,467)	-	(27,467)
Depreciation	-	(658)	(2,815)	(97,666)	-	(101,139)
<b>Closing WDV</b>	<b>53,902</b>	<b>17,362</b>	<b>12,238</b>	<b>4,412,186</b>	<b>260,305</b>	<b>4,755,993</b>

<sup>1</sup> Other transfers relate to transfers between asset classes including transfers between WIP and intangibles (see Note 5.2).

<sup>2</sup> Infrastructure assets treated by the Connections Project where the treatment has reduced the future service potential of those assets. The assets have been impaired pending formal signoff on decommissioning.

<sup>3</sup> Revaluation adjustments in the current and prior year relate to assets that were identified during 2018 and 2017 as duplicated during the 2016 revaluation (see note 5.1.5). There are no further adjustments for asset duplication expected.

	Connections Project	Water Storage & Delivery	Total
	\$000	\$000	\$000
<b>(a) Work in progress</b>			
<b>Opening Balance</b>	<b>221,395</b>	<b>38,910</b>	<b>260,305</b>
<b>Movement 2017/18</b>			
Additions	97,205	38,762	135,967
Transfers	(92,679)	(34,089)	(126,768)
Disposals	-	-	-
<b>Total movement 2017/18</b>	<b>4,525</b>	<b>4,673</b>	<b>9,198</b>
<b>Balance at 30 June 2018</b>	<b>225,920</b>	<b>43,583</b>	<b>269,504</b>

#### Connections Project

Costs associated with the delivery of a modernised irrigation system which result in a new asset or enhance an existing asset are recorded as work in progress. WIP is transferred to Water Storage & Delivery when assets are operational.

#### Water Storage and Delivery

WIP is valued at cost plus an appropriate share of overheads. Assets are transferred from work in progress when the asset is operational.

<b>5.1.2 Depreciation and amortisation</b>	<b>2017/18</b>	<b>2016/17</b>
	<b>\$000</b>	<b>\$000</b>
Depreciation of buildings	652	658
Depreciation of plant, equipment, furniture & fittings	3,422	2,815
Depreciation of infrastructure assets	94,790	97,666
Amortisation of intangibles	2,123	2,309
<b>Total Depreciation and Amortisation</b>	<b>100,987</b>	<b>103,448</b>

All infrastructure and other non-current assets that have a limited useful life are depreciated. Depreciation rates are calculated on the asset's value, less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated over the period of lease or estimated useful life, whichever is shorter. Depreciation is calculated on a straight-line basis.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each year, adjustments are made where appropriate. Generally useful lives are within the following ranges:

<b>Class of assets</b>	<b>Estimated life (years)</b>
Buildings	5 to 50
Plant & Equipment	2 to 10
Intangibles	3 to 10
Infrastructure Systems:	
- Non Backbone	1 to 4
- Channels and Structures	5 to 200
- Dams & Drains	5 to 200
- Electronic Equipment	5 to 40

The component of channels and drains which are under water are considered to have an indefinite life and are not depreciated. The fair value of these components is \$476 million (2017: \$472m). Depreciation is not recognised for these assets because their service potential has not diminished during the reporting period.

Intangible assets with finite useful lives such as computer software are amortised on a straight line basis and assessed for impairment annually. The useful life is reviewed at the end of each reporting period. Changes in the expected useful life are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives such as water shares and entitlements are not amortised, but are tested for impairment annually. The useful life assessment is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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	2017/18 \$000	2016/17 \$000
<b>5.1.3 Loss on disposal</b>		
Loss on disposal of infrastructure, property, plant and equipment	43,280	22,630
<b>Total Loss on disposal</b>	<b>43,280</b>	<b>22,630</b>

Each year GMW negotiates with customers to rationalise parts of the irrigation infrastructure. Where assets are no longer in use, the book value of these assets is written off. The write off is recognised in the Statement of Comprehensive Income as a loss on disposal.

Any gain or loss on the disposal of fixed assets is recognised at the date of disposal and is determined after deducting the proceeds from the carrying value of the asset.

## Impairment expenses

Fixed assets are assessed annually for indicators of impairment. If impairment indicators exist, the assets carrying value is compared to its recoverable amount. The recoverable amount is measured at the higher of depreciated replacement cost and fair value less costs to sell. Where an asset's book value exceeds its recoverable amount, the asset is considered impaired and is written down accordingly. The difference is written-off in the Statement of Comprehensive Income except when an asset has a revaluation reserve. The impairment is then recognised in other comprehensive income up to the amount of any asset revaluation reserve.

The reversal of an impairment loss on a revalued asset is recognised in equity as an asset revaluation increment except when an impairment loss on the same class of asset was previously recognised in the Statement of Comprehensive Income. A corresponding reversal of that impairment loss is also recognised in the Statement of Comprehensive Income.

## 5.1.4 Capital commitments

### Water Storage & Delivery

Dams and Dam Safety Projects	477	1,577
Bridge Renewal and Upgrade Projects	6,503	3,272
Channel, Pipeline & Drain Upgrades	4,295	6,712
Outlet and Meter Upgrades	2,248	477
Information Technology Hardware & Software Upgrades	399	1,103
Other	2,852	521
<b>Total Water Storage &amp; Delivery (inclusive of GST)</b>	<b>16,774</b>	<b>13,662</b>

### Connections Project

Project works	57,704	40,210
<b>Total Connections Project (inclusive of GST)</b>	<b>57,704</b>	<b>40,210</b>
<b>Total Capital commitments (inclusive of GST)</b>	<b>74,478</b>	<b>53,872</b>
Less GST recoverable from the Australian Tax Office	(6,771)	(4,897)
<b>Total Capital commitments (exclusive of GST)</b>	<b>67,708</b>	<b>48,975</b>

These commitments are likely to fall within:

No later than 1 year	74,478	53,872
<b>Total Capital commitments (inclusive of GST)</b>	<b>74,478</b>	<b>53,872</b>

Commitments for future expenditure include capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of the GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

Other commitments can be found in section 3.2.3 (Revenue commitments), section 4.3 (Operating expenditure commitments) and section 9.2.1 (Environmental contribution commitments).

	2017/18 \$000	2016/17 \$000
<b>5.1.5 Asset revaluation reserve</b>		
Land	29,287	29,287
Buildings	3,374	3,374
Infrastructure	1,547,332	1,563,653
<b>Balance 30 June</b>	<b>1,579,993</b>	<b>1,596,314</b>

	Land \$000	Buildings \$000	Infrastructure \$000	Total \$000
<b>Movements during the reporting period</b>				
Opening balance	29,287	3,374	1,563,653	1,596,314
Revaluation increment/(decrement) <sup>1</sup>	-	-	(16,321)	(16,321)
<b>Closing balance</b>	<b>29,287</b>	<b>3,374</b>	<b>1,547,332</b>	<b>1,579,993</b>

<sup>1</sup> Movements to the revaluation reserve in the current year relate to the combination of a prior period adjustment for duplicate assets (\$21.9m) less deferred tax impact and an impairment adjustment (\$1.4m) less deferred tax impact (Note 5.1.1).

## 5.2 Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are initially recognised at cost. Intangible assets with finite useful lives are carried at cost less any accumulated amortisation and impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to GMW.

Gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset. These are recognised as revenue or an expense in the Statement of Comprehensive Income.

	2017/18 \$000	2016/17 \$000
<b>Computer software</b>		
at cost	23,972	23,629
Less: Accumulated Amortisation	(21,820)	(19,685)
	2,152	3,944
<b>Native vegetation offsets (NVO) (a)</b>		
at cost	452	571
<b>Water shares (b)</b>		
at cost	4,839	4,839
<b>Total Intangible assets</b>	<b>7,443</b>	<b>9,354</b>

(a) From 1 January 2014, GMW must comply with the new Native Vegetation Permitted Clearing Regulations. Construction work that results in the loss of native vegetation creates an obligation for GMW. This requires GMW to purchase Native Vegetation Credits which are recognised as intangible assets. These credits are not amortised but are expensed as the offset is established and the consumption is then recorded. The balance of NVO's at 30 June 2018 represents the credits purchased which have not been formally offset against these obligations.

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(b) GMW holds water shares both as part of the Water Storage & Delivery business and the Connections Project. The Intangible Assets include water shares that have been converted to bulk entitlements and water shares acquired from landowners, held by the Connections Project. Water shares have an indefinite life and are not amortised. Water shares held at year end for future sale are recorded as assets classified as held for sale. Where a decision has not been made regarding sale they are classified as Intangible Assets.

## Movements during the reporting period

	Computer Software	Native Vegetation Offsets	Water Shares	Total
	\$000	\$000	\$000	\$000
<b>2017/18</b>				
Opening WDV	3,944	571	4,839	9,354
Additions	331	420	-	751
Disposals	-	-	-	-
Consumption	-	(539)	-	(539)
Amortisation	(2,123)	-	-	(2,123)
<b>Closing WDV</b>	<b>2,152</b>	<b>452</b>	<b>4,839</b>	<b>7,443</b>
<b>2016/17</b>				
Opening WDV	4,497	437	4,309	9,243
Additions	2,560	584	530	3,674
Disposals	(804)	-	-	(804)
Consumption	-	(450)	-	(450)
Amortisation	(2,309)	-	-	(2,309)
<b>Closing WDV</b>	<b>3,944</b>	<b>571</b>	<b>4,839</b>	<b>9,354</b>



## 6. Other assets and liabilities

### Introduction

This section sets out assets and liabilities incurred by GMW in the natural course of operations.

### Structure

#### 6.1 Receivables

##### 6.1.1 Movement in provision for doubtful debt

##### 6.1.2 Ageing analysis of contractual receivables

#### 6.2 Payables

##### 6.2.1 Ageing analysis of contractual payables

<b>6.1 Receivables</b>	<b>2017/18</b>	<b>2016/17</b>
<b>Current - Contractual</b>	<b>\$000</b>	<b>\$000</b>
Trade debtors - Water Storage & Delivery	22,593	23,441
Trade debtors - Connections Project	628	217
Provision for doubtful debt	(508)	(696)
<b>Current - Statutory</b>		
GST	5,767	5,158
<b>Total Current receivables</b>	<b>28,480</b>	<b>28,120</b>
<b>Non-Current - Contractual</b>		
Trade debtors - Water Storage & Delivery	130	59
<b>Total Non-Current receivables</b>	<b>130</b>	<b>59</b>
<b>Total Receivables</b>	<b>28,609</b>	<b>28,179</b>

Receivables consist of:

- Contractual receivables relating to debts for water rates, water consumption and contracting services provided. They are initially recognised at fair value and subsequently measured at amortised cost less any accumulated impairment.
- Statutory receivables, such as Goods and Services Tax (GST) input tax credits recoverable. They are recognised and measured similarly but separately from contractual receivables because they do not arise from a contract.

#### 6.1.1 Movement in provision for doubtful debt

<b>Balance at the beginning of the year</b>	696	667
Increase / (decrease) in provision recognised in the net profit/(lo	(188)	29
<b>Balance at end of year</b>	<b>508</b>	<b>696</b>

Receivables are assessed for bad and doubtful debts on a regular basis. Most contractual receivables are secured by a lien over the customer's property. This provides GMW security, allowing outstanding debts to be recovered through settlement proceeds on the sale of property. A provision for doubtful debts is recognised when there is evidence that the debts are not covered by a lien and may not be collected. Bad debts are written off when identified.

#### 6.1.2 Ageing analysis of contractual receivables

	Carrying Value \$'000	Not past due \$'000	<1 Month \$'000	1 - 3 Months \$'000	3 + Months \$'000
<b>2018</b>					
Trade debtors - WSD	22,722	7,489	831	1,583	12,819
Trade debtors - CP	628	431	197	-	-
<b>Total</b>	<b>23,350</b>	<b>7,920</b>	<b>1,028</b>	<b>1,583</b>	<b>12,819</b>
<b>2017</b>					
Trade debtors - WSD	23,500	7,923	2,009	1,592	11,976
Trade debtors - CP	217	205	2	2	8
<b>Total</b>	<b>23,717</b>	<b>8,128</b>	<b>2,011</b>	<b>1,594</b>	<b>11,984</b>

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<b>6.2 Payables</b>	<b>2017/18</b>	<b>2016/17</b>
<b><i>Current - Contractual</i></b>	<b>\$000</b>	<b>\$000</b>
Trade creditors - Water Storage & Delivery	22,096	5,462
Trade creditors - Connections Project	1,388	-
Accrued expenses	37,140	30,442
<b><i>Current - Statutory</i></b>		
Accrued expenses	507	374
<b>Total Payables</b>	<b>61,131</b>	<b>36,278</b>

Payables consist of:

- Contractual payables are liabilities for goods and services provided to GMW, which remain unpaid at year end. They are measured at amortised cost.
- Statutory payables include goods and services tax and fringe benefits tax payables. They are recognised and measured similarly but separately from contractual payables because they do not arise from a contract.

## 6.2.1 Ageing analysis of contractual payables

	Carrying Value \$'000	Not past due \$'000	<1 Month \$'000	1 - 3 Months \$'000	3 + Months \$'000
<b>2018</b>					
Trade creditors - WSD	33,081	32,451	535	10	85
Trade creditors - CP	27,543	27,502	38	-	3
<b>Total</b>	<b>60,624</b>	<b>59,953</b>	<b>573</b>	<b>10</b>	<b>88</b>
<b>2017</b>					
Trade creditors - WSD	14,609	14,251	347	2	9
Trade creditors - CP	21,295	21,050	231	9	5
<b>Total</b>	<b>35,904</b>	<b>35,301</b>	<b>578</b>	<b>11</b>	<b>14</b>

## 7. Financing our operations

### Introduction

This section provides information on the funding sources used by GMW, along with interest expenses and other information related to GMW's financing activities.

#### Structure

7.1 Borrowings
7.1.1 Maturity analysis
7.1.2 Interest expense
7.2 Cash flow information
7.2.1 Reconciliation of net result to cash flow from operating activities
7.2.2 Cash balances with restrictions over use
7.2.3 Financing facilities
7.3 Equity
7.3.1 Contributed capital

7.1 Borrowings	2017/18 \$000	2016/17 \$000
<b>Current</b>		
Water Storage & Delivery	2,035	11,915
<b>Total current borrowings</b>	<b>2,035</b>	<b>11,915</b>
<b>Non-current</b>		
Water Storage & Delivery	104,909	96,944
<b>Total Non-current borrowings</b>	<b>104,909</b>	<b>96,944</b>
<b>Total Borrowings</b>	<b>106,944</b>	<b>108,859</b>

All interest bearing liabilities are initially recognised at the fair value of the liability, less transaction costs. Borrowings are subsequently measured at amortised cost.

Borrowings consist of short and long term loans from Treasury Corporation of Victoria. Borrowings are classified as current liabilities unless maturity date is at least 12 months after the balance sheet date.

#### 7.1.1 Maturity analysis

Loans from TCV		
Less than 1 year	2,035	11,915
1-2 years	2,163	2,035
2-3 years	17,299	2,163
3-4 years	2,443	17,299
4-5 years	7,597	2,443
> 5 years	75,407	73,004
<b>Total Carrying Amount</b>	<b>106,944</b>	<b>108,859</b>

#### 7.1.2 Interest expense

Interest expense	5,949	6,315
Financial accommodation levy	1,171	1,110
<b>Total Interest Expense</b>	<b>7,120</b>	<b>7,425</b>

Interest expense represents costs incurred from borrowings, recognised in the period they are incurred. Interest expenses relate to interest on short and long term borrowings including the Financial Accommodation Levy.

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## 7.2 Cash flow information

Cash and cash equivalents on the balance sheet comprise of cash on hand, cash at bank and deposits at call. These are held for the purpose of meeting short term cash commitments rather than for investment purposes. Cash and deposits are measured at nominal value.

	2017/18	2016/17
	\$000	\$000
<b>Cash and cash equivalents</b>		
Cash at bank	154,764	8,382
Cash on deposit	189,664	274,737
<b>Total Cash and cash equivalents</b>	<b>344,427</b>	<b>283,119</b>

### 7.2.1 Reconciliation of net result to cash

Net profit/(loss) for the period before tax	(118,580)	(90,347)
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#### Non-cash movements:

Loss on disposal of infrastructure, property, plant and equipment	43,280	22,630
Depreciation and amortisation	100,987	103,448

#### Movements in assets and liabilities:

(Increase)/decrease in receivables	(476)	(1,494)
(Increase)/decrease in inventories	13	429
Increase/(decrease) in payables	23,728	(14,659)
Increase/(decrease) in employee benefits	(108)	339
Increase/(decrease) in unearned revenue	44,064	115,244
<b>Net cash flows from/(used in) operating activities</b>	<b>92,908</b>	<b>135,590</b>

### 7.2.2 Cash balances with restrictions over use

Funds held to finance externally funded projects - Water Storage & Delivery	5,602	5,625
Funding received in advance - Connections Project	163,740	119,653
<b>Total cash balances with restrictions over use</b>	<b>169,342</b>	<b>125,278</b>

### 7.2.3 Financing facilities

Unused borrowings	85,000	85,000
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## 7.3 Equity

### 7.3.1 Contributed capital

Balance 1 July	2,766,801	2,617,076
Capital contributions - Connections Project	105,997	149,725
<b>Balance 30 June</b>	<b>2,872,798</b>	<b>2,766,801</b>

Additions to net assets which are contributions by owners are recognised as contributed capital in accordance with FRD119A *Transfers through contributed capital*. Treatment of capital contributions is set out in Allocation Statements signed by the Chief Financial and Accounting officer of DELWP and GMW's Chief Financial Officer.

## 8. Risks, contingencies and valuation judgements

### Introduction

This section sets out financial instrument specific information, including items that are contingent or require a higher level of judgement to be applied. GMW applies fair value determination where possible.

GMW is exposed to risk from its activities and outside factors. It is often necessary to make accounting judgements and estimates for items in the financial statements.

### Structure

- 8.1 Financial instrument specific disclosures
  - 8.1.1 Financial instruments: categorisation
  - 8.1.2 Financial risk management objectives and policies
- 8.2 Contingent assets and contingent liabilities
- 8.3 Fair value determination
  - 8.3.1 Fair value determination: financial assets and liabilities
  - 8.3.2 Fair value determination: Non- financial physical assets

### 8.1 Financial instrument specific disclosures

Financial assets and liabilities are recognised when GMW enters contractual provisions of a financial instrument.

Loans, receivables and cash are financial instruments with fixed and determinable payments. These assets and liabilities are initially recognised at fair value plus any direct costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest rate method.

The following financial instruments are recognised in this way;

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables); and
- borrowings.

	2017/18 \$000	2016/17 \$000
<b>8.1.1 Financial instruments: categorisation</b>		
<b><i>Contractual Financial Assets - Cash and Receivables</i></b>		
Cash and cash equivalents	344,427	283,119
Receivables	23,350	23,717
<b>Total</b>	<b>367,777</b>	<b>306,836</b>
<b><i>Contractual Financial Liabilities</i></b>		
Contractual payables	(60,624)	(35,904)
Borrowings	(106,944)	(108,859)
<b>Total</b>	<b>(167,567)</b>	<b>(144,763)</b>

### 8.1.2 Financial risk management objectives and policies

The main financial risks include credit risk, liquidity risk and interest rate risk. GMW seeks to manage these risks and the associated volatility of its financial performance within government policy parameters. Primary responsibility for the identification and management of financial risks rests with the Board of GMW.

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## (a) Credit risk

GMW's exposure to credit risk arises from the potential default of a customer resulting in financial loss. This is influenced by the individual characteristics of each customer. The receivables balance primarily consists of unpaid rates and variable charges. Levels of debt are closely managed with interest charged and supply withheld if scheduled payments are not made. The *Water Act* 1989 fixes this debt as a charge on the property and gives GMW priority on the proceeds of sale. There is credit risk exposure to receivables due from rent of land for grazing and commercial purposes which are not protected under the Act. An analysis of the ageing of receivables at reporting date has been provided in Note 6.1.2

## (b) Liquidity risk

Liquidity risk is the risk that GMW would be unable to meet its obligations as and when they fall due. GMW operates under the Government fair payments policy of settling financial obligations in 30 days and in the event of dispute, making payments within 30 days of the date of resolution. The maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed on the balance sheet. Liquidity risk is managed by maintaining adequate banking and borrowing facilities, monitoring forecasts and actual cash flows and managing maturity profiles.

## (c) Market risk

### Foreign currency risk

There is no exposure to foreign currency risk.

### Interest rate risk

Interest rate risk is the risk of changes in interest rates. GMW has exposure to interest rate risks through its cash and deposits which are at a floating rate.

### Interest rate exposure of financial instruments

	Weighted average % interest rate	Carrying Amount	Fixed interest rate	Variable interest rate	Non-interest bearing
2018	%	\$000	%	%	\$000
Cash	1.5%	344,427	-	1.5%	-
Contractual receivables	5.5%	23,350	5.5%	-	7,942
Contractual payables	0.0%	(60,624)	-	-	(60,624)
Borrowings	6.5%	(106,944)	5.3% to 7.4%	-	-
<b>Total</b>		<b>200,209</b>			<b>(52,682)</b>
<b>2017</b>					
Cash	1.5%	283,119	-	1.5%	-
Contractual receivables	6.1%	23,717	6.1%	-	9,770
Contractual payables	0.0%	(35,904)	-	-	(35,904)
Borrowings	6.8%	(108,859)	5.3% to 7.4%	-	-
<b>Total</b>		<b>162,073</b>			<b>(26,134)</b>

Contractual receivables and payables balances above do not include statutory amounts.

## (d) Sensitivity disclosure analysis and assumptions

GMW's sensitivity to interest rate risk is determined by data over the last 12 months and existing market conditions, with all other variables held constant. Management cannot be expected to predict movements in market rates and prices. Sensitivity analysis shown is for illustrative purposes only. The following movements are possible over the next 12 months:

- An interest rate movement of 50 basis points up and down.

The following table shows the impact on the net result and equity for each category of financial instrument held at the end of the reporting period if the above movement were to occur.

	Total	Interest rate risk			
		+50 basis points	+50 basis points	-50 basis points	-50 basis points
		Net Result	Equity	Net Result	Equity
2018					
<b>Financial Assets</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Cash	344,427	1,722	1,722	(1,722)	(1,722)
Contractual receivables	23,350	-	-	-	-
<b>Total Financial Assets</b>	<b>367,777</b>	<b>1,722</b>	<b>1,722</b>	<b>(1,722)</b>	<b>(1,722)</b>
<b>Financial Liabilities</b>					
Contractual Payables	(60,624)	-	-	-	-
Borrowings	(106,944)	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(167,568)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase and decrease</b>	<b>200,209</b>	<b>1,722</b>	<b>1,722</b>	<b>(1,722)</b>	<b>(1,722)</b>
<b>2017</b>					
<b>Financial Assets</b>					
Cash	283,119	1,416	1,416	(1,416)	(1,416)
Contractual receivables	23,717	-	-	-	-
<b>Total Financial Assets</b>	<b>306,836</b>	<b>1,416</b>	<b>1,416</b>	<b>(1,416)</b>	<b>(1,416)</b>
<b>Financial Liabilities</b>					
Contractual payables	(35,904)	-	-	-	-
Borrowings	(108,859)	-	-	-	-
<b>Total Financial Liabilities</b>	<b>(144,763)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total increase and decrease</b>	<b>162,073</b>	<b>1,416</b>	<b>1,416</b>	<b>(1,416)</b>	<b>(1,416)</b>

## 8.2 Contingent assets and contingent liabilities

Contingent assets and liabilities are not recognised on the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable.

No contingent assets exist at 30 June 2018 (2017: Nil)

Contingent liabilities generally arise through legal actions against GMW as a result of damages claims primarily relating to flooding events and channel overtopping. In many of these matters GMW has disclaimed liability and is defending the actions. Any liability that may arise from these claims will be immaterial.

	2017/18	2016/17
	\$000	\$000
<b>Contingent liabilities:</b>		
DELWP - MDBA Contribution (i)	-	1,655
Potential labour disbursements (ii)	920	-
Connections Project - verbal agreements with irrigators (iii)	12,178	8,773
<b>Total Contingent Liabilities</b>	<b>13,098</b>	<b>10,428</b>

(i) During 2016/17 GMW paid \$10.3m to DELWP in relation to MDBA contributions. A further \$1.7m was available during 2017/18 but not called upon by DELWP.

(ii) A potential issue has been identified in relation to a small number of employees. Preliminary costings have been undertaken by an external advisor and have been made on the basis of a series of assumptions and estimates. The extent of the issue and any possible rectification actions are still being determined.

(iii) All amounts included in contingent liabilities are GST inclusive. The amount disclosed in relation to verbally agreed contracts / agreements with landholders represents the Connections Project's expected liability for incentives to be paid or delivery shares and water shares to be purchased. The extent of the economic outflow is contingent upon formal execution of the contracts. In the case of water shares, the final settlement of the transactions.



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## 8.3 Fair value determination

### *Significant judgements: Fair value measurement*

Fair value determination requires judgement and the use of assumptions. Changes to significant assumptions could have a material impact on the results and financial position of GMW.

All assets measured at fair value are categorised within the fair value hierarchy. The hierarchy has 3 levels. Starting at Level 1 the first appropriate valuation is applied.

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

GMW has determined asset classes based on the nature and characteristics of assets. The level of the fair value hierarchy is applied to asset classes. Transfers between levels are assessed at the end of each reporting period.

The Valuer-General Victoria (VGV) is GMW's independent valuation agency. GMW, in conjunction with VGV and other external valuers, monitor changes in the fair value of each asset through relevant data sources to determine whether revaluation is required.

Management considers a range of indicators to assess any changes in fair value measurements from period to period, including valuation movements in relevant indices, market factors and asset use.

### 8.3.1 Fair value determination: financial assets and liabilities

GMW currently holds financial instruments where the carrying amounts are approximately fair value. This is generally due to their short term nature or the expectation they will be paid in full by the end of the reporting period. These financial instruments include:

<b>Financial assets</b>	<b>Financial liabilities</b>
Cash and deposits	Payables
Receivables	

	30 June 2018		30 June 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities</b>				
Borrowings	(106,944)	(127,833)	(108,859)	(130,125)
<b>Total Financial liabilities</b>	<b>(106,944)</b>	<b>(127,833)</b>	<b>(108,859)</b>	<b>(130,125)</b>

### 8.3.2 Fair value determination: Non-financial physical assets

#### **Non-specialised land**

Non-specialised land is valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value. Non-specialised land is classified as Level 3 where it contains significant, unobservable adjustments.

For non-specialised land, an independent valuation was performed as at 30 June 2016 by independent valuers Egans on behalf of the Valuer General Victoria to determine the fair value using the market approach. Since then, no material movements have been identified.

#### **Specialised land and specialised buildings**

The market approach is used for specialised land, although it is adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land being valued. The current use is considered to be highest and best use.

The highest and best use takes into account all feasible and legal asset uses. As adjustments of CSO are considered as significant unobservable inputs, specialised land is classified as Level 3 fair value measurements.

For GMW's specialised buildings, the depreciated replacement cost method is used. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of GMW's specialised land and specialised buildings was performed by Egans Valuers. The effective date of the valuation was 30 June 2016. No material movements have been identified

#### **Infrastructure assets**

Infrastructure assets are valued using depreciated replacement cost. This represents the replacement cost of the asset after applying depreciation rates on a useful life basis. Replacement costs relate to replacing the current service capacity of the asset. Infrastructure assets are classified as Level 3 as depreciation adjustments are considered significant unobservable inputs.

An independent valuation of GMW's infrastructure assets was performed by Jacobs Valuers on behalf of the Valuer General Victoria. The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation was 30 June 2016 and no material movements have been identified.

#### **Plant and equipment**

Plant and equipment is held at fair value. These assets are classified as level 3. When plant and equipment is specialised in use, fair value is determined using the depreciated replacement cost.

There were no changes in valuation techniques throughout the period to 30 June 2018.

#### **Details of GMW's land, buildings and infrastructure assets and plant & equipment fair value hierarchy as at 30 June 2018:**

There have been no transfers between levels in the current financial year.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Carrying amount</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>2017/18</b>				
Land	-	3,579	50,462	54,041
Buildings	-	-	17,032	17,032
Infrastructure	-	-	4,372,796	4,372,796
Plant & equipment	-	-	13,402	13,402
<b>Total Infrastructure assets, property, plant &amp; equipment</b>	<b>-</b>	<b>3,579</b>	<b>4,453,692</b>	<b>4,457,271</b>
<b>2016/17</b>				
Land	-	3,579	50,323	53,902
Buildings	-	-	17,362	17,362
Infrastructure	-	-	4,412,186	4,412,186
Plant & equipment	-	-	12,238	12,238
<b>Total Infrastructure assets, property, plant &amp; equipment</b>	<b>-</b>	<b>3,579</b>	<b>4,492,109</b>	<b>4,495,688</b>

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	Land	Buildings	Infrastructure	Plant & equipment
<b>Reconciliation of Level 3 fair value</b>				
<b>2017/18</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening Balance	50,323	17,362	4,412,186	12,238
Purchases/(sales) and asset class transfers	139	322	78,716	4,587
Revaluation increment / (decrement)	-	-	(21,890)	-
<i>Gains/(losses) recognised in net result</i>				
Impairment			(1,426)	
Depreciation	-	(652)	(94,790)	(3,423)
<b>Closing Balance</b>	<b>50,462</b>	<b>17,032</b>	<b>4,372,796</b>	<b>13,402</b>
<b>2016/17</b>				
Opening Balance	50,323	17,016	4,461,017	7,321
Purchases/(sales) and asset class transfers	-	1,005	93,108	7,732
Revaluation increment / (decrement)	-	-	(27,466)	-
<i>Gains/(losses) recognised in net result</i>				
Impairment			(16,807)	
Depreciation	-	(658)	(97,666)	(2,815)
<b>Closing Balance</b>	<b>50,323</b>	<b>17,362</b>	<b>4,412,186</b>	<b>12,238</b>

## Description of significant unobservable inputs to Level 3 valuations

Asset Type	Valuation technique	Significant unobservable inputs
<b>Specialised land</b>		
Land	Market Evidence (Based on Egans Valuers Valuation 2016)	Community Service Obligation (CSO) \$ per hectare
<b>Specialised buildings</b>		
Buildings	Depreciated replacement cost (Based on Egans Valuers Valuation 2016)	\$ per m2 Useful life of specialised buildings
<b>Infrastructure Assets</b>		
<b>Dams</b>		
•Foundation Works	Depreciated replacement cost (Based on Jacobs Valuation 2016)	\$ per m3
•Embankments		\$ per m3
•Spillways		\$ per m3
•Outlet Works		\$ per tonne \$ per m3 \$ per tonne Useful life of the Infrastructure
<b>Channels (excluding banks)</b>	Depreciated replacement cost (Based on Jacobs Valuation 2016). Unit rate will vary based on nominal flow (ML/day)	\$ per metre \$ per metre \$ per metre Useful life of the Infrastructure
<b>Structures</b>	Depreciated replacement cost (Based on Jacobs Valuation 2016)	\$ per m2 \$ per metre Useful life of the Infrastructure
•Bridges		
•Culverts		
<b>Meters</b>	Depreciated replacement cost (Based on Jacobs Valuation 2016)	Cost per unit Useful life of the Infrastructure
<b>Pipelines</b>	Depreciated replacement cost (Based on Jacobs Valuation 2016)	Cost per unit Useful life of the Infrastructure
<b>Plant, Equipment, Furniture &amp; Fittings</b>		
Plant, Equipment, Furniture & Fittings	Depreciated replacement cost	Cost per unit Useful life of assets

## 9. Statutory obligations

### Introduction

This section includes disclosures in relation to GMW's statutory obligations.

#### Structure

##### 9.1 Tax

###### 9.1.1 Income tax

###### 9.1.2 Deferred tax assets and liabilities

##### 9.2 Environmental contribution

###### 9.2.1 Environmental contribution commitments

### 9.1 Tax

GMW is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Tax Office. The income tax expense or revenue for the period is calculated based on the current period's taxable income at the corporate tax rate of 30%, adjusted by changes in deferred tax balances.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

#### 9.1.1 Income tax

Reconciled as follows:

	2017/18 \$000	2016/17 \$000
<b>Current tax</b>		
Current tax expense/(benefit) in respect of current year	(5,453)	(14,254)
Adjustments recognised in the current year in relation to the current tax of prior years	333	(756)
	(5,120)	(15,010)
<b>Deferred tax</b>		
Deferred tax expense recognised in the current year	(30,105)	(17,077)
<b>Total income tax expense/(benefit) recognised in the current year relating to continuing operations</b>	<b>(35,225)</b>	<b>(32,087)</b>

#### (b) Reconciliation of income tax to prima facie tax payable

The Income tax for the year can be reconciled to the accounting profit as follows:

Profit / (loss) before tax from continuing operations	(118,580)	(90,347)
Income tax calculated at 30% (2017: 30%)	(35,574)	(27,104)
Provision for impairment of receivables	(57)	9
Impairment of assets held for sale	-	-
Accrued expenses	2,678	(2,451)
Employee benefits	(33)	102
Depreciation - Infrastructure assets, property, plant & equipment	27,532	15,190
<b>Tax effect of current year losses</b>	<b>(5,453)</b>	<b>(14,254)</b>
Deferred income tax expense	(30,105)	(17,077)
Adjustments recognised in the current year in relation to the current tax of prior years	333	(756)
<b>Total income tax expense/(benefit)</b>	<b>(35,225)</b>	<b>(32,087)</b>

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## 9.1.2 Deferred tax assets and liabilities

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. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses on the basis of there being sufficient taxable temporary differences relating to the same taxation authority and the expectation of future taxable profits.

	2017/18	2016/17
<b>Deferred tax asset / (liability) comprising:</b>	<b>\$000</b>	<b>\$000</b>
Infrastructure assets, property, plant and equipment	(1,014,350)	(1,048,999)
<b>Offset by deferred tax asset comprising:</b>		
Tax losses	468,950	463,827
Provision for impairment of receivables	152	209
Accrued expenses	11,020	8,483
Employee benefits	7,125	7,157
<b>Net deferred tax asset / (liability)</b>	<b>(527,103)</b>	<b>(569,323)</b>
<b>Movement in net deferred tax asset / (liability)</b>		
Opening balance	(569,323)	(614,692)
Tax effect of current year tax losses	5,453	14,254
Movement charged to operating profit / (loss)	30,105	17,077
Movement charged to equity	6,995	13,282
Under / (over ) provision for income tax	(333)	756
<b>Closing balance</b>	<b>(527,103)</b>	<b>(569,323)</b>

## 9.2 Environmental contribution

Environmental contribution	1,686	1,686
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The *Water Industry (Environmental Contributions) Act 2004* amended the *Water Industry Act 1994* require environmental contributions to be paid by water supply authorities. GMW is obliged to pay annual contributions into the Department of Environment, Land, Water and Planning consolidated fund.

The purpose of the environmental contribution is to fund initiatives that promote the sustainable management of water or address water-related initiatives. GMW recognises the environmental contribution as an expense during the reporting period it is incurred.

### 9.2.1 Environmental contribution commitments

Environmental contribution	5,586	6,850
Total Other expenditure commitments (inclusive of GST)	5,586	6,850
Less GST recoverable from the Australian Tax Office	-	-
Total Other expenditure commitments (exclusive of GST)	5,586	6,850

These commitments are likely to fall within:

No later than 1 year	2,793	1,630
Later than 1 year and not later than 5 years	2,793	5,220
Total Other expenditure commitments (inclusive of GST)	5,586	6,850

Other commitments can be found in section 3.2.3 (Revenue commitments), section 4.3 (Operating expenditure commitments) and section 5.1.4 (Capital expenditure commitments).

## 10. Other disclosures

### Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

#### Structure

- 10.1 Events happening after balance date
- 10.2 Responsible persons
- 10.3 Remuneration of executives and other personnel
- 10.4 Related Parties
- 10.5 Remuneration of auditors
- 10.6 Exgratia expenses
- 10.7 Australian Accounting Standards issued that are not yet effective

### 10.1 Events happening after balance date

On 30 July 2018, the Board Chair, Joanne Anderson resigned. The Deputy Chair, Patrick McNamara is Acting Chair until the new Chair, Diane James commences on 1 September 2018. No other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations or affairs of GMW.

### 10.2 Responsible persons

The names of the responsible persons at any time during the financial year were:

#### Minister:

The Hon Lisa Neville MLA, Minister  
for Water

#### Period of position held

1 July 2017 to 30 June 2018

#### Directors of GMW:

Joanne Anderson (Chair) <sup>1</sup>	1 July 2017 to 30 June 2018
Pat Lennon (Managing Director)	1 July 2017 to 30 June 2018
Margot Henty (Board Member)	1 July 2017 to 30 June 2018
Alana Johnson (Board Member)	1 July 2017 to 30 June 2018
Jonathon Koop (Board Member)	1 October 2017 to 30 June 2018
Gayle Lee (Board Member)	1 July 2017 to 30 June 2018
Patrick McNamara (Board Member) <sup>1</sup>	1 July 2017 to 30 June 2018
Dennis Moon (Board Member)	1 July 2017 to 30 September 2017
Margaret O'Rourke (Board Member)	1 July 2017 to 30 June 2018
Dennis Quinn (Board Member)	1 July 2017 to 30 June 2018
Ari Suss (Board Member)	1 July 2017 to 30 June 2018

<sup>1</sup> Joanne Anderson stepped down as Chair on 30 July 2018 and Patrick McNamara is acting Chair as of that date.

### Remuneration

#### Remuneration of responsible persons

Remuneration paid to Minister is reported in the Annual Report of the Department of Parliamentary Services. Other relevant interests are declared in the Register of Members Interests which each member of Parliament completes.

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The remuneration received or receivable from GMW by responsible persons during the reporting period was in the range:

Remuneration Band <sup>1</sup>	Number of Directors	
	2017/18	2016/17
\$0 to \$9,999	-	1
\$10,000 to \$19,999	1	1
\$20,000 to \$29,999	-	1
\$30,000 to \$39,999	1	-
\$40,000 to \$49,999	5	7
\$60,000 to \$69,999	2	-
\$70,000 to \$79,999	-	1
\$100,000 to \$109,999	1	-
\$130,000 to \$139,999	-	1
\$310,000 to \$319,999	-	1
\$410,000 to \$419,999	1	-
<b>Total amount (\$)</b>	<b>\$920,416</b>	<b>\$881,691</b>
<b>Total numbers</b>	<b>11</b>	<b>13</b>

<sup>1</sup> 2016/17 Remuneration for Neil Brennan was paid to Western Water for his services on secondment.

## 10.3 Remuneration of executives

The table below shows the number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by or on behalf of GMW, in exchange for services rendered, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long service benefits or deferred compensation.

**Termination benefits** include termination of employment payments, such as severance packages.

### Remuneration of executive officers

(including Key Management Personnel disclosed in Note 10.4)

	2017/18	2016/17
	\$000	\$000
Short-term employee benefits	1,475	1,278
Post-employment benefits	151	128
Other long-term benefits	6	30
Termination benefits	-	-
<b>Total remuneration</b>	<b>1,632</b>	<b>1,436</b>
<b>Total number of executives</b>	<b>8</b>	<b>7</b>
<b>Total annualised employee equivalents</b>	<b>7</b>	<b>7</b>



#### 10.4 Related Parties

GMW is a wholly owned and controlled entity of the State of Victoria.

Related parties of GMW include:

- All key management personnel and their close family members and other personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- All cabinet members and their close family members;
- All public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

**Key management personnel** of GMW includes the Portfolio Minister and Board members noted in Note 10.2, voting members of the Project Control Group (independent to GMW) and members of the executive team, which includes:

- PCG Chair, Peter McManamon
- PCG voting member, Campbell Fitzpatrick
- Chief Financial Officer, Geoff Cutter
- General Manager Customer Operations, Scott Barber
- General Manager Corporate Services, Alan Arthur
- General Manager Customer Infrastructure & Assets - Marc Lon Ho Kee
- Project Director, Frank Fisseler (Connections Project)

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives, and any payments to the Project Control Group. The minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report. Remuneration of the Project Control Group is set and paid by DELWP.

	2017/18	2016/17
Compensation of KMP's	\$000	\$000
Short-term employee benefits <sup>(i)</sup>	2,428	2,239
Post-employment benefits	256	293
Other long-term benefits	33	30
Termination benefits	-	-
<b>Total <sup>(ii)</sup></b>	<b>2,717</b>	<b>2,554</b>

(i) Total remuneration paid to KMPs through an external service provider have been reported under short-term employee benefits.

(ii) Note that some KMPs are also reported in the disclosure of remuneration of executives (Note 10.3) and Responsible persons (Note 10.2).

#### Transactions with Key Management Personnel

GMW's related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty, and other government fees and charges. Processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members.

No doubtful debt provision or bad debt expense has been recognised for related parties.

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## Transactions with other related parties

	2017/18	2016/17
Department of Environment, Land, Water and Planning	\$000	\$000

GMW receives contributions from DELWP and from the Commonwealth through DELWP as funding for the Connections Project. These receipts are in the form of revenue or equity contributions based on the nature of expenditure by the project.

In addition, GMW received funding from DELWP for water allocation trading, the COAG national framework for compliance and the Mitiamo reticulated water supply.

Payments made to DELWP relate to MBDA contributions, regional water monitoring, environmental contributions, water share and bulk entitlement costs, and water trading.

### Receipts from DELWP

Revenue Funding (Connections Project)	110,297	180,171
Revenue Funding (Other)	1,334	1,231
Capital Funding (Connections Project)	101,910	149,725

### Receivable from DELWP

Revenue Funding (Other)	396	82
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### Payments to DELWP

MDBA Contribution	-	22,226
Environmental Contributions	1,686	1,686
Regional Water Monitoring	1,867	1,244
Water shares & Bulk entitlements	533	533
Water trading	196	188
Other	219	1,828

### Payable to DELWP

MDBA Contribution	15,487	-
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## Treasury Corporation of Victoria

GMW borrows from and invests with the Treasury Corporation of Victoria.

Aggregate amount of borrowings	106,944	108,859
Interest expense	5,949	6,315

## Department of Treasury and Finance

GMW pays amounts to the State Government of Victoria, via the Department of Treasury and Finance.

### Payments to DTF

Financial Accommodation Levy	1,171	1,110
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## Victorian Environmental Water Holder

GMW invoices the Victorian Environmental Water Holder for water use charges in line with Essential Services Commission approved pricing.

### Receipts from VEWH

Revenue from water use	4,562	4,961
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## Lower Murray Urban and Rural Water Corporation

GMW invoices Lower Murray Urban and Rural Water Corporation for water use charges and regional storage fees in line with Essential Services Commission approved pricing.

### Receipts from Lower Murray Urban and Rural Water Corporation

Revenue from water use	3,768	4,386
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## Coliban Region Water Corporation

GMW invoices Coliban Region Water Corporation for water use charges and regional storage fees in line with Essential Services Commission approved pricing.

### Receipts from Coliban Region Water Corporation

Revenue from water use	1,776	1,798
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	2017/18 \$000	2016/17 \$000
<b>Goulburn Valley Region Water Corporation</b>		
GMW invoices Goulburn Valley Region Water Corporation for water use charges and regional storage fees in line with Essential Services Commission approved pricing.		
<b>Receipts from Goulburn Valley Region Water Corporation</b>		
Revenue from water use	1,130	1,283
<b>North East Water</b>		
GMW invoices North East Water for water use charges and regional storage fees in line with Essential Services Commission approved pricing.		
<b>Receipts from North East Water</b>		
Revenue from water use	1,028	822
<b>Central Highlands Water</b>		
GMW invoices Central Highlands Water for water use charges and regional storage fees in line with Essential Services Commission approved pricing.		
<b>Receipts from Central Highlands Water</b>		
Revenue from water use	548	484
<b>Goulburn Broken CMA</b>		
GMW invoices Goulburn Broken CMA for works carried out under the Sustainable Irrigation Program agreement.		
<b>Receipts from Goulburn Broken CMA</b>		
Sustainable Irrigation Program	3,468	1,498
Other receipts	792	179
<b>10.5 Remuneration of auditors</b>		
External Audit - Victorian Auditor General's Office	177	173
Internal Audit	227	271
<b>Total Audit fees</b>	<b>404</b>	<b>444</b>
<b>10.6 Exgratia expenses</b>		
Forgiveness or waiver of debt	168	-
<b>(iii) Total ex gratia expenses</b>	<b>168</b>	<b>-</b>

(ii) Ex gratia expenses for both individual items and in aggregate that are greater than or equal to \$5,000. The total for ex-gratia expenses are also reported in 'other operating expenses' in Note 3.1.1 Expenses from operating activities.

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## 10.7 Australian Accounting Standards issued that are not yet effective

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial report
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no material impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating result.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

## Appendix A - Disclosure Index

The Annual Report of Goulburn-Murray Water is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of Goulburn-Murray Water's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
<i>Ministerial Directions</i>		
<i>REPORT OF OPERATIONS – FRD Guidance</i>		
<b>Responsible Body's declaration</b>		
<b>SD 5.2.3</b>	Responsible Body's declaration	5
<i>Section 1: Year in Review</i>		
<b>MRO</b>	Vision, Mission, Values	6
<b>MRO</b>	Chair and MD's Report	7
<b>FRD 22H</b>	Manner of establishment and the responsible Minister	8
<b>FRD 22H</b>	Nature and range of services provided	8
<b>FRD 22H</b>	Objectives, functions, powers and duties	9
<i>Performance Reporting – Non-Financial</i>		
<b>FRD 22H, FRD 27C</b>	Performance against objectives (incl. performance against key performance indicators (non-financial))	27
<i>Performance Reporting – Financial</i>		
<b>FRD 22H</b>	Five year financial summary	24
<b>FRD 22H, MRO</b>	Current year financial review	22
<b>FRD 27C, FRD 22H</b>	Performance against key performance indicators (financial)	26
<b>FRD 22H</b>	Significant changes in financial position	30
<b>FRD 22H</b>	Significant changes or factors affecting performance	30
<b>MRO</b>	Capital Projects	30
<b>FRD 22H</b>	Subsequent Events	30
<i>Section 2: Governance and Organisational Structure</i>		
<b>FRD 22H</b>	Organisational structure and corporate governance arrangements	31
<b>FRD 22H, SD 3.2.1.3 (c), (f) &amp; (h)</b>	Audit Committee membership and roles	36
<b>FRD 22H &amp; MRO</b>	Occupational Health and Safety	36
<i>Section 3: Workforce Data</i>		
<b>FRD 22H</b>	Public Administration values and employment principles	36
<b>FRD 22H, FRD 29B</b>	Comparative Workforce Data	37
<b>FRD 22H</b>	Workforce Inclusion Policy	38
<b>FRD 15D</b>	Executive officer disclosures in the report of operations	39
<i>Section 4: Other disclosures</i>		
<b>FRD 25C</b>	Local Jobs First – Victorian Industry Participation Policy	39
<b>FRD 22H</b>	Consultancy expenditure	39
<b>FRD 22H</b>	Government advertising expenditure	39

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FRD 22H	Information and Communication Technology expenditure	40
FRD 12B	Disclosure of major contracts	40
FRD 22H	Freedom of Information	40
FRD 22H	Compliance with <i>Building Act 1993</i>	41
FRD 22H	State Neutrality Policy	42
FRD 22H, MRO	Compliance with the <i>Protected Disclosure Act 2012</i>	42
<i>Water Act 1989</i> , MRO	Compliance with <i>Water Act 1989</i>	42
FRD 24C	Reporting of office-based environmental data by government entities	42
FRD 22H	Statement of availability of other information	45
<b>Risk Management Attestation</b>		
SD 5.1.4	Financial Management Compliance Attestation	46
MRO	Compliance with DataVic Access Policy	46
<b>Financial Statements</b>		
SD 5.2.2(a) & (b)	Declaration	46
<i>Audit Act 1994</i>	Auditor-General's report	47 & 48
SD 5.2.1	Statement of Comprehensive Income	49
SD 5.2.1	Balance Sheet	50
SD 5.2.1	Statement of changes in equity	52
SD 5.2.1	Cash Flow Statement	51
SD 5.2.1	Notes to the financial statements	53 onwards
<b>Financial and Other Information</b>		
SD 5.1.4	Financial Management Compliance Attestation	46
MRD 01	Performance reporting	26
MRD 02	Water consumption	44
MRD 03	Environmental and social sustainability reporting	44
MRD 04	Disclosure of information on bulk entitlements, transfers of water entitlements, allocations and licenses, irrigation water usage and license entitlements	94 onwards
MRD06	Greenhouse Gas and Energy Reporting	42
MRD07	Disclosure of Information on Letter of Expectations	12
<b>FINANCIAL REPORT</b>		
<b>Financial statements required under Part 7 of the <i>Financial Management Act 1994</i></b>		
<b>Other requirements under Standing Direction 5.2</b>		
SD 5.2.1 (a)	Compliance with applicable Australian accounting standards and other authoritative pronouncements	53
SD 5.2.1 (a)	Compliance with Ministerial Directions	46
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SD 5.2.1 (b)	Compliance with Model Financial Report	Whole of report
<b>Other disclosures as required by FRDs in notes to the Financial Statements</b>		
FRD 03A	Accounting for dividends	N/A
FRD 07B	Early adoption of authoritative accounting pronouncements	N/A
FRD 11A	Disclosure of ex-gratia expenses	89
FRD 12B	Disclosure of major contracts	40
FRD 17B	Long Service Leave, Wage Inflation and Discount Rates	62 – 63
FRD 20A	Accounting for State Motor Vehicle Lease Arrangements prior 1 February 2004	N/A

<b>FRD 21C</b>	Disclosures of Responsible Persons, Executive Officer and other personnel with significant responsibilities in the financial report	85 - 87
<b>FRD 22H</b>	Events after the reporting date	30 & 85
<b>FRD 26B</b>	Accounting for VicFleet Motor Vehicle Lease Arrangements on or after 1 February 2004	64
<b>FRD 27C</b>	Presentation and reporting of performance information	26 - 27
<b>FRD 100A</b>	Financial Reporting Directions - Framework	Whole of report
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<b>FRD 109A</b>	Intangible Assets	50 & 71 - 72
<b>FRD 110A</b>	Cash Flow Statements	51 & 76
<b>FRD 112D</b>	Defined Benefit Superannuation Obligations	63 - 64
<b>FRD 113A</b>	Investments in Subsidiaries, Jointly Controlled Entities and Associates	N/A
<b>FRD 114B</b>	Financial Instruments — General Government Entities and Public Non-Financial Corporations	77 - 79
<b>FRD 117A</b>	Contributions of Existing Non-Financial Assets to Third Parties	N/A
<b>FRD 119A</b>	Transfers Through Contributed Capital	76
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<b>Legislation</b>		
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	<i>Building Act 1993</i>	41
	<i>Building Regulations 2006</i>	42
	<i>Protected Disclosure Act 2012</i>	42
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	<i>Financial Management Act 1994</i>	46, 53
	<i>Planning and Environment Act 1987</i>	9
	<i>Equal Employment Opportunity Act 2010</i>	36
	<i>Public Administration Act 2004</i>	36
	<i>Disability Act 2006</i>	36
	<i>Murray-Darling Basin Act 1993</i>	9
	<i>Safe Drinking Water Act 2003</i>	21
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<b>Appendices</b>		
<b>FRD 10A</b>	Disclosure Index	91
<b>MRD 04</b>	Bulk Water Entitlements	94
<b>MRD 04</b>	<i>Eildon – Goulburn Weir</i>	96
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<b>MRD 04</b>	<i>Campaspe System</i>	99
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<b>MRD 04</b>	<i>Ovens System</i>	102
<b>MRD 04</b>	<i>Loddon System</i>	103
<b>MRD 04</b>	<i>Bullarook System</i>	104



## Appendix B – Bulk Entitlements

### Appendix B1 Bulk Entitlement (Eildon - Goulburn Weir) Reporting

This appendix is included in the Goulburn-Murray Water 2017/18 Annual Report in compliance with the requirements of clause 17.3 of the Bulk Entitlement (Eildon - Goulburn Weir) Conversion Order 1995 ("BE"), which obliges the Authority to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2017 to 30 June 2018. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
17.1(d)	<b>Annual amount taken from waterway at Goulburn Weir offtake channels:</b>		
	Cattanach Canal	282,473 ML	
	Stuart Murray Canal	509,703 ML	
	East Goulburn Main Channel	224,749 ML	
	<b>Total Goulburn Weir offtake diversion:</b>	<b>1,016,925 ML</b>	
17.1(da)	<b>Annual amount of distribution loss in Goulburn Irrigation Districts:</b>		
	Shepparton	27,034 ML	
	Central Goulburn	57,624 ML	
	Rochester/ Pyramid Hill- Boort	50,666 ML	
	<b>Total distribution loss:</b>	<b>135,324 ML</b>	
17.1(e)(i)	<b>Diversion by primary entitlement holders taken directly from waterway:</b>		
	Private river diverters water shares	18,537 ML	
17.1(e)(ii)	<b>Diversion by other authorities with Bulk Entitlements taken directly from waterway:</b>		See Note 1
	Urban Bulk entitlements	16,309 ML	
	Victorian Environmental Water Holder	0 ML	
17.1(g)	<b>Amount of water held in storage:</b>		Volume at 30 June 2018
	Lake Eildon	1,828,653 ML	
	Goulburn Weir	23,708 ML	
	Waranga Basin	197,360 ML	
	Greens Lake	20,806 ML	
17.1(h)	Additional releases from Lake Eildon as per Schedule 5	0 ML	See Note 2
17.1(i)	Credits granted as per Clause 14	No	
17.1(j)	Temporary or permanent transfers of this BE	None	
17.1(k)	Transfer of entitlement or allocation under the Act	None	
17.1(l)	Regulated releases for Inter Valley Trade, Murray Supplement or the Water Quality Reserve	279,190 ML	See Note 3
17.1(n)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
17.1(o)	<b>Supply to primary entitlements:</b>		
	Water Shares in Irrigation Areas	791,551 ML	
	Water Shares of Private River Diverters	As for 17.1(e)(i)	
	Urban Bulk entitlements	See Appendix B2	

	Melbourne Water Authorities	See Appendix B2	
	Victorian Environmental Water Holder	See Appendix B2 plus 351,111 ML	See Note 4
	Water allowances in Water Works Districts	1,181 ML	
	<b>Total supply to primary entitlements:</b>	<b>1,262,811 ML</b>	
17.1(p)	Amendments to this BE	Yes	See Note 5
17.1(q)	New BE granted for supply of primary entitlements in this BE	No	
17.1(r)	Environmental Management and Metering programs	Programs implemented	See Note 6
17.1(s)	BE compliance failures	Minor	See Note 7
17.1(t)	BE compliance difficulties and responses	Yes	See Note 7

#### Notes

1. This is the usage against Bulk Entitlements held by other Authorities which is taken directly from waterways, excluding supplies from channel systems and in-stream environmental deliveries.
2. There were no releases from Lake Eildon under target filling arrangements or spills from storage in 2017/18.
3. This is the regulated release from the Goulburn storages Inter-Valley Trade Account and 5,807 ML delivered from the Water Quality Reserve to assist with low dissolved oxygen in the Goulburn River. There was no regulated release for Murray supplement in season 2017/18.
4. The Victorian Environmental Water Holder value includes deliveries of other environmental entitlements not listed in Schedule 2.
5. An amendment dated 15 March 2018 was made to adjust the loss allowances for water savings resulting from the GMW Connections Project
6. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified).  
The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.
7. The annual diversion and loss incurred on deliveries via the East Loddon pipeline were within the specified allowances in Schedule 2A. Losses incurred in delivering the remaining East Loddon Water works district entitlements are included in Loddon Valley/Rochester losses. GMW will work with DELWP to clarify the interpretation of the East Loddon loss provision. The maximum daily diversion limit for the Stuart Murray Canal is 3,600 ML/d. Retrospective application of verified data indicated the diversion was 43 ML/d higher than the limit on one day.

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<b>Appendix B2 Bulk Entitlement (Eildon - Goulburn Weir) Reporting</b>			
<b>Diversions by Other Authorities with Bulk Entitlements</b>			
This is the diversion by other authorities prescribed in Schedule 2 of the Bulk Entitlement			
<b>Authority</b>		<b>Diversion (ML)</b>	<b>Notes</b>
Goulburn Valley Water	Channel System Zone 1A	5,324	
	River Supply Zone 1A	3,201	
	River Supply Zone 3	13,108	
	<b>Total diversion:</b>	<b>21,633</b>	
Coliban Water	Channel system Zone 1A	906	
	Channel system Zone 1B	260	
	<b>TOTAL</b>	<b>1,166</b>	
Grampians Wimmera Mallee	Quambatook	73	
	<b>Total diversion:</b>	<b>73</b>	
Melbourne Bulk Entitlements	City West Water, South East Water and Yarra Valley Water	0	
	<b>Total diversion:</b>	<b>0</b>	
Victorian Environmental Water Holder	Snowy Environmental Reserve	0	See Note 1
	The Living Murray Entitlements	77,559	
	Goulburn River Environmental Entitlement	0	
	Environmental Entitlement NVIRP savings	0	
	<b>Total diversion:</b>	<b>77,559</b>	
<b>Total Authorities (ML):</b>		<b>100,432</b>	
<b>Notes</b>			
1.	These figures only include deliveries against Bulk Entitlements, deliveries against other entitlements are shown in Appendix B1 17.1(o).		

## Appendix B3 Bulk Entitlement (River Murray - Goulburn Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2017/18 Annual Report in compliance with the requirements of clause 22.3 of the Bulk Entitlement (River Murray - Goulburn Murray Water) Conversion Order 1999 ("BE"), which obliges the Authority to report on certain matters as specified in clause 22.1 of the same Order. The period of reporting is 1 July 2017 to 30 June 2018. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
22.1(b)	Annual volume taken at the following off-take points as per Schedule 4:		
	Cobram pump station	4,652 ML	See Note 1
	Yarrawonga Main Channel	329,833 ML	
	National Channel	640,601 ML	
	Ashwin's pump	0 ML	See Note 2
	Pental Island pumps	0 ML	
	Swan Hill No 9 channel off-take from Little Murray (if Fish Point Weir is open)	13,375 ML	
	Swan Hill pumps	13,658 ML	
	Nyah pumps	5,687 ML	
	Woorinen pumps	13,569 ML	
	Private Diversion Points along the River Murray to Nyah Pumps:		
	Private Pental Island diverters (if Fish Point Weir is open)	2,017 ML	
	Environmental diversion	9,945 ML	
	Urban River diversion	20,053 ML	
	Private River diversions; Dartmouth to Nyah	43,314 ML	
	Total diversions at off-take points:	1,096,704 ML	
22.1(c)	Any new agreed upon off-take points?	No	
22.1(d)	Annual volume returned at the following return points:		See Note 2 See Note 2 See Note 2
	Broken Creek	5,924 ML	
	Yarrawonga Main Channel outfall	37,737 ML	
	Koondrook spillway	132,584 ML	
	Loddon River at Kerang Weir	111,216 ML	
	Sheepwash Creek Weir	0 ML	
	Little Murray Weir (if Fish Point Weir closed)	0 ML	
	6/7 channel outfall (if Fish Point Weir open)	7,369 ML	
	Lake Boga outfall channel (if Fish Point Weir open)	5,055 ML	
	Barr Creek at Capel's Crossing	6,554 ML	
	Lake Charm outfall channel	0 ML	
	Chinamans Bend	0 ML	
	Total returns:	306,439 ML	
22.1(e)	GMW supplies to bulk entitlements held by other authorities via distribution systems:		See Note 3
	Coliban Water	1,269 ML	
	Lower Murray Water	565 ML	
	Goulburn Valley Water	1,564 ML	
	Victorian Environmental Water Holder	4,630 ML	
	Flora and Fauna	51,412 ML	
	Living Murray	808 ML	
	Total supplies to Bulk Entitlements:	60,248 ML	
22.1(f)	GMW supplies to primary entitlement holders excluding bulk entitlements in (e):		

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	Murray Valley Irrigation Area	231,337 ML	
	Torrumbarry Irrigation Area	291,777 ML	
	Nyah, Tresco and Woorinen	22,732 ML	
	Private River Diverters	As for 22.1(b)	
	Environmental Water Holders (non BE water)	176,992 ML	See Note 4
	<b>Total supplies to primary entitlement holders excluding bulk entitlements:</b>	<b>768,169 ML</b>	
22.1(g)	Metering program	Program implemented	See Note 5
22.1(h)	Temporary or permanent transfers of this BE or primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	See Note 6
22.1(i)	Transfer of entitlement or allocation under the Act to GMW or primary entitlement holders	As for 22.1(h)	
22.1(j)	Amendment to this BE	No	
22.1(k)	New BE granted to GMW for River Murray	No	
22.1(l)	BE compliance failures	Minor	See Note 7
22.1(m)	BE compliance difficulties and actions	Yes	See Note 7
22.1(n)	Murray Valley Losses	55,581 ML	
	Torrumbarry Losses (including Woorinen and Tresco)	60,538 ML	
	Victoria Mid Murray Storage losses	56,924 ML	
22.1(o)	Victoria Mid Murray Storage annual operating plan	Implemented	See Note 8

## Notes

1. Cobram pump station has been operational since August 2006, but is not yet recognised as an off-take point in the BE.
2. Recognition of off-take diversions and returns depends on status of Fish Point Weir (as indicated).
3. Volume includes water supplied through GMW's channel distribution system, rivers and wetlands. Includes the Environmental and Urban diversion volumes reported in 22.1(b) and environmental water diverted from unregulated entitlements. It only includes supplies from the River Murray to sites upstream of Nyah.
4. This volume includes water shares held by Victorian Environmental Water Holder and Commonwealth Environmental Water Office which were traded into ABAs linked to Environmental Bulk Entitlements and delivery of water credited into the Murray from other systems. Some of the environmental water delivered, was credited as return flows for further use downstream. Only supplies deemed upstream of Nyah are included.
5. The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.
6. There was no temporary or permanent transfer of this BE, only the trade of primary entitlements.
7. The annual loss recorded for Nyah was 574 ML. This volume is within the maximum additional loss allowance and ten year rolling average loss allowance specified in Clause 13.2. The annual loss recorded for Torrumbarry (including Tresco) was within the allowance, but the loss recorded for Tresco exceeded the Schedule 5 fixed loss allowance by 34 ML. GMW continues to monitor loss performance against BE allowances.
8. The Victorian Mid-Murray Storages Annual Operating Plan was submitted in July 2017.

## Appendix B4 Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2017/18 Annual Report in compliance with the requirements of clause 18.3 of the Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Conversion Order 2000 ("BE"), which obliges the Authority to report on certain matters as specified in clause 18.1 of the same Order. The period of reporting is 1 July 2017 to 30 June 2018. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
18.1(e)	GMW share of Lake Eppalock annual inflow	37,108 ML	
18.1(f)	<b>Annual amounts taken from the system waterway for primary entitlements listed in Schedules 1 and 2:</b>		See Note 1
	Water shares (excluding water shares held by other authorities)	9,570 ML	
	Supplement to Goulburn system	15,643 ML	
	Victorian Environmental Water Holder	0 ML	
	Coliban Water	65 ML	
	Central Highlands Water	0 ML	
	<b>Total diversion:</b>	<b>25,277 ML</b>	
	Campaspe Inter Valley Trade Account delivery	29,462 ML	
18.1(g)	Annual evaporation losses to GMW share of Lake Eppalock	27,895 ML	See Note 2
18.1(h)	Internal spills to or from GMW's share of Lake Eppalock	739 ML	See Note 3
18.1(i)	Minimum passing flows	Minimum passing flows were calculated as required by Clause 11	
18.1(j)	Credits granted as per Clause 14	No	
18.1(k)	Temporary or permanent transfers of this BE	None	
18.1(l)	Transfer of entitlement or allocation under the Act	None	
18.1(m)	Seasonal determination	3 Apr 2018 - 100% HRWS & 59% LRWS	
18.1(n)	Alterations to Schedule 1 and 2 entitlements as per Clause 8:	See Victorian Water Register Entitlements, Allocation and Use Annual Report. See 18.1(q)	
18.1(o)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
18.1(p)	<b>Annual volume supplied to primary entitlements:</b>	As for 18.1 (f) excluding the Goulburn supplement diversion plus	See Note 4
	Victorian Environmental Water Holder	23,042 ML	
	Living Murray	5,300 ML	
	<b>Total supply to primary entitlements:</b>	<b>37,976 ML</b>	
18.1(q)	Amendments to this BE	No	
18.1(r)	New BE granted	No	
18.1(s)	Environmental Management and Metering programs	Programs implemented	See Note 5
18.1(t)	BE compliance failures	Minor	See Note 6

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18.1(u)	BE compliance difficulties and response	No	See Note 6
18.1(v)	Details of interruptions to minimum passing flows	Yes	See Note 7
<b>Notes</b> <ol style="list-style-type: none"> <li>1. This figure only includes diversions from the waterway, instream deliveries are included in 18.1(p). The Goulburn supplement was delivered to the Murray system and incorporated as a delivery from the Goulburn Inter-Valley Trade account.</li> <li>2. Gross evaporation based on measured evaporation at Lake Eppalock.</li> <li>3. Spill from Coliban Water share of Lake Eppalock to GMW's share</li> <li>4. As there are no irrigation areas or districts in the Campaspe system the volume of diversion and delivery are the same, with the exception of environmental water delivered instream and the supplement provided to the Goulburn System.</li> <li>5. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.</li> <li>6. There were four days of minimum flow non compliance during the year, due to fluctuations in calculated inflows.</li> <li>7. Due to maintenance works at Campaspe Weir, the flows was less than the minimum required flow for three days in September downstream of Lake Eppalock. Minimum passing flows not provided were credited to the passing flow account for later use.</li> </ol>			



## Appendix B5 Bulk Entitlement (Broken System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2017/18 Annual Report in compliance with the requirements of clause 20.3 of the Bulk Entitlement (Broken System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 20.1 of the same Order. The period of reporting is 1 July 2017 to 30 June 2018. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
20.1(e)	<b>Annual amounts taken from the system waterway for Schedules 1 and 2 primary entitlements:</b>		
	Water shares (excluding Broken Creek and water shares held by other authorities)	4,863 ML	
	North East Water	0 ML	
	Supplement to Goulburn or Murray systems	0 ML	
	Total flow to Broken Creek	5,164 ML	
	<b>Total diversions:</b>	<b>10,026 ML</b>	
	Broken Inter Valley Trade Account delivery	5,504 ML	
20.1(f)	Annual evaporation losses from Lake Nillahcootie	4,260 ML	See Note 1
20.1(g)	Environmental minimum flows	Environmental minimum flows were provided as specified in clause 12	
20.1(h)	Credits granted as per Clause 15	No	
20.1(i)	Temporary or permanent transfers of this BE	None	
20.1(j)	Transfer of entitlement or allocation under the Act	None	
20.1(k)	Alterations to Schedule 1 and 2 entitlements as per Clause 9:	See Victorian Water Register Entitlements, Allocation and Use Annual Report. See 20.1 (n)	
20.1(l)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
20.1(m)	<b>Annual volume supplied to primary entitlements:</b>	As for water shares and North East Water diversions in 20.1 (e) plus	See Note 2
	Broken Creek water shares	414 ML	
	Broken Creek environmental delivery	500 ML	
	<b>Total supply to primary entitlements:</b>	<b>5,777 ML</b>	
	Broken River Environmental delivery	1,000 ML	See Note 3
20.1(n)	Amendments to this BE	Yes	See Note 4
20.1(o)	New BE granted for supply of primary entitlements in this BE	No	
20.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 5
20.1(q)	BE compliance failures	No	
20.1(r)	BE compliance difficulties and response	Minor	See Note 6
20.1(s)	Details of interruptions to minimum passing flows and maximum flow limits	No	

### Notes

1. Gross evaporation based on measured evaporation at Lake Nillahcootie.
2. The volume of diversion and delivery are the same, with the exception of diversions to Broken Creek from the Broken system.
3. This was an in-stream delivery of water that was traded into the Broken system to meet environmental objectives
4. The Minister for Water approved an amendment to the Bulk Entitlement in August 2017 enabling GMW and the Goulburn Broken Catchment Management Authority to modify environmental flows upon agreement.
5. The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified)
6. During regulated conditions, the losses for Broken Creek were 2,331 ML above the annual average allowance of 1,850 ML under the Bulk Entitlement. Ongoing issues with the Broken Creek allowance have been recognised and GMW are working with DELWP to rectify the issue.

# Appendices 2017/18

## Appendix B6 Bulk Entitlement (Ovens System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2017/18 Annual Report in compliance with the requirements of clause 19.3 of the Bulk Entitlement (Ovens System - Goulburn-Murray Water) Conversion Order 2004 ("BE"), which obliges the Authority to report on certain matters as specified in clause 19.1 of the same Order. The period of reporting is 1 July 2017 to 30 June 2018. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
19.1(e)	<b>Annual volume taken from system waterway for Schedule 1 and 2 entitlements:</b>		
	Water shares (excluding water shares held by other authorities)	8,443 ML	
	North East Water	3,567 ML	
19.1(f)	<b>Annual storage evaporation losses:</b>		See Note 1
	Lake Buffalo	2,992 ML	
	Lake William Hovell	814 ML	
19.1(g)	Environmental minimum flows	Environmental minimum flows were calculated and provided in accordance with clause 12 and Schedule 5	
19.1(h)	Credits granted as per Clause 15	No	
19.1(i)	Temporary or permanent transfers of this BE	None	
19.1(j)	Transfer of entitlement or allocation under the Act	None	
19.1(k)	Alterations to Schedule 1 and 2 entitlements as per Clause 9:	See Victorian Water Register Entitlements, Allocation and Use Annual Report. See 19.1 (n)	
19.1(l)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
19.1(m)	<b>Annual volume supplied to primary entitlements:</b>	As for 19.1 (e) plus	See Note 2
	Environmental water holders delivery	123 ML	
	<b>Total supply to primary entitlements:</b>	<b>12,132 ML</b>	
19.1(n)	Amendments to this BE	No	
19.1(o)	New BE granted for supply of primary entitlements in this BE	No	
19.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 3
19.1(q)	BE compliance failures	No	
19.1(r)	BE compliance difficulties and response	No	
19.1(s)	Details of interruptions to minimum passing flows	No	

### Notes

1. Gross evaporation based on measured evaporation at each storage.
2. As there are no irrigation areas or districts in the Ovens system the volume taken and supplied are the same, with the exception of environmental water which is delivered in stream
3. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified)  
The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.

## Appendix B7 Bulk Entitlement (Loddon System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2017/18 Annual Report in compliance with the requirements of clause 21.3 of the Bulk Entitlement (Loddon System - Goulburn-Murray Water) Conversion Order 2005 ("BE"), which obliges the Authority to report on certain matters as specified in clause 21.1 of the same Order. The period of reporting is 1 July 2017 to 30 June 2018. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
21.1(f)	<b>Annual amounts taken from the system waterway for primary entitlements in Schedules 1 and 2:</b>		See Note 1
	Water shares (excluding Serpentine Creek, and water shares held by other authorities)	8,666 ML	
	Diversion to Serpentine Creek	6,979 ML	
	East Loddon Waterworks District	0 ML	
	Coliban Water	397 ML	
	Central Highlands Water	827 ML	
	Victorian Environmental Water Holder (into the Loddon Valley irrigation area for delivery to wetlands)	596 ML	
	<b>Total diversions:</b>	<b>17,465 ML</b>	
	Supplement to Goulburn system	8,554 ML	
	Loddon Inter Valley Trade Account delivery	1,300 ML	
21.1(g)	<b>Annual storage evaporation losses:</b>		See Note 2
	Cairn Curran	18,073 ML	
	Tullaroop	7,359 ML	
21.1(h)	Credits granted as per Clause 15	No	
21.1(i)	Temporary or permanent transfers of this BE	None	
21.1(j)	Transfer of entitlement or allocation to GMW	None	
21.1(l)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
21.1(m)	<b>Annual volume supplied to primary entitlements:</b>	As for 21.1 (f) excluding the Serpentine Creek diversion plus	See Note 3
	Serpentine Creek (excludes environmental supply)	521 ML	
	Victorian Environmental Water Holder	11,287 ML	
	<b>Total supply to primary entitlements:</b>	<b>22,294 ML</b>	
21.1(n)	Amendments to this BE	No	
21.1(o)	New BE granted for this system	No	
21.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
21.1(q)	BE compliance failures	No	
21.1(r)	BE compliance difficulties and response	No	

### Notes

1. Environmental water delivered to wetlands in Loddon Valley irrigation area is included, while instream deliveries are excluded (see 21.1(m)). The volume of Goulburn supplement delivered includes 796 ML of Goulburn environmental entitlement delivered from the Loddon system headworks, 109 ML of which was diverted to Boort Wetlands.
2. Gross evaporation based on measured evaporation at Cairn Curran.
3. There are no irrigation areas or districts in the Loddon system. The volumes taken and supplied are the same, with the exception of diversions to Serpentine Creek and environmental water delivered in stream (Loddon River and Serpentine Creek).
4. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) and the Regional Water Monitoring Partnership. The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.

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## Appendix B8 Bulk Entitlement (Bullarook System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2017/18 Annual Report in compliance with the requirements of clause 17.2 of the Bulk Entitlement (Bullarook System - Goulburn-Murray Water) Conversion Order 2009 ("BE"), which obliges the Authority to report on certain matters as specified in clause 17.1 of the same Order. The period of reporting is 1 July 2017 to 30 June 2018. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

BE Clause	Item	Report	Notes
17.1 (d)	<b>Annual amounts of water taken from the system by primary entitlement holders:</b>		
	Water shares (excluding water shares held by other authorities)	909 ML	
	Central Highlands Water	204 ML	
17.1(e)	Temporary or permanent transfers of this BE	None	
17.1(f)	BE temporarily or permanently transferred to GMW	None	
17.1 (g)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
17.1 (h)	<b>Annual supply to primary entitlements:</b>	As for 17.1 (d) plus	See Note 1
	Victorian Environmental Water Holder	0 ML	
17.1 (i)	Amendments to this BE	No	
17.1 (j)	New BE granted for this system	No	
17.1 (k)	Environmental Management and Metering programs	Programs implemented	See Note 2
17.1 (l)	BE compliance failures	No	
17.1 (m)	BE compliance difficulties and responses	No	

### Notes

1. As there are no irrigation areas or districts in the Bullarook system the volumes taken and supplied are the same, with the exception of environmental water which is delivered in stream.
2. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified)  
The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.









## GMW Customer Enquiries

Phone  
1800 013 357

Email  
[info@gmwater.com.au](mailto:info@gmwater.com.au)

Website  
[gmwater.com.au](http://gmwater.com.au)

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