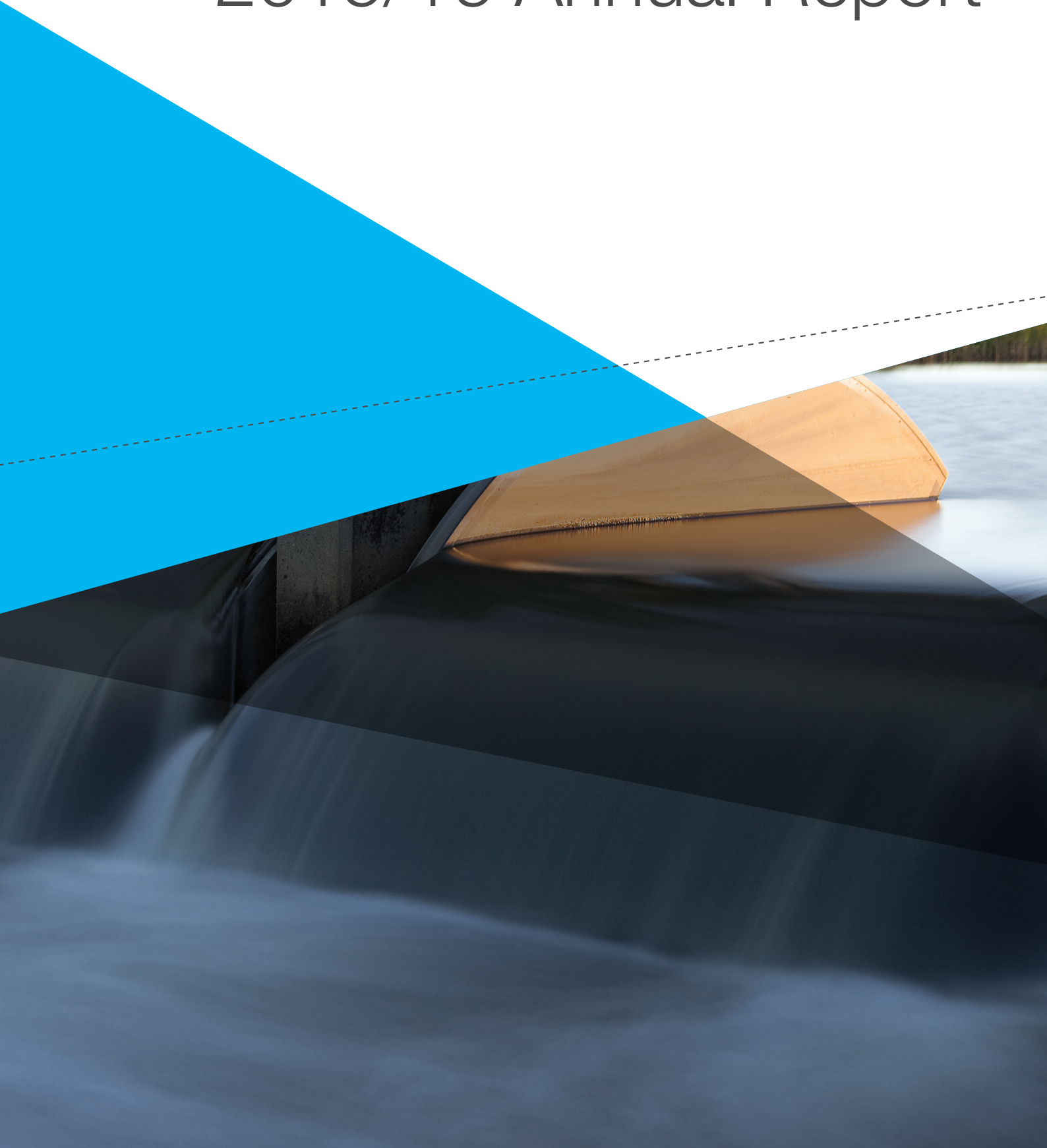




2015/16 Annual Report





ISSN 2200-9469

Copyright – State of Victoria, Goulburn-Murray Water Rural Water Corporation trading as Goulburn-Murray Water, 2016. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the Copyright Act 1968

Disclaimer:

This publication may be of assistance to you however, Goulburn-Murray Water and its employees do not guarantee that the publication is without flaws of any kind or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or consequence which may arise from you relying on any information in this publication.

Contents

Abbreviations	4
Responsible Body's declaration	5
Section 1: Year in Review	
Vision, Mission, Values	6
Chairman's Report	7
Manner of establishment and Responsible Ministers	8
Nature and Range of Services Provided	8
Objectives, functions, powers and duties	9
Performance against objectives	10
Key Initiatives and Projects	16
Structural changes to GMW in 2015-16 affecting performance reporting	20
Five year financial summary	20
Current year financial review	21
Performance against key performance indicators (financial)	23
Significant changes in financial position	24
Significant changes or factors affecting performance	24
Capital Projects	24
Subsequent Events	25
Section 2: Governance and Organisational Structure	
Organisational structure and corporate governance arrangements	26
Audit committee membership and roles	31
Occupational Health and Safety	32
Section 3: Workforce Data	
Public Administration values and employment principles	33
Comparative Workforce Data	34
Workforce Inclusion Policy	34
Executive Officer data	35
Section 4: Other Disclosures	
Implementation of the Victorian Industry Participation Policy (VIPPP)	36
Consultancy expenditure	36
Disclosure of major contracts	36
Government advertising expenditure	36
Information and Communication Technology expenditure	37
Freedom of Information	37
Compliance with Building Act 1993	37
National Competition Policy	38
Compliance with the Protected Disclosure Act 2012	38
Compliance with Carers Recognition Act 2012	38
Compliance with Water Act 1989	38
Office-based environmental impacts	38
Statement of availability of other information	40
Attestation for compliance with SD 4.5.5	
Attestation for compliance with SD 4.5.5	41
Financial Statements	
Declaration	41
Auditor-General's Report	42
Comprehensive operating statement	46
Balance Sheet	47
Statement of changes in equity	48
Cash Flow Statement	49
Notes to the financial statements	50
Appendices	
Appendix A: Disclosure index	83
Appendix B: Bulk entitlements	86

Abbreviations

The following abbreviations are referenced throughout this report:

ATO - Australian Taxation Office
AAS - Australian Accounting Standards
AASB - Australian Accounting Standards Board
BAU - Business As Usual
CMA - Catchment Management Authority
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
EO - Executive Officer
EMS - Environmental Management System
ESC - Essential Services Commission
FC - Fundamental Commitments
FOI - Freedom of Information
FTE - Full Time Equivalent employees
FRDs - Financial Reporting Directions
GL - Gigalitres of Water
GMA - Groundwater Management Area
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)
GST - Goods and Services Tax
HRWS - High-Reliability Water Shares
HSE Team - the integrated Occupational Health and Safety and Environment and Sustainability teams at GMW
ICT - Information and Communication Technology
IRP - Independent Review Panel
KL - Kilotres of water
LSL - Long service leave
MDBA - Murray Darling Basin Authority
ML - Megalitres of water
Non-BAU - Non-Business As Usual
NVIRP - Northern Victoria Irrigation Renewal Project
OH&S - Occupational Health & Safety
PCG - Project control group
SCC - Stakeholder Consultive Committee
SEPP - State Environment Protection Policy
SO - Strategic Outcomes
The Act - *Water Act 1989*
The Board - Independent Board of Directors appointed by the Minister for Environment, Climate Change and Water
VGW - Valuer-General Victoria
VIPP - Victorian Industry Participation Policy
VRW - Victorian Water Register
WSC - Water Services Committee
WSD - Water Storage and Delivery

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 2016.



Sarah Scales
Chairman
Goulburn-Murray Water
17 August 2016

Year In Review

Vision, Mission, Values.

Corporate Strategy

Goulburn-Murray Water's (GMW) corporate strategy was established in place of traditional vision, mission and values statements, setting our strategic direction for the five year period from 2012/13 to 2017/18.

GMW's corporate strategy articulates what GMW is fundamentally committed to (the Fundamental Commitments), the Strategic Outcomes required to fulfil these commitments (the Strategic Outcomes) and the Strategic Initiatives undertaken to deliver the outcomes.

As part of ensuring our corporate strategy remains relevant and in an effort to simplify our strategy, GMW's Fundamental Commitments (FC) and related Strategic Outcomes (SO) are defined as follows:

Fundamental Commitment 1 (FC 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 (FC 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 (FC 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 our corporate strategy is a suite of Conditions of Satisfaction. The Conditions of Satisfaction are our 'rules of the game' and cannot be compromised in achieving our corporate strategy. The Conditions of Satisfaction are also key drivers of performance that we strictly adhere to in all business undertakings.

GMW's 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.

GMW's corporate strategy is embedded throughout the business with all individuals contributing to the Fundamental Commitments. Individual contribution is made at the Strategic Initiative level, rolling up into our Fundamental Commitments and cascading down into Individual Work Plans.

GMW's corporate strategy is entering its fifth year in 2016/17. In 2016/17 we are commencing work on developing our new strategic plan. On an annual basis, the corporate strategy is reviewed by GMW's Board to ensure it remains relevant and aligned with customer and industry

requirements and advancements. Ongoing macro and micro analysis is undertaken allowing GMW to maximise opportunities as they present and to ensure we are prepared for potential changes and challenges in our customer and industry environments.

Chairman's Report

In the past five years GMW has been changing its values and goals to ensure customers are at the forefront.

It's been a significant shift in a business that may previously have been described as operational, or engineering focussed, but it's helping us achieve great things.

Underpinning our approach are three fundamental commitments which lay the foundation for our strategic priorities, outcomes and initiatives across the organisation. These are:

1. Partnering with our customers
2. Creating the opportunity to increase production in Northern Victoria over the next 20 years
3. A high performing organisation

These commitments mean we're focussing on our customers, our region and our organisation.

While we know we have more work to do, we're truly proud of our achievements to date.

We started an efficiency drive through our 2013 'Blueprint' that committed to driving \$20 million annually from our business by 2018. We're now saving about \$12 million per year and during the next year we believe this will increase to \$16 million per year.

These cost savings have been used to reduce debts and reduce price pressure for customers.

Average water prices in 2015-16 were at least four per cent lower than forecast and our debt was about \$100 million lower than forecast in our previous water plan.

Our efficiency drive has also allowed us to set prices for our large and medium irrigators in 2016-17 that are flat or falling.

Our commitment to putting our customers first is also working – our latest Customer Satisfaction Survey results put overall satisfaction at an all-time high of 88 per cent and shows we're getting better at listening, communicating and consulting.

We were also named Victorian winners of the Australian Customer Service Awards for the second year in a row.

We've also been investing in our workforce capability because we understand our success relies on having the right people with the right skills. Through this we've seen more innovation in our business.

Through our investment in staff we've been able to complete major projects in-house. An example of this is the custom-built moveable steel cofferdam used to carry out essential repairs and maintenance to the Mildura Weir.

We've developed our leadership capability to now see staff leading projects that are winning awards. Our Hattah Lakes project has won prestigious engineering and environmental awards.

Our employees are also active members of our communities participating in programs such as Fairley Leadership.

From here, there's more to do. Perhaps our biggest challenge surrounds our commitment to 'Create the opportunities to increase agricultural production in northern Victoria over the next 20 years'.

We recognise our region is facing many challenges – the impacts of climate change along with competition from markets outside our region, all threaten its viability.

Managing the network to match water delivery is critical to our region's success. It will ensure we can continue to provide affordable prices for our farmers in the future.

It's why we're putting the sustainability of the region at the forefront of our planning.

We've recently established a Strategic Advisory Committee to ensure all our stakeholders have input into our entire business – from water storage and delivery to recreation.

It builds on the voice of our customers provided by our Water Services Committees (WSC), by ensuring we're also working with industry, community and environmental leaders.

Understanding our stakeholders' interests and concerns and having the benefit of their experience in our planning will enable us to achieve outcomes well beyond what we can achieve by ourselves.

This is about working together to ensure our water delivery system and the irrigated agricultural industry in northern Victoria is known as one of the best in Australia and the world.



Neil Brennan
Interim Managing Director
Goulburn-Murray Water
17 August 2016



Sarah Scales
Chairman
Goulburn-Murray Water
17 August 2016

Year In Review

Manner of establishment and the Responsible Ministers

GMW is a statutory Corporation constituted by Ministerial Order under the provisions of the *Water Act 1989*. The relevant Ministers were as follows:

- The Hon Lisa Neville MP, Minister for Environment, Climate Change and Water for the period from 1 July 2015 to 22 May 2016; and
- The Hon Lisa Neville MP, Minister for Water from 23 May to 30 June 2016

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 irrigation and 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 including houseboats and caravan parks.

About Us

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.

Goulburn-Murray Rural Water Corporation, trading as Goulburn-Murray Water, is a statutory Corporation established under the provisions of the *Victorian Water Act 1989*. 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 some 39,000 customers 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 Murray-Darling Basin Authority (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 (VRW), using it to manage more than \$4 billion of water entitlements and trade.

GMW also manages recreational and boating activities at 14 of its 24 storages. This includes managing 721 houseboat licenses and managing or leasing 11 caravan parks, 62 clubs and 100 public recreation areas.

We are also delivering the \$2 billion GMW 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, while reducing the Goulburn-Murray Irrigation District (GMID) footprint and making water use sustainable by preparing us for future challenges and opportunities. It's creating hundreds of jobs for local contractors, designers, manufacturers and other water-related staff, and employs almost 20 per cent of our 779 full time equivalent (FTE) staff.

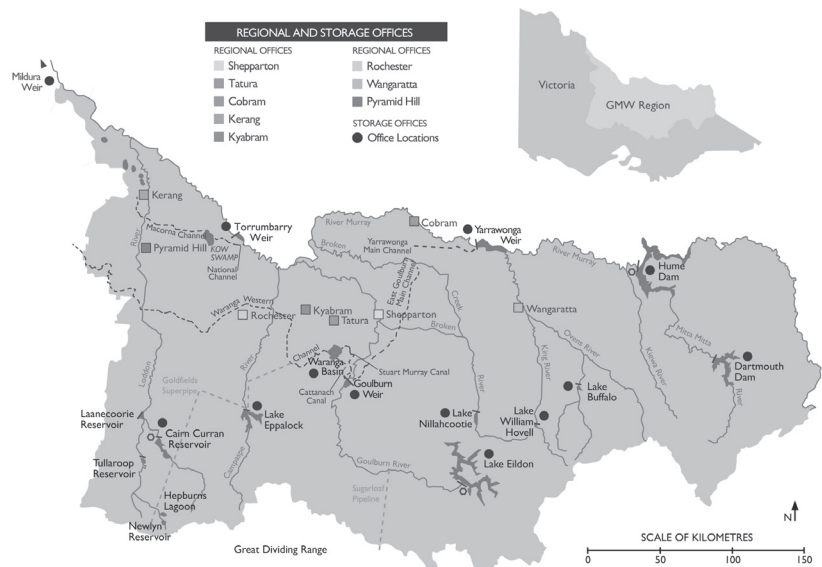


Diagram 1: GMW's operational area

Objectives, functions, powers and duties

GMW is a statutory Corporation constituted by Ministerial order under the provisions of the Act.

Functions

GMW has functions and powers under the 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 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 Murray-Darling Basin Authority (MDBA)
- for recording of certain water share dealings.

Our Business Functions

GMW's core business functions can be articulated as follows:

Delivering water to our region

- store and deliver 70 per cent of the State's stored water and 50 per cent 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.

Governance

GMW is governed by an independent Board of Directors (the Board). The Board operates under Part 6 of the Act and reports to the Minister and the Treasurer.

The Board's key governance document is its Charter. The Charter covers key matters such as Board responsibilities and how Board meetings will be conducted.

The Board has delegated some of its powers to:

- officers (employees) of GMW
- the Connections Committee (in existence until 21 April 2016)
- the Project Control Group (existed from 21 April 2016).

These delegations are reviewed and updated on a regular basis.

Statutory Planning

1,335 planning applications were referred to GMW in 2015/16 and a further 43 Planning Scheme Amendment submissions received. Under the *Planning and Environment Act 1987* GMW is required to respond to matters referred to it within 28 days or within the time period determined by the relevant Council.

GMW passed the Safe Drinking Water Act Audit for storage managers conducted by the Department of Health and Human Services.

The GMW 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 2015/16 GMW finalised nine approved DWMPs, three are under development and the remaining five are under consultation.

Performance Reporting – Non-Financial

Performance against objectives (incl. performance against key performance indicators (non-financial))

Water Service Performance Indicators								
KPI Number	Key Performance Indicator	2014-15 Result	2015/16 Result	2015/16 Target	Variance to prior year	Notes	Variance to target	Notes
WSR1	Rural water supply deliveries Number of orders delivered/total number of orders *100	97.1%	92.5%	93.2%	-4.7%	1	-0.8%	
WSR2	Unavailability of Domestic and Stock supply Duration that domestic and stock service is unavailable in excess of on-property storage	0.0%	0%	1.5%	0%		-100.0%	2
WSR3	Groundwater supply Number of transfers processed within target period/total number of transfers processes *100	66.7%	85.7%	73.9%	28.5%	3	16.0%	

Table 1: Performance against water service performance indicators

Customer Responsiveness Performance Indicators								
KPI Number	Key Performance Indicator	2014/15 Result	2015/16 Result	2015/16 Target	Variance to prior year	Notes	Variance to target	Notes
CR4	Billing Complaints No. of complaints per 100 customers	0.01	0.01	0.02	0%	4	-50.0%	4

Table 2: Performance against customer responsiveness performance indicators

Environmental Performance Indicators								
KPI Number	Key Performance Indicator	2014-15 Result	2015/16 Result	2015/16 Target	Variance to prior year	Notes	Variance to target	Notes
E2	Total net CO2 emissions Net tonnes CO2 equivalent	12,673 tonnes	12,401 tonnes	12,039 tonnes	-2.1%		3.0%	

Table 3: Performance against environmental performance indicators

Notes:

1. Variance to previous annual report results are due to a change of performance measurement and are now recognised as percentage of orders delivered on the day requested (regardless of notice) instead of +/- 1 day
2. Despite being shown as a negative variance, the 2015/16 result is a positive result with no unavailability during 2015/16
3. Days to complete transfers reduced from 88 to 71 days based on rolling average
4. GMW continues to engage with customers and improve services and processes to minimise customer complaints. The Customer Service Centre being the first point of contact has been able to achieve resolutions resulting in less customer complaints

Our Customers

GMW provides a range of water storage, delivery and management services to more than 39,000 surface and groundwater customers across its service region. Our customer base is determined by the number of services to a property. An individual or organisation may have more than one serviced property or may access more than one service type. For example, a customer may access surface water and groundwater.

Understanding and Responding to Customer Needs

We are continuing our customer experience improvement program which this year included upgrading our customer billing system and a trial of automated processes to help reduce our service handling times. We also continue to look for opportunities to remove red tape across the business.

Work has commenced on our customer digital service strategy with the development of improved online service options for customers such as a self-service portal accessible from our website. Our innovation program continues to grow with idea generation resulting from listening to our customers, our stakeholders and our staff.

This year this has seen the launch of a web-based interactive water level tool which provides anyone visiting Lake Eppalock the ability to pre-check water levels and plan their recreational activities based on this critical information. We plan to expand this feature to include other storages. We have also invested in the use of remotely piloted aircraft (drones) to assist with tasks such as surveying major assets and monitoring our water ways.

As we continue to analyse the insights captured through call recording across our primary customer contact channels, we remain focused on creating solutions to key issues and concerns our customers have in relation to their accounts, their assets, water entitlement, resource availability and water delivery management.

Customers	Category	Number of customers		
		2013/14	2014/15	2015/16
Irrigation, rural and groundwater	Gravity irrigation (channels)	14,165	14,131	14,059
	Pumped irrigation systems	675	676	680
	Regulated surface water diversions	3,661	3,648	3,650
	Unregulated surface water diversions	7,473	7,423	7,342
	Domestic and stock supply	1,189	1,269	1,253
	Groundwater	8,364	8,786	8,812
	Flood Protection – Loch Gary	120	122	115
	Urban Water Corporations	6	6	6
	Environmental Water Holders	2	1	2
Non water users	Customers with water share not associated with a water use licence or registration	1,927	1,735	1,916
Commercial operators	Agricultural, tourism and recreational leases and licences	773	784	767
	Houseboat licences	717	724	721
	Hydroelectric companies	2	2	2
	Plantation operators	1	1	1
TOTAL:		39,075	39,308	39,326

Table 4: Breakdown of customer base by account type

GMW Customer Service - Performance

Water Deliveries

During the 2015/16 irrigation season a total of 1,303,503 megalitres of water (ML) was delivered to GMW's irrigation customers in the irrigation areas and regulated river systems which was 290,000 ML less than the 2014/15 season.

Of the 136,672 irrigation orders received, 92.7 per cent (including pumped districts) were delivered on the same day as requested by the customer. Half (50.3 per cent) of the irrigation orders received were lodged via our online ordering service, Waterline, demonstrating our customers' appetite for self-service and the convenience of online ordering.

Percentage of orders delivered on day (regardless of notice)		
	Actual	Target
Gravity	92.5%	93%
Pumped	99.2%	98%

Table 5: Percentage of orders delivered on day requested (regardless of notice)

Performance Reporting – Non-Financial

Water Trading

During the 2015/16 irrigation year GMW processed 12,611 trades involving 2,496 gigalitres of water (GL) 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 their 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 water market working closely with the Department of Environment Land Water and Planning (DELWP) in providing trading solutions through the Water Register platform.

GMW received 2,778 applications to transfer 161,545 MLs of Water Share throughout the 2015/16 financial year representing a small decrease in activity over last year. The increased activity is indicative of irrigation customers purchasing water shares to secure future allocation during a sustained period of low interest rates. Additionally, the removal of the 4 per cent trading restriction has had a limited effect on gravity irrigation districts where the amount of associated water share has remained around the same for the past few years.

Customer Satisfaction

The annual Customer Satisfaction Survey was conducted in October and November 2015. Participants were representative of our various service types with 751 customers surveyed. Survey respondents were asked a series of questions in relation to our performance in the areas of service provision, communication and consultation. They were also asked to provide an overall assessment of their satisfaction with GMW by rating us between 0/10 and 10/10.

Our target of 85 per cent overall satisfaction relates to customers who are 'at least' satisfied with our service, and indicate this by rating us as at least 5 out of 10. We are also seeking to increase our 'net promoter' satisfaction score which is generally where customers rate us at least a 7/10 or above.

This year 88 per cent of survey respondents were 'at least satisfied' with our service as indicated by rating us at 5/10 or above, while 64 per cent were highly satisfied as indicated by a rating of 7/10 or above.

Chart 1: Retail and Environmental allocation trades and volumes since 1 July 2007

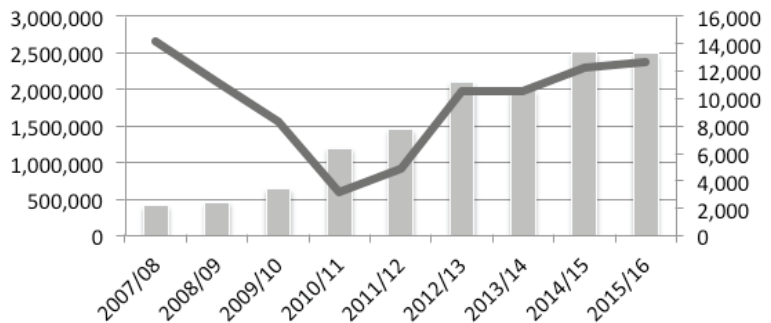
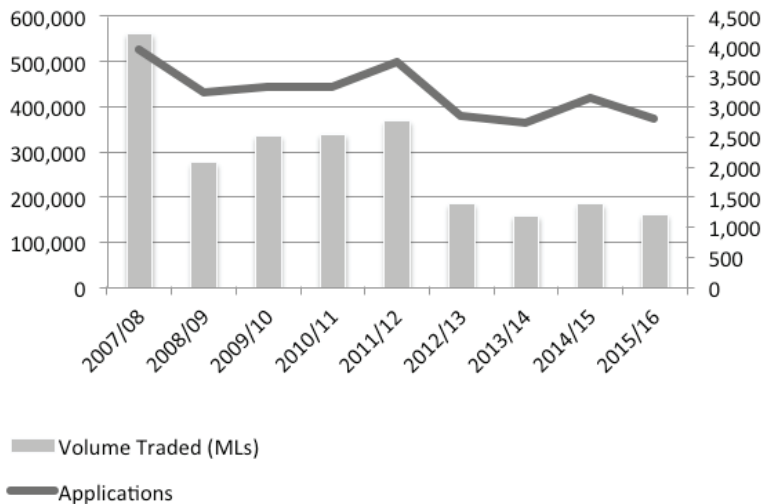


Chart 2: Water Share transfers and volumes since 1 July 2007



Water Share Transfers and Allocation Trades					
		2012/13	2013/14	2014/15	2015/16
Water share transfers	Volume (ML)	185,805	158,105	185,602	161,545
	Number	2,829	2,723	3,131	2,778
Allocation trades	Volume (ML)	2,103,755	1,991,177	2,513,653	2,496,000
	Number	10,561	10,531	12,231	12,611

Table 6: Water Share transfers and allocation trades from 1 July 2012

The Connections Project

The story so far

The Connections Project is supporting some of Australia's most innovative farmers to leverage smarter on farm irrigations systems and technology by delivering water more efficiently to the farm gate. This is an important step towards improving and increasing on-farm productivity in our region.

By upgrading the Goulburn Murray irrigation system, a more sustainable irrigation system is to be developed and annual water savings of 429 GL are targeted to be achieved.

At the start of the project in 2008, the region was crippled by a millennium drought and the Project assumed there would be a significant reduction in irrigations within the region.

Combined with the breaking of the drought, the number of farmers staying on the land has been far greater than originally expected. However, demand for water within the region has reduced with more efficient and modern farming practices being introduced.

To date, the number of agreements reached have been much less than originally forecast. This has contributed to the delay in delivery of the project.

Project Milestones

While acknowledging the challenges outlined above, it is important to note what has already been achieved by the Connections Project (current to 30 June 2016)

- 6,072 service points have been installed
- 878km of channel has been decommissioned
- 237GL of water savings have been made
- 196km of channel remediation

Mid-Term Review and the Primary Agency Report

In 2015, as part of the Stage 2 Connections contract with the Commonwealth and Victorian governments, the Project had a Mid-Term Review. This was to assess the project's progress against the original aims

and milestones agreed in the 2011 contract, and recommend changes where required.

An independent reviewer, GHD, was engaged to undertake the review on behalf of the Commonwealth and Victorian governments. It aimed to:

- Evaluate the main assumptions which formed the basis for agreed outcomes in the project schedule, or contract, between the Commonwealth and Victoria;
- Determine whether the Connections Project can achieve the specified aims and results with the allocated financial and human resources, and within the expected time; and
- Recommend any actions and improvements required to deliver the project successfully.

The review found the Commonwealth and Victorian governments, along with GMW, will need to reshape the project and agree on a mix of solutions to ensure it meets its goals. This meant fundamental changes to the Connections Project were required to ensure its success.

A reset of the Connections Project will ensure we generate water savings by creating a leading water delivery system that boosts irrigator productivity, helps communities thrive and foster healthy waterways and wetlands.

As part of the reset, the State and Commonwealth Governments engaged the Primary Agency in late 2015 and early 2016 to capture the views of stakeholders and identify the GMID community issues involved in completing the Connections Project in the future.

The subsequent Primary Agency Report released earlier this year advised that while there has been great frustration in the community about the progress of the Connections Project, it was clear it should not be abandoned and doing nothing was not an option.

The Commonwealth Government made it clear that no further funding was available; however more time to complete would be considered. Project reviews indicate that to ensure proper planning and customer consultation is carried out, the project will need Government agreement to extend the completion date until the second half of 2020.

Project Reset: A new era for the Connections Project

In March 2016, The Hon Lisa Neville MP, Minister for Environment, Climate Change and Water announced new project governance arrangements as part of the project reset.

A new Project Control Group (PCG) has been established, chaired by the experienced infrastructure executive Mike Walsh, to drive change and streamline the decision making process. A new Project Director, Frank Fisseler has also been appointed and a Stakeholder Consultative Committee (SCC) has been established and meets regularly. The SCC is made up of water users including customers, agricultural and industry peak bodies as well as local government, and is tasked with providing advice to the project.

As part of our project reset revised aims and objectives, the project seeks to:

- Assist irrigation communities in the GMID to adapt to reduced water availability and build a sustainable future for productive agriculture.
- Provide services that meet customer needs for flow rates and timing, and are adaptable to meet changes in customer needs.
- Enhance the environment locally and across the Murray Darling Basin
- Create water savings for environmental use across the Basin (i.e. deliver 204GL of water savings)
- Create local environmental benefit by implementing environmental improvement projects (e.g. Lowering Little Murray Weir, Kerang Lakes, mitigation water and local environmental flows).

The project reset will include a greater focus on tailoring solutions for individual channels, focusing on modernising channels that support the highest number of primary producers, replacing meters and prioritising connections that support food and fibre production, the regional economy and jobs.

Performance Reporting – Non-Financial

Working with communities in the GMID as part of the project reset

Following the new project governance arrangements, the project undertook further community consultation in June 2016. The PCG sought input from stakeholders and the community to ensure the remaining funding is used in the most efficient way to achieve the project objectives.

Five full day consultation sessions were held in Cobram, Kerang, Echuca, Pyramid Hill and Kyabram. The consultation period sought feedback on four 'reset options', with Option 4 identified as the PCG's preferred option.

The Connections Project Reset options are:

Option One Capture water savings from channels that have the highest population density of primary producers.

Option Two Treating the meters of high use customers and capture water savings from high loss channels.

Option Three Treating all meters and capture water savings from high loss channels.

Option Four Efficiency optimisation (channel by channel solution).

More than 300 people attended the facilitated and roundtable sessions, with

landowner attendance some of the highest ever seen. Discussions were constructive and participants were generally most supportive of Option Four.

Consultants Tim Cummins and Associates, who hosted and facilitated the June consultation, have since compiled a Community Consultation Report to provide a summary of themes and views expressed during consultation.

The project will incorporate this feedback into its Project Reset Delivery Plan. The plan will undergo review and assessment by the Victorian and Commonwealth Governments as the project moves towards providing a sustainable irrigation system for the GMID.

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%
2014/15	100	0	100	100	100	0	100	0	100	0	100	100
2015/16	100	0	26	0	90	0	66	0	84	0	8	0

Table 7: Seasonal Determinations for Northern Victorian Water Systems since 1 July 2014

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.

There were very low inflows in all systems in 2014/15. Only the Murray system achieved 100 per cent High Reliability Water Shares (HRWS). With the Goulburn and Murray systems progressing beyond 50 per cent HRWS, reserves were established for the 2016/17 season. There was no seasonal determination against low-reliability water shares in any system in 2015/16.

Carryover

Northern Victorian water entitlement holders carried over 780 GL into the 2015/16 season, approximately 140 GL less than the 2014/15 season.

In its role as Resource Manager, GMW declared a low risk of spill on 1 July 2015 for the Campaspe and Goulburn systems, and 10 September 2015 for the Murray system. These declarations allowed customers to trade or use allocation held in spillable water accounts. The volume returned from spillable water accounts totalled 88 GL. The total volume of allocation available to entitlement holders in 2015/16 was 3,401 GL.

Groundwater

Dry conditions which continued throughout winter, spring, summer and early autumn saw relatively little recharge to aquifers across much of Goulburn-Murray Water's region. As a result groundwater recovery levels continued to show a slight to moderate declining trend in many Groundwater Management Units (GMUs). Despite these dry conditions all GMUs received a maximum allocation in 2015/16¹. An exception was the Newlyn Zone of the Loddon Highlands Water Supply Protection Area, which received a 75 per cent allocation in 2015/16.

¹ A maximum allocation typically enables access to 100 per cent of groundwater licence entitlement in a GMU, except in Katunga Water Supply Protection Area, where the maximum allocation is 70 per cent of licence entitlement in accordance with the management plan.

Dams

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

- 11 dam operators were successful in completing Certificate III in Water Industry Operations, with a focus on dam and storage operations. This achievement enhances GMW dams staff capability and capacity and promotes succession planning.
- Land and On Water Management Implementation Groups were instigated at six storages
 - Lake Eppalock
 - Cairn Curran
 - Lake Boga
 - Kow Swamp
 - William Hovell
 - Buffalo
- Over \$66k in grant funding was secured to plant 34,600 trees at Yarrowonga and Lake Hume
- Five new mechanised trestles were successfully commissioned and an additional section of the trestleway was repaired at Mildura Weir, promoting efficient service delivery and operations along the Murray River.
- A full refurbishment of Lock 11 at Mildura was undertaken using GMW resources, supporting the local economy and tourism industry.
- The three spillway gates at Cairn Curran were recoated after over 50 years in use, promoting the longevity of these assets.
- Six comprehensive (five-yearly) Dams Safety inspections were undertaken during the year, with no major issues identified.
- An anchor testing programme was undertaken across all storages reliant on ground anchors for increased stability during extreme events, with good results.
- A flood incident management and dam safety combined exercise was undertaken, involving the three Goulburn storages and staff from

across Operations. External observers were impressed with the calibre of the exercise, GMW staff and the systems in place to manage such emergencies.

- The \$10M Tullaroop Dam Safety Upgrade Project was successfully completed using internal GMW technical and construction resources. This delivery approach was key to the project being completed ahead of schedule and under budget.
- Stage 1 of the Lake Buffalo spillway gate and hoist upgrade project was successfully installed and commissioned. Stage 2 will be undertaken in 2016/17; it will bring the gate operation up to current standards and significantly enhance the performance and Occupational Health & Safety (OH&S) aspects of operating the gates.
- MDBA, GMW and Water NSW commissioned a study to refine the extreme rainfall characteristics for both the Dartmouth and Hume catchments. The study, the first of its kind undertaken in Australia, has resulted in a significant reduction in hydrologic risk for both Dartmouth and Hume.
- Dartmouth Dam hosted over 90 participants on the ANCOLD Dam Operators Forum tour.

Our Environment

GMW fulfilled its obligations under the Safe Drinking Water Act 2003 and Safe Drinking Water Regulations 2015.

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. During the 2015/16 reporting period GMW made every endeavour to comply with its obligations and implemented appropriate controls in the instances where deficiencies were identified.

GMW undertook blue-green algae and water quality monitoring at key locations to ensure effective management of risks to the environment, the public and our customers.

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 2015/16. 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. The following table shows system efficiencies compared with 2013/14 and 2014/15. System efficiency reflects the percentage of water diverted into an Irrigation Area that is recorded through customers' outlets.

GMW System Efficiency within Irrigation Areas 2014/15			
	2013/14 (%)	2014/15 (%)	2015/16 (%)
Total	80	80	79.9
Shepparton	83.3	87.9	88.4
Central Goulburn	80.6	82.5	80.2
Rochester	79.6	79.2	87.8
Loddon Valley	82.8	84.6	78.5
Murray Valley	83.2	79.2	75.5
Torrumbarry	74.7	69.6	76.1

Table 8: System efficiency within GMW Irrigation Areas from 1 July 2013

Performance Reporting – Non-Financial

System Efficiency cont.

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.

Sustainable Resource Management

GMW's water quality and resource management programs contribute to GMW's sustainable management of surface water and groundwater resources, especially within our Irrigation Districts. These programs are delivered by GMW in conjunction with partner agencies including the MDBA, Catchment Management Authority (CMAs), DELWP and the Department of Economic Development, Jobs, Transport and Resources (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.

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.

The amendment process for the Katunga Water Supply Protection Area groundwater management plan commenced in November 2015, and the consultative committee is making good progress on considering changes to the plan. It is expected that the consultative process will be complete and draft plan amendments submitted for Ministerial approval by early 2017.

During 2015/16 the Eildon and Broken Groundwater Management Area (GMA) local management plans were completed. Both are ready for implementation in early 2016/17.

Additionally, the Shepparton Irrigation Region GMA local management plan was successfully implemented in 2015/16. The plan contains more adaptive, flexible and cost effective management arrangements.

Key Initiatives and Projects

Some of the key initiatives that GMW achieved in line with our corporate strategy in 2015/16 are as follows:

Fundamental Commitment 1: Partnering with our customers

- **Deliver on our core services in line with agreed service standards, proposing new standards whilst holding operating expenditures constant** - Our core services were delivered in line with Water Plan 3 service standards. In addition to consultation with high value customers and WSCs, we held over 30 customer information sessions informing changes to our service standards which are designed to:
 - » make the standards more meaningful or reflective of sustained historical performance
 - » provide greater customer service accountability
 - » remove standards that are duplicated or cannot be met.
- **Delivery of a Recreation and Land Strategy**
 - » executive endorsement of discussion paper – October 2015
 - » Board endorsement of discussion paper – February 2016
 - » final strategy document – to be finalised October 2016.
- **Upgrade customer relationship management (CRM) systems to deliver greater process efficiencies resulting in reduced transaction fees and an enhanced customer experience** - GMW's CRM and billing system was upgraded in 2015 allowing for the development of an online customer portal, *MyGMW*, due for implementation in September 2016. The portal will provide customers with secure online access to their billing and account information, the ability to pay multiple accounts in one transaction, and will offer a number of online requests including change of address and contact details, submitting special meter readings and lodging feedback.
- **Undertake collaborative research with both environmental water holders and water corporations to define service expectations, deliver mandatory obligations and expose opportunity for business improvement** - GMW continued close cooperation with environmental water holders and water corporations through 2015/16. GMW assisted the Victorian Environmental Water Holder to draft operating arrangements to define service expectations across northern Victoria and was a key partner in the research into the longer term benefits of environmental flows. GMW also collaborated with Goulburn Valley Water to introduce credits for return flows in the Goulburn system and prepare an operating agreement between the two corporations.
- **Continue researching what influences customer demand, looking at the macro, regional and local factors that impact on customer needs now and into the future to ensure that our services support prosperous agriculture** - We have completed macro and micro analysis to understand the factors and trends that may impact our customers and GMW into the future.
- **Future Service Initiative (Wholesale and Retail)** - In service of delivering a Future Service Strategy throughout 2015/16 we completed research to gain a deeper understanding of our customer needs now and into the future. This included:
 - » macro analysis to understand factors and trends effecting GMW and our customers
 - » research to understand customer appetite for choice in service offerings
 - » a customer satisfaction survey.

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

- **Implement technology to automate a high volume of customer transactions over the next two years resulting in faster, paperless transactions and further fee reductions for customers**

- » A business process management system was implemented in 2015. The system enables aspects of highly manual processes to be automated resulting in improvements in the end-to-end process time and reduced risk of human error.
- » During 2015/16 GMW worked closely with DELWP on enhancements to the VRW to provide an online automated service for bore construction licence applications.

- **Minor increases in average annual capital expenditure required to address high risk retail assets and undertake large dam safety projects**

- The large dam safety projects relate to the Tullaroop Reservoir embankment works and the Lake Buffalo spillway hoist/gate works. The Tullaroop Reservoir works have been brought forward from year 1 of Water Plan 4 to be mostly completed in the last year of Water Plan 3. These works were completed in May and delivered for about \$1.5 million under the approved project budget.

- **Commence reform of the gravity and diversions tariffs and tariff reform for drainage and water districts**

- In relation to Gravity Tariff Strategy:
 - » gravity Tariff Implementation Group established in March 2015
 - » working group was formed to develop implementation plan
 - » 2016 Price Review submission in September 2015 setting out

proposed implementation of gravity irrigation uniform delivery charges to 2020.

- » GMW accepted the ESC's proposal of moving to a 5:1 tariff arrangement
- » Shepparton maintains a district tariff while all other districts move to common fees.

In relation to Diversion Tariff Strategy:

- » The transition to pricing changes associated with implementing the new diverter tariff commenced in 2015/16 as part of annual price review.

- » GMW accepted the ESC's proposal for an extension to the transition of volumetric to service point based charges from 2 to 4 years.

In relation to Drainage Tariff Reform:

- » development of Draft Tariff Strategy for drainage diversion, surface drainage and subsurface drainage is currently underway
- » Tariff Strategy communication and engagement strategy finalised
- » GMW will be undertaking further consultation on the drainage tariff strategy during Water Plan 4

In relation to water districts:

- » As put forward in GMW's 2016 price review submission, further consultation and development of tariff strategy for water districts is proposed in the Water Plan 4.

- **Contract negotiations to realise savings**

- Following a review of commercial contracts during the year, GMW has renegotiated insurance contracts which will deliver a realised saving in 2016/17 of \$1m year to year against budget.

In addition GMW has generated estimated electricity savings of 19 per cent per annum as a result of a successful tender process.

- **Reduce cost of management of natural resource services functions including water quality salinity mitigation**

- GMW achieved savings by consolidating its water quality and drainage services functions into the Water Resources unit. Closer scrutiny of contract use allowed reduction of overall budget.

- **GMW Stakeholder Engagement Framework**

- Understanding stakeholders' interests and concerns, and having the benefit of their diverse experience, knowledge and perspectives in planning processes will enable GMW to achieve outcomes for its customers and the broader community well beyond what can be achieved in isolation.

It was with this in mind that the GMW Strategic Stakeholder Engagement Framework was developed. It sets out GMW's position regarding the significance and value of engaging with stakeholders and the importance of using a range of engagement methods. It also sets how GMW plans to embed stakeholder engagement within its business.

- **Fleet Review Project**

- The (light vehicle) fleet review project concluded with a number of cost savings and benefits to be realised. These include:

- » reduced future vehicle leasing costs
- » vehicles allocated to positions based on need and business use
- » standardised contract conditions and greater tracking of usage
- » fit for purpose vehicles that consider safety and environmental performance
- » enhanced suite of policies for improved control and governance
- » simplified business processes that reduce complexity and administrative burden.

Performance Reporting – Non-Financial

Fundamental Commitment 3: A high performing organisation

- **Implementation of a corporate mentoring and coaching, succession planning, and performance management program across the business**

Mentoring and Coaching:

- » A total of 25 mentors and 25 mentees commenced the 12 month program. All mentees were given the opportunity to finish the program with a presentation to the executive. They also indicated they would like to be future mentors to continue their own growth and learning.

Succession Planning:

- » The succession planning framework is complete and a pilot has commenced within Customer Operations.

Performance Management:

- » A performance management strategy was developed to encompass team and individual performance, goal setting and professional development. This will be further enhanced when GMW implements a Human Resource Information System in the latter part of 2016.

- **Implementation of graduate and trainee programs** - In 2016 GMW again offered its Kick Start University Student work experience program providing local young aspiring professionals the opportunity to work at GMW over their summer vacation period. This year's program hosted nine students from a range of disciplines including engineering, technology, science, environmental and business studies. From the first Kick Start program in 2015, one participant was appointed into a Graduate Engineer role in early 2016.

In 2016, GMW's ongoing commitment to trainee programs saw two trainees commence in our Information, Communication and Technology unit.

- **Achievements in support of GMW's commitment to safety first** - The Connections Project's construction team safety data revealed that since the project was established in 2009, more than two million hours have been worked with only eight lost time injuries.

GMW maintained certification against AS/NZS 4801: Occupational Health and Safety Management Systems and achieved certification against OHSAS 18001: Occupational Health and Safety Management Systems, the internationally recognised standard.

Future Initiatives

Initiatives within GMW remain in service of its current Corporate Strategy. The key initiatives to be undertaken in 2016/17 and beyond are as follows:

Fundamental Commitment 1: Partnering with our customers

- **Future Service Initiative (Wholesale and Retail)** - research and identify additional common services that customers are seeking and their preparedness to receive these on a cost recovery basis
- **Future Service Initiative (Diversion Customers)** - deliver to customers greater choice and flexibility in the way they hold and use their diversions and groundwater licenses
- **GMID Service Strategy** - deliver the customer segmentation model for the GMID, service standards and the capital and operating requirements for the GMID
- **Customer Experience Improvement Program** - significantly improve the way GMW delivers services to its customers and enhance their experience when dealing with GMW
- **Customer Policy Reform** - identify opportunities where policy can be simplified, contemporised and reformed to improve customer outcomes and ensure transparency and understanding

- **Tariff Review** - a simple tariff which is accountable to customers, able to be understood and explained easily
- **Customer Communications and Engagement Framework** - review current engagement and communications processes and establish consultation methods and metrics for evaluating satisfaction and plan for communication to customers.

Fundamental Commitment 2: Creating the opportunity to increase production in Northern Victoria over the next 20 years

- **Connections Program Plan** - this initiative will focus on three key deliverables;
 1. Connections Project long term business implications (e.g. whole of life);
 2. Supporting the operational delivery of the Connections Project; and
 3. The Connections Project Reset
- **GMW Stakeholder Engagement Framework** - develop the implementation plan for the Stakeholder Engagement Framework
- **Procurement Review** - review procurement support structure and contracts across the business to identify and capture cost efficiency savings
- **Field Workforce Mobility Initiative** - identify and implement solutions which enable GMW's infield workforce to become more mobile and reduce the risks and costs associated with unnecessary travel to and from work sites
- **Asset Management Initiative** - reduce the whole of life cost of assets through the development of asset management plans and assessment of commercialisation ventures

- **Enterprise Agreement Initiative** - optimise the balance of customer service, productivity, employee retention and engagement, and cost reduction objectives
- **Estates Review Initiative** - develop a Future Estates Master Plan incorporating, property optimisation and revenue generation from GMW's property portfolio
- **Commercialisation Framework** - identify opportunities to generate alternative non prescribed revenue streams aligned to the core capability of the business.

Program - develop an Innovation, Research and Development program and supporting framework

- **Information and Communication Technology (ICT) Strategic Plan Delivery** - deliver technical capabilities around core systems, business data and reporting automation, systems sustainability and rationalisation of technologies
- **Internal Process Optimisation Program** - streamline internal business processes using process optimisation methodologies, maximising the use of technology and automation
- **Finance Structure Review** - evaluate opportunities to simplify the finance support structure whilst meeting business needs.

Fundamental Commitment 3: A high performing organisation

- **Water Management System Optimisation** - ensure that the automated delivery and data collection system is able to perform at a level that meets GMW's and customers' needs
- **Strategic Plan for All Dams** - develop a strategic plan for all dams that will assist in future investment decisions and long-term direction
- **Water Management System Roadmap** - identify a future desired state for the Water Management System allowing key business decisions to be made in service of that outcome
- **Water Delivery Efficiency Project** - understand forecast bulk entitlements and develop an Efficiency Improvement initiative
- **Low Inflows Strategy** - develop whole of business response to low water availability for customers arising from low inflows continuing into 2016/17 and for future low inflow sequences. Define operational and financial responses to mitigate revenue decline and customer financial stress and the appropriate implementation plan
- **Our People Our Future** - develop a structured capability, succession and performance management framework
- **Innovation Leadership and Research and Development**

In addition to those initiatives listed above, GMW's new strategic plan will see development of the new corporate strategy for the 2017/18 to 2021/22 period.

Performance Reporting - Financial

Structural changes to GMW in 2015/16 affecting performance reporting

During the 2015/16 financial year, there were no structural changes to Goulburn-Murray Water which affected its performance reporting.

Five year financial summary

Summary of Financial Results - Water Storage & Delivery and Connections Project (before internal adjustments)					
	2015/16	2014/15	2013/14	2012/13	2011/12
	('\$000)	('\$000)	('\$000)	('\$000)	('\$000)
Water Storage & Delivery					
Profit & Loss					
Total revenue	164,333	169,982	170,294	185,545	160,257
Expenses excluding interest, depreciation and amortisation	137,910	133,048	150,563	142,623	135,243
Earnings before interest, tax, depreciation and amortisation (EBITDA)	26,423	36,934	19,731	42,922	25,014
Depreciation and amortisation	69,381	69,691	69,535	68,775	70,301
Interest expense	7,732	7,942	8,140	8,286	6,897
Net result before tax - Water Storage & Delivery	(50,690)	(40,699)	(57,944)	(34,139)	(52,184)
Cash Flow					
Net cash flow from operations	38,693	25,749	24,471	30,870	24,795
Payments for property, plant, equipment and infrastructure	36,082	21,938	14,202	24,408	36,129
Self-Generating Cash Flow	2,611	3,811	10,269	6,462	(11,334)
Connections Project (Integrated into GMW on 1 July 2012)					
Profit & Loss					
Funding revenue	106,143	94,189	78,066	83,748	-
Project Expenditure					
Project costs	49,600	50,919	57,778	80,167	-
Other project costs (1)	20,108	20,345	17,832	13,486	-
Total Project Expenditure	69,708	71,264	75,610	93,653	-
Net result before tax - Connections Project	36,434	22,924	2,456	(9,905)	-
Cash Flow					
Net cash flow from operations	(31,706)	45,631	93,266	(36,218)	-
Payments for property, plant, equipment and infrastructure	96,530	61,143	64,077	62,933	-
(1) Includes employee expenses, other operating costs, depreciation and interest					
Summary of Financial Results - Total GMW (after internal adjustments)					
Profit & Loss					
Total revenue	259,603	249,683	231,824	256,972	160,257
Total expenses	273,998	267,459	287,310	301,016	212,441
Net result before tax - GMW	(14,395)	(17,776)	(55,486)	(44,044)	(52,184)
Balance Sheet					
Assets					
Current	147,215	199,815	231,000	147,212	61,584
Non-current	4,820,608	4,185,516	4,170,281	4,181,685	4,108,918
Total assets	4,967,824	4,385,330	4,401,281	4,328,897	4,170,502
Liabilities					
Current	85,456	150,672	135,596	74,130	73,824
Non-current	726,178	557,251	587,196	607,222	588,932
Total liabilities	811,634	707,923	722,792	681,352	662,756
Cash Flow					
Net cash flow from operations	6,987	71,380	117,737	(5,348)	24,795
Payments for property, plant, equipment and infrastructure	132,613	83,081	78,279	87,341	36,129

Table 9: Summary of financial results since 1 July 2011

Current year financial review

2015/16 marked the final year of the Water Plan 3 period. A focus on reducing operational expenditure through the period contributed toward a target of \$20m of recurrent savings by June 2018. This strong expenditure control has contributed to ESC approved revenue for Water Plan 4 being 8 per cent lower (excluding CPI) in 2019/20, than what was predicted at the outset of Water Plan 3.

Other highlights include:

- control over expenditure is also a large factor in achieving earnings before interest, tax, depreciation and amortisation (EBITDA) of \$60.7m during 2015-16
- revenue of \$259.6m represented an increase by \$9.9m on 2014-15 due mainly to the Connections Project
- expenditure of \$273.9m increased \$6.5m on 2014/15. This represented a 2 per cent increase, mainly due to decommissioning of infrastructure through the Connections Project
- depreciation (and amortisation) of \$70.0m on GMW's \$4.9b asset base continues to drive after tax losses for the business. The Total Comprehensive loss for 2015/16 of \$10.6m is the outcome of the regulatory environment GMW operates in and not reflective of the underlying operational and financial sustainability of the business
- total assets of \$4.9b represented an increase of \$582m due mainly to a compulsory five-year independent revaluation conducted under the auspices of the Valuer-General, as well as additions made through modernisation of the gravity distribution system by the Connections Project
- total liabilities of \$812m included a \$104m increase, mainly due to movement in net deferred tax liability
- borrowings have reduced through the year by \$6.7m. GMW remains committed to balancing cost and price impacts from borrowings while ensuring sufficient funding for required infrastructure projects

GMW Financial Structure

GMW aggregates the activities of the business into two major components:

1. Water Storage and Delivery – These are the core 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 State and Federal Governments' irrigation modernisation and renewal program in Northern Victoria. This annual report represents the fourth year of the Connections Project operating as a business unit of GMW.

The operations of the Connections Project are accounted for separately from Water Storage and Delivery operations to assist in delivering governance, financial and operational accountability for the business. 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.

Water Storage and Delivery – Operational Result

The 2015/16 financial year for Water Storage and Delivery was one where water deliveries were in line with expectations and a continued focus on expenditure control ensured another strong financial performance. This year's operating result was lower than the prior year due to lower water deliveries and higher asset disposals from decommissioning activity completed by the Connections Project. The operating result for 2015/16 remains significantly ahead of budget.

The main drivers of the positive operating result for 2015/16 were strong retail revenue combined with lower operating costs.

The Water Storage and Delivery business achieved an EBITDA result of \$26.4m compared to 2014/15 of \$36.9m and \$19.7m in 2013/14. Positive operational cash flows of \$38.7m were achieved compared to 2014/15 of \$25.7m and \$24.5m in 2013/14 and were also well ahead of budget.

Connections Project Result

The Connections Project has reported government funding received/receivable of \$106m for the year which has been recognised as revenue.

Overall the Connections Project enters into the 2016/17 year in a strong cash position due to the funding received which has not yet been spent. Cash holdings at 30 June 2016 were \$70.2m.

Performance Reporting - Financial

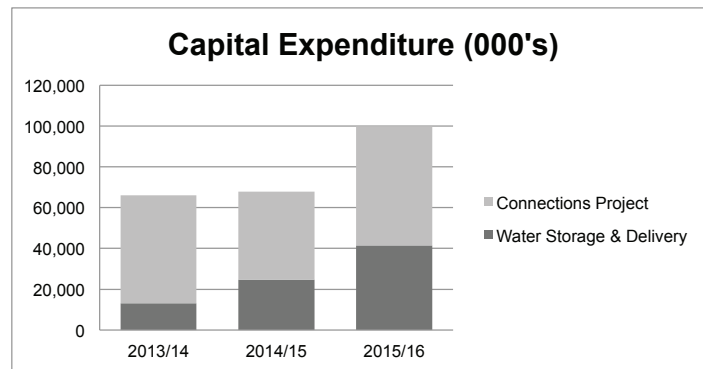


Chart 3: Revenue by source (000's) since 1 July 2013

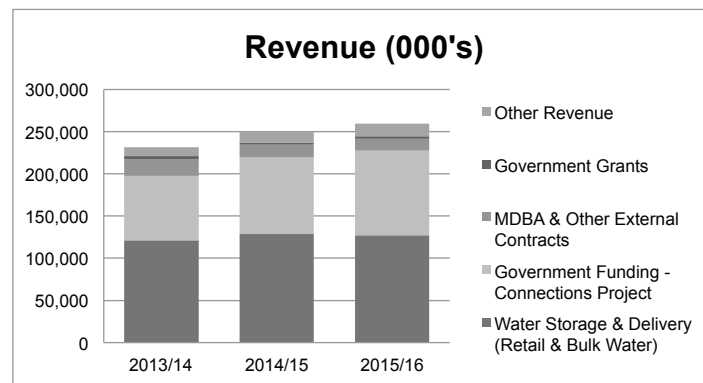


Chart 4: Expenditure breakdown (000's) since 1 July 2013

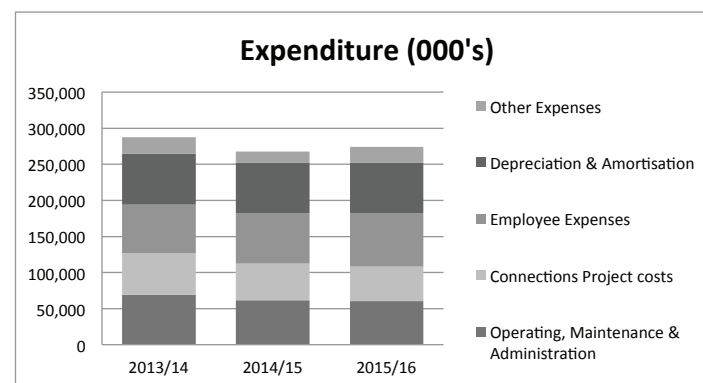


Chart 5: Capital Expenditure breakdown between business units (000's) since 1 July 2013

Performance against key performance indicators (financial)								
Number	Key Performance Indicator	2014/15	2015/16 Result	2015/16 Target	Variance to prior year	Notes	Variance to target	Notes
F1	Cash Interest Cover Net operating cash flows before net interest and tax/net interest payments	12.9	2.4	8.7	-81.4%	1	-72.4%	1
F2	Gearing Ratio Total debt / total assets*100	2.7%	2.2%	2.4%	-18.5%	2	-8.3%	2
F3	Internal Financing Ratio Net operating cash flow less dividends/ net capital expenditure*100	89.2%	5.3%	30.1%	-94.1%	3	-82.4%	3
F4	Current Ratio Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	3.8 times	2.3 times	2.3 times	-39.5%	4	0.0%	8
F5	Return on Assets Earnings before net interest and tax/ average assets*100	-0.3%	-0.2%	-1.3%	-33.3%	5	-84.6%	9
F6	Return on Equity Net profit after tax/average total equity*100	-0.3%	-0.3%	-1.2%	0.0%	6	-75.0%	9
F7	EBITDA Margin Earnings before Interest, Tax, Depreciation and Amortisation/total revenue*100	23.7%	23.4%	4.8%	-1.3%	7	387.5%	9

Table 10: 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 due to the timing of receipt of output funding for Stage 2 of the Connections Project (2014/15 \$111m vs 2015/16 \$24m). The lower receipts have been somewhat offset by \$12m lower payments from operating activities. The core underlying WSD business result is 6.5 and is still significantly better than target and generally accepted metrics.
- The Gearing Ratio has improved compared to the prior year mainly due to the impact of the mandatory asset revaluation increasing the value of the asset base. The revaluation increment was also higher than budget impacting the 2015/16 target. Total borrowings have also decreased by \$6.7m reflecting repayments made during 2015/16. Total borrowings were also \$8.2m lower than target reflecting strong cost control in the core WSD business.
- The Internal Financing Ratio is lower than the prior year due to lower operating cash flows from the Connections Project as per Note 1. The core underlying WSD business result of 107.9 per cent is still significantly better than target and generally accepted metrics.
- The Current Ratio has decreased due to lower current assets at 30 June 2016, mainly because of lower cash holdings for the Connections Project (2014/15 \$121m vs 2015/16 \$70m). While this has decreased it is still significantly better than target and generally accepted metrics. The WSD current ratio of 1.7 is significantly better than target due to strong operational expenditure control and lower capital expenditure during 2015/16 resulting in higher cash holdings at 30 June 2016.
- Improved Return on Assets is due to the impact of the mandatory asset revaluation increasing the value of the asset base. Return on Assets is negative as GMW reports a net loss before net interest and tax due to the annual depreciation expense which was \$70m in 2015/16. GMW's regulated tariffs are based on the regulatory asset base (RAB) which is valued at approximately 6 per cent of the total statutory asset base.
- Return on Equity is in line with the prior year. Net profit after tax is slightly lower than 2014/15 however the balance makes up a small portion in comparison to total equity. Return on Equity is negative as GMW reports a net loss after tax due to the annual depreciation expense, which was \$70m in 2015/16, and the tariff structure.
- EBITDA Margin is slightly lower than the prior year due to higher revenue from the Connections Project (2014/15 \$91m vs 2015/16 \$101m). While the result has decreased slightly it is still significantly better than target and generally accepted metrics. GMW is continuing to explore opportunities to reduce costs to improve its EBITDA result.
- The Current Ratio is consistent with the target.
- Return on Assets, Return on Equity and EBITDA Margin are above target due to improved earnings compared to target. This is a result of Connections Project costs lower than target.

Performance Reporting - Financial

Significant changes in financial position

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

Significant changes or factors affecting performance

There were no significant changes or factors which affected GMW's performance during the reporting period.

Capital Projects

Capital works were delivered in two main areas. GMW in its normal course of business WSD, delivered capital works (outlined below). The Connections Project, which is modernising the Goulburn Murray irrigation network, also delivered capital works (also outlined below).

Water Storage and Delivery

During 2015/16 GMW delivered \$41.41m of 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:

- completion of the Tullaroop Reservoir upgrade
- installation of a sheetpile cut-off within the Stuart Murray Canal bank to minimise ongoing seepage issues
- ICT system, server and network upgrades
- refurbishment of Lake Buffalo spillway gates and hoists

- lift-off testing of the spillway anchors at Goulburn Weir, Cairn Curran, Lake Buffalo and Laanecoorie reservoirs
- refurbishment of the Tea Garden Creek Weir
- continued programme of channel remediation across the GMID.

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

- foreshore protection works at Lake Mulwala,
- refurbishment works at Mildura Weir such as the upgrade of trestle units, repair of the concrete trestleway, and protective coating of the trestle units and cofferdam.

The following table details the major capital projects delivered during the period (per cent complete represents of the 2015/16 program):

Water Storage and Delivery Capital Projects		
Project	2015/16 expenditure (\$m)	Percentage completed as at 30 June 2016
Bridge and Culvert Replacements	5.3	85
Linear Programme (remodelling, access and fencing)	10.3	95
Tullaroop Dam Safety upgrade	6.2	100
Information Technology – Network Infrastructure upgrades and replacement	1.4	95
Information Technology – Hardware replacements including printers, computers, and phones	1.0	93
Upgrade and renewals on dams infrastructure	5.6	95

Table 11: Capital projects delivered since 1 July 2015 by WSD in expenditure and percentage completed

Connections Project Capital Works

In addition to the GMW Capital Works Program outlined above, the Connections Project delivered \$92.2m of capital works.

The intensive construction period occurs predominantly over the winter works period between May and August when the channel systems are 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 HDPE plastic, clay lining and outer bank remodelling
- the annual meter installation program
- works on the Stage 2 Swan Hill Modernisation Special Project, including the construction of the No. 9 Pump Station
- pipeline program which significantly increased during the year. 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.

The following table details the major capital programs worked on by the Connections Project during the period:

Connections Project	
Project	2015/16 expenditure (\$m)
Channel automation program	5.2
Swan Hill Modernisation Special Project	4.8
Channel remediation program	18.9
Meter installation program	25.8
Pipelines program	32.8

Table 12: Major capital programs worked on by the Connections Project

Subsequent Events

On 27 June 2016 GMW Chairman Sarah Scales announced the appointment of an Interim Managing Director to GMW. Neil Brennan has been seconded from his role as Western Water Managing Director for a four-month period from 4 July through to the end of October this year.

GMW Chairman Sarah Scales announced her resignation from the board effective from 31 August 2016. On 30 August 2016 the Minister for Water the Hon Lisa Neville MP announced the appointment of Joanne Anderson as the new Chairman of GMW.

Governance and Organisational Structure

Organisational structure and corporate governance arrangements

*For a full list of Board of Directors and Audit Committee members, see 'The Board' and 'Audit Committee Membership and Roles' in the 'Corporate Governance' section of this Annual Report.

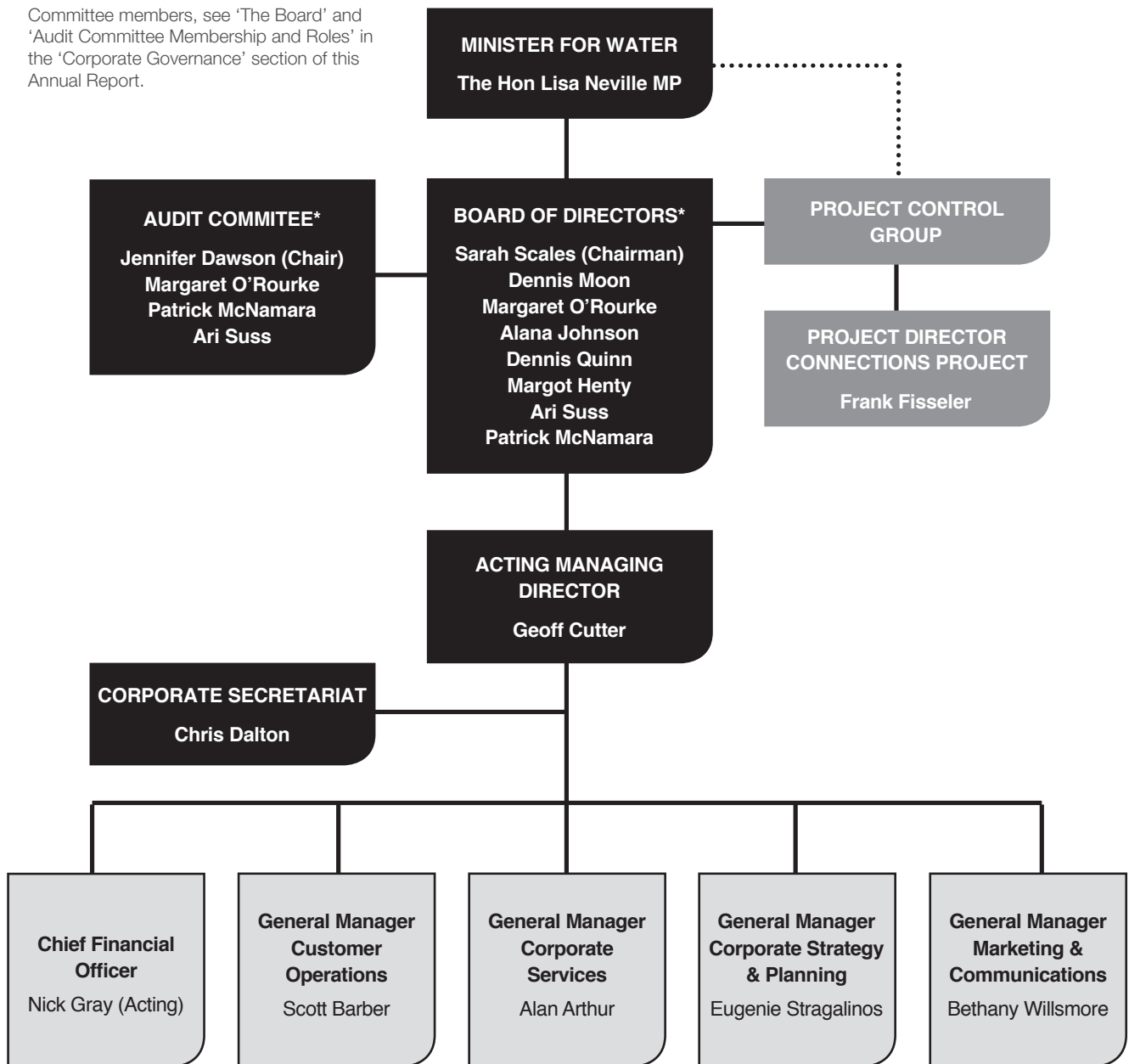


Diagram 2: Governance and organisational structure

Governance and Organisational Structure

Our business units

On a practical level, the employees of GMW are divided within functionally separated business units which work collaboratively to achieve its strategic and operational business objectives. GMW's business units 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 Connections 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 Information, Communications and Technology operations, enterprise knowledge management and programme management.
- **Corporate Strategy and Planning** - Provides Corporate Strategy and Planning services to GMW focussing on three key areas: facilitating and coordinating corporate strategy, corporate policy and reform and planning and innovation. This is achieved by coordinating and planning activities to ensure a cohesive long term direction for GMW. In addition, the team works with the business to establish strong cross-functional working groups to facilitate the development of key business strategies and enhance the focus of innovation through research and development across the whole business to support delivery of our fundamental commitments.
- **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.
- **Finance** - Provides support services to GMW in the areas of financial control, procurement, budgeting and forecasting, financial analytics and systems, and regulation and pricing.
- **Marketing and Communications** - 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.

Governance and Organisational Structure

Board of Directors

Independent Directors

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

Chairman Sarah Scales

Sarah Scales is a business and risk management consultant and also owns a mixed farming enterprise near Mansfield. Ms Scales is currently a non-executive director of companies including Queensland Sugar Limited, InterGrain Pty Ltd, The Pastoral Pork Company Pty Ltd, Aroona Holdings Pty Ltd and Agracom Pty Ltd. She was previously the General Manager of AWB International and held prior senior management positions at AWB Limited. Ms Scales has a Bachelor of Agricultural Science and has completed the Stanford Executive program. Ms Scales has been on the Board of GMW since May 2011.

Dennis Moon

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.

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 is now a consultant to industry using her specialist skills in digital economy strategies, community facilitation, telecommunications infrastructure and leadership consultancy. She is also a board member of Bendigo Healthcare, Bendigo Kangan TAFE and the Ulumbarra Foundation. Ms O'Rourke is also a Fellow of the Australian Institute of Company Directors.

To 30 September 2015

Ian Mansbridge

Ian Mansbridge is a fourth generation farmer at Pompapiel. Mr Mansbridge's Executive roles have included Managing Director of Sandhurst Trustees and Elders Rural Bank and General Manager of Bendigo Bank. His current Directorships include Sandhurst Trustees, MyState, Tasmanian Perpetual Trustees, The Rock Building Society and Australian Friendly Society and the Bendigo Art Gallery Foundation of which he is Chair.

Neil Pankhurst

Neil Pankhurst has practical experience in primary production and customer engagement. Mr Pankhurst is an irrigator and dairy farmer from Tongala who is a Councillor and served a term as Mayor of the Shire of Campaspe. Mr Pankhurst is also Chair of Tongala and District Financial Services which operates the Tongala branch of the Bendigo Community Bank and agencies in Kyabram and Mathoura. Neil is also a member of the Australian Institute of Company Directors.

Frank Whitford

Frank Whitford from Shepparton has extensive knowledge of the retail industry across Australia. Mr Whitford is an experienced Managing Director, having held roles at Fletcher Jones, Mitre 10, Sportsgirl-Sportscraft and senior management roles at Coles-Myer and Kodak. He is also involved with the family Wagyu beef breeding and calf rearing business in Northern Victoria. Mr Whitford is the current Deputy Chair of PrimeSafe Victoria and has served as a Director on a number of Boards for over 15 years.

Peter McCamish

Peter McCamish has significant knowledge of the Goulburn Valley horticultural industry, as he has been part of this industry for 34 years. He is a Fellow of the Australian Institute of Company Directors and has served on a number of boards including S D Reid Holdings, a Tasmanian cherry grower and exporter, SPC-Ardmona Limited and the Water for Rivers project.

Barry Steggall

Barry Steggall is a former Mayor of the City of Swan Hill. Mr Steggall was formerly the State Deputy Leader of the National Party and Member of Parliament for Swan Hill from 1983 to 2002. He specialised in water, environment and food issues during his Parliamentary career. Mr Steggall is also a board member of Cooperative Schools Victoria and a former member of Victoria's Independent Panel for Sustainable Water Strategies.

Dick Ranken

Dick Ranken is a livestock property owner from Avenel. Mr Ranken retired in 2009 after a 30 year career with the International Finance Corporation, the private-sector arm of the World Bank Group. Mr Ranken is a board member of a bank in Mongolia and a private equity fund in the Pacific Islands. He is a member of the Upton Hill CFA. Mr Ranken holds a Bachelor of Agricultural Economics, a Master of Arts, and has completed an executive development program at Harvard Business School. He is a graduate member of the Australian Institute of Company Directors.

From 1 October 2015

Alana Johnson

Alana Johnson is a Director of the Rural Industries Research and Development Corporation and a Principal of Lurg Cattle Co. She is the President of the Voice for Indi project committee, the Chair of the Dugdale Trust for Women and Girls and acting Chair for the Victorian Women's Trust. Ms Johnson has a Bachelor of Arts, Bachelor of Social Work and is currently working on her PhD. She is a graduate of the Australian Institute of Company Directors.

Dennis Quinn

Dennis Quinn has a background in engineering and marketing and sales management. Dennis was the 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. He has a Master of Arts (Marketing)

Margot Henty

Margot Henty has been an irrigation dairy farmer for more than 30 years. She is a member of the Marketing subcommittee of the Waterpool Cooperative, the Victorian Basin Advisory Group and the Women in Water Taskforce. She is a representative to the Murray Darling Basin Council Community Advisory Committee and has been involved in the Barr Creek Salinity Management Plan. Ms Henty has a Bachelor of Arts.

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. He has previously worked for the Premier of Victoria and was an Electoral Officer for the Federal Member for Melbourne Ports. Mr Suss is a Board Member of Avalon Airport and a Director of The KIDS Foundation. He has a Master of Public Policy and Management and is a Graduate of the Australian Institute of Company Directors.

Patrick McNamara

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

Executive Directors

Managing Director, to 8 May 2016

John Calleja, BCom, MAppFin, CA

John Calleja joined GMW in July 2011 with 15 years of financial and general management experience. Mr Calleja's experience was obtained in senior positions in infrastructure and infrastructure advisory

businesses in Australia and internationally. Mr Calleja has held CFO positions in both publicly listed and privately held electricity distribution businesses. He has strong skills across financial management, governance, economic regulation and business performance. Mr Calleja was Chief Financial Officer of GMW immediately before his appointment as Managing Director.

Acting Managing Director, from 9 May to 30 June 2016

Geoff Cutter, BEc, MBA, FCPA, GAICD

Geoff brings more than 30 years in commercial and statutory corporations, including water authority experience with Murray Irrigation Limited in Deniliquin. Geoff has been CFO of the Emergency Services Telecommunications Authority (which operates the 'Triple Zero' service across Victoria), and in large public hospitals and local government. Geoff's commercial experience ranged from very large corporations (Ericsson) through to the small and medium enterprise sector.

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 Ian Mansbridge, Dennis Moon, Neil Pankhurst, Frank Whitford, Margot Henty and Patrick McNamara 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 or, in the case of the Audit Committee, all directors except for one consultant.

From 1 July 2015 to 30 June 2016 the following Board Committees operated:

Risk and Compliance, Oversee GMW's risk management and compliance.

Audit, Oversee GMW's financial reporting process, internal controls and the internal and external audit program.

Remuneration, Oversee GMW's remuneration and performance management practices.

Connections (to 21 April 2016)*

- Monitor the performance of the Connections Project
- Approve District/Overview Plans, Strategic Connections Landscape Plans within the scope of District Overview Plans, and Landowner Schedules.

*The Board dissolved the Connections Committee on 21 April 2016 due to the creation of the Project Control Group (refer below for more information). The Project Control Group has taken on the purpose of the former Connections Committee.

Governance and Organisational Structure

Board Meetings

Directors attended the following scheduled meetings:

Person	Number attended/eligible to attend				
	Board	Audit	Risk and Compliance	Remuneration	Connections
Sarah Scales*	15/15	6/6*	3/4*	4/4	5/5*
Frank Whitford	4/4			1/1	2/3
Ian Mansbridge	3/4	1/2	1/1		
Dennis Moon	14/15			3/4	5/5
Neil Pankhurst	3/4		1/1		
Peter McCamish	4/4	2/2			3/3
Barry Steggall	4/4			1/1	3/3
Dick Ranken	2/4	1/2	0/1		
Margaret O'Rourke	15/15	5/6	4/4		3/3
Margot Henty	11/11		3/3		2/2
Alana Johnson	10/11		2/3		1/2
Patrick McNamara	10/11	3/4			2/2
Dennis Quinn	10/11			2/3	2/2
Ari Suss	11/11	4/4	3/3		
John Calleja	11/12	4/4	3/3	3/3	5/5
Geoff Cutter (Acting Managing Director from 9 May 2016)	2/2	2/2	1/1		

Table 13: Board member attendance and eligibility from 1 July 2015

* The Chairman 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

On Thursday 3 March 2016, the Victorian Minister for Environment, Climate Change and Water, the Hon Lisa Neville MP announced the:

- formation of a PCG, chaired by Mike Walsh
- appointment of a new Connections Project Director, Frank Fisseler

The GMW Board subsequently established the PCG on 21 April 2016 and delegated certain functions, powers and duties as specified in the PCG Terms of Reference.

The role of the PCG is to:

- oversee, monitor and be responsible for the management and delivery of the Connections 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.

Membership of the PCG during 2015/16 consisted of:

- Mike Walsh – Chair
- Margot Henty – GMW director
- Campbell Fitzpatrick
- Frank Fisseler (non-voting member)
- Richard Anderson (non-voting member).

Water Services Committees

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

- Patrick McNamara (from 28 October 2015 to 30 June 2016)
- Ari Suss (from 28 October 2015 to 30 June 2016)
- Sarah Scales, ex-officio member (from 1 July 2015 to 30 June 2016)

Meetings are held quarterly and at any other time on request of a Committee member. In 2015/16, the committee met six times.

Independent Review Panel

The Independent Review Panel (IRP) was established to review landowner decisions made by the Connections Project. The aim of the panel is to provide an independent review process to ensure fair and reasonable outcomes consistent with the project's objectives.

The IRP consists of a Chair and five members appointed by the Minister for Environment, Climate Change and Water for a two-year term.

The IRP did not receive any applications to review decisions in 2015/16.

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 for a three-year term. The following persons were the independent members of the Committee in 2015/16:

- Jennifer Dawson, Chair (from 1 July 2015 to 30 June 2016)
- Ian Mansbridge (from 1 July 2015 to 30 September 2015)
- Peter McCamish (from 1 July 2015 to 30 September 2015)
- Dick Ranken (from 1 July 2015 to 30 September 2015)
- Margaret O'Rourke (from 1 July 2015 to 30 June 2016)

Governance and Organisational Structure

Occupational Health and Safety

The 2015/16 period saw GMW complete external surveillance audits of its Occupational Health and Safety Management Systems against the AS/NZS 4801 standard. Certification against this standard continues and certification against OHSAS 18001: Occupational Health and Safety Management Systems were also awarded during the most recent audit conducted in April 2016.

The Health, Safety, Environment and Sustainability (HSE) team has worked closely with Learning and Development staff to create online learning modules for areas identified as being high risk to the business. This has included Driver Safety and all-staff HSE refresher training, and is complemented by a face to manager and supervisor OH&S training program. At 30 June approximately 95 per cent of GMW managers and supervisors have completed this training. GMW's Board has also completed a dedicated due diligence session during this time and committed to the establishment of a Board action plan to increase their interactions with employees on HSE matters.

GMW again provided strong representation at the annual Goulburn Valley Safety Group Awards with a number of initiatives and Health and Safety Representatives being nominated for their contributions to OH&S improvement.

Online contractor HSE inductions continue with a total of 1983 persons either renewing or completing this for the first time compared with 1862 in 2014/15.

Rehabilitation and Return to Work

GMW continued to develop its rehabilitation and return to work system with the implementation of a comprehensive information system. This system will assist in the coordination and administration of support provided to injured employees and the management of workers' compensation claims. The system will also allow for more comprehensive tracking of injury and rehabilitation data.

GMW also provided online education to its managers and supervisors in return to work and injury management practices to enable a greater level of support to injured employees and better return to work planning across the organisation.

During 2015/16 GMW experienced a higher rate of complex injuries. These consisted primarily of manual handling injuries requiring complex treatments and rehabilitation programs. This generated an increase in average claim duration and associated claim costs.

Much of GMW's work involves maintenance and construction activities requiring manual labour. GMW has a comprehensive manual handling training and resilience program that continues to be developed and modified to reduce the risk of these injuries occurring. Further to this, GMW is developing a strength and conditioning program for employees involved in manual work to further reduce risks associated with manual handling.

Wellbeing

GMW also commenced a formal employee wellbeing program. This provides employees with access to a range of cost effective wellbeing initiatives, support and services. The program is designed to maximise the health and wellbeing of staff while also decreasing costs associated with employee wellbeing.

Occupational Health and Safety Key Performance Indicators					
	2011/12	2012/13	2013/14	2014/15	2015/16
Number of health and safety employee representative committees	19	9	9	8	3
Number of lost time injuries for the year	9	12	16	16	16
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	9	9	13.1	13.2	11.2
Average Lost Time Rate (average number of days lost per lost time injury)	12.2	7.1	10.1	22.8	25.7
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	-	33.7	25.6	17.8	15.4
Number of lost time standard claims for the year per 100 full-time equivalent staff members	-	0.72	0.94	1.19	1.16
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	-	\$10,778	\$4,469	\$52,215	\$73,860

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

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 the GMW People Policy, created and approved by the Board in June 2016.

The GMW People Policy is to be applied to all human resource related activities, policies, processes, procedures and guidelines in matters such as, but not limited to, recruitment and selection, training and development, diversity,

retention, employment opportunities, performance management reviews, salary and remuneration, exit and termination, community based people programs, and health and well-being.

The overarching People Policy reflects six pillars of work streams, with several HR components within each pillar. This work is currently being undertaken by the Human Resources team and is a three year plan of activity to be completed by June 2019.

An example of, but not the entire capability is represented below:

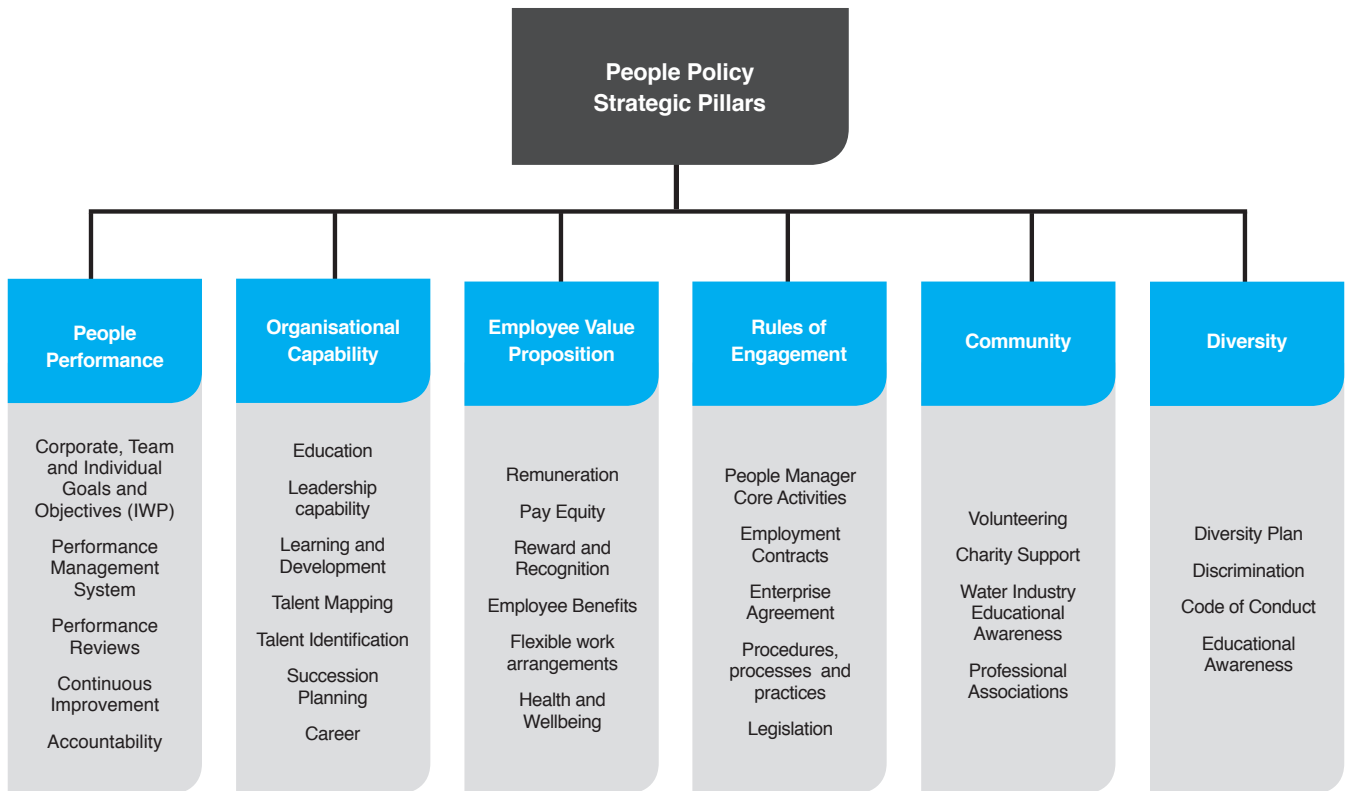


Diagram 3: GMW's People Policy visual representation

Workforce data

Comparative Workforce Data

GMW has seen no significant changes to its work force numbers, with slight movement due to normal attrition and business needs. GMW has seen an increase in part time roles, becoming more flexible with working conditions to accommodate employee needs.

GMW employs a total of 794 staff (figures exclude directors and chairman) equivalent to 777.2 FTE.

The relevant demographic data for GMW's workforce as at 30 June 2016 is listed below.

Workforce Inclusion Policy

GMW has implemented the following strategies, procedures and policies which demonstrate that it is working towards achieving a balanced workforce:

Diversity Strategy: The purpose of the revised 2016 is strategy is to continue to build accountability for diversity and inclusion 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 2016 to reflect that of the commitment of all Water Corporation Chairs in Victoria, so as an industry they can collectively be 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 LGBTI, Disability and ATSI.

GMW's 2016 Diversity Strategy and operational plan works in with other operational procedures such as Recruitment and Selection, Disability Action Plan, Equal

Employees						
	Ongoing employees				Fixed term and casual (WSD & CP)	
	Number (headcount)	Full time (headcount)	Part time (headcount)	FTE ongoing employees	Headcount	FTE
Jun-16*	616	573	43	604.4	178.0	172.8
Jun-15	587	557	30	578	190.0	176.1

Employee demographics								
	Jun-16				Jun-15			
	Ongoing		Fixed term and casual WSD & CP	Fixed term and casual	Ongoing		Fixed term and casual WSD & CP	Fixed term and casual
	Number (headcount)	FTE	Number headcount	FTE	Number headcount	FTE	Number (headcount)	FTE
Gender								
Male	472	470.1	100.0	97.4	465	463.3	108.0	100.4
Female	144	134.3	78.0	75.4	122	115.1	82.0	75.7
Age								
< 25	15	14.4	10.0	10.0	13	12.0	6.0	4.8
25 – 34	144	139.9	46.0	44.3	132	129.9	56.0	55.3
35 – 44	150	144.9	53.0	51.7	158	154.6	51.0	49.8
45 – 54	155	153.7	44.0	43.9	144	142.5	42.0	37.4
55 – 64	136	134.5	24.0	23.1	128	127.4	28.0	26.6
65>	16	16.0	1.0	0.2	12	12.0	7.0	2.2
Classification								
Band A	122	122.0	13.0	13.0	126	126.0	10.0	9.2
Band B	189	185.0	17.0	15.7	186	183.1	22.0	20.9
Band C	135	132.5	63.0	61.4	127	124.6	66.0	64.3
Band D	101	95.9	42.0	40.2	82	79.9	39.0	38.5
Band E	46	45.0	18.0	17.8	43	42.6	16.0	16.0
Band F	23	23.0	19.0	19.0	23	22.0	19.0	16.5
Executives	0	0.0	6.0	6.0	9	0.0	9.0	9.0
Directors	0	0.0	9.0	1.8	9	0.0	9.0	1.8

Table 15: GMW's workforce data by classification, gender and age demographics. Employees have been correctly classified in workforce data collections

*Totals do not include directors

Opportunity and the Victorian Public Sector Code of Conduct.

This ensures that GMW is employing people based on merit, treating all employees and candidates fairly and reasonably

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.

GMW has an 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.

GMW adheres to the Victorian Public Sector Code of Conduct which is actively promoted through the Human Resources Department

GMW actively promotes the Gifts, Benefits and Hospitality Policy framework and the Conflict of Interest Policy through intranet, email and the Corporate Secretariat Office.

Executive Officer data

The total group of executives is classified into two distinct categories based on the following definitions:

- 'ongoing' executives are executives who are responsible for functions or outputs that are expected to be ongoing at the end of the reporting period; and
- 'special projects' executives are executives who are employed for a specific project. These projects are generally for a fixed period of time.

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 30 June 2016:

- Table 16 discloses the number of EOs in the categories of 'ongoing' and 'special projects' and the total numbers of EOs for the Corporation;

- Table 17 provides a breakdown of EOs according to gender for the categories of 'ongoing' and 'special projects';
- Table 18 provides a reconciliation of executive officer numbers presented between the report of operations and Note 19 'Responsible persons and executive officers disclosures' in the financial statements;
- Tables 16 to 18 also disclose the variations, denoted by 'var', between the current and previous reporting periods. Current vacancies are shown in table 17.

Executive Officers						
	All		Ongoing		Special Projects	
Class	No.	Var.	No.	Var.	No.	Var.
EO 1	1	-	1	-	-	-
EO 2	4	-1	4	-	-	-1
EO 3	2	-	2	-	-	-
Total	7	-1	7	-	-	-1

Table 16: Number of EO's classified into 'ongoing' and 'special projects'

Executive Officers										
	Ongoing						Special Projects			
	Male		Female		Vacancies	Male		Female		Vacancies
Class	No.	Var.	No.	Var.	No.	No.	Var.	No.	Var.	No.
EO 1	1	-	-	-	-	-	-	-	-	-
EO 2	3	1	1	-1	-	-	-1	-	-	-
EO 3	1	-	1	-	-	-	-	-	-	-
Total	5	1	2	-1	-	-	-1	-	-	-

Table 17: Breakdown of EO's into gender for 'ongoing' and 'special projects'

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 19 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 distinguish between executive levels, nor does it disclose separations, vacant positions, executives whose total remuneration is below \$100 000, nor does it include the Accountable Officer. Separations are those executives who received more than \$100 000 in the financial year and have left GMW during this year. To assist readers, these two disclosures are reconciled below.

Executive Officers		
Indicator	2016	2015
Executive with total remuneration over \$100,000 (Financial Statement Note 41 (a))	7	7
Add - Accountable Officer (Managing Director)	1	1
Less - Separations	-1	-
Total executive numbers at 30 June	7	8

Table 18: Reconciliation of executive numbers

Other Disclosures

Other Disclosures

Implementation of the Victorian Industry Participation Policy (VIPP)

The *Victorian Industry Participation Policy Act 2003* requires government departments and agencies to report on the commitments and outcomes to the VIPP under the VIPP Act, relating to procurement activities that meet or exceed \$1m 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 2015/16, there were 39 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015/16 in relation to these consultancies is \$3,747,350 (excl. GST). Details of individual consultancies can be viewed at www.g-mwater.com.au under the annual reports section.

Within the above figures 16 consultancies were related to the Connections Project, where total expenditure during 2015/16 was \$2,533,392 (excl. GST).

In 2015/16, there were 29 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2015/16 in relation to these consultancies is \$135,779 (excl. GST).

Within the above figures five consultancies were related to the Connections Project, where total expenditure during 2015/16 was \$12,414 (excl. GST).

Disclosure of Major Contracts

During 2015/16 GMW commenced four contracts totalling \$7,814,697 (inclusive of GST) in value, to which the VIPP was applied. All contracts are for regional projects.

During 2015/16 GMW completed five contracts to which the VIPP was applied.

Government advertising expenditure

GMW's expenditure on government campaign expenditure in the 2015-16 reporting period did not exceed \$100,000 (excl. GST).

Project	Division	Tender #	Value (incl gst)
Supply of Valves	Connections	TDR-ME1011	\$1,786,000.00 max
2016 Winter Works Pipe Supply	Connections	P2033	\$2,000,000.00
Lake Buffalo Spillway Gates and Hoists Upgrade Project	GMW	CGM 287983	\$2,960,000.00
Replacement of the Blamey Road Bridge and Brownings Occupational Bridge	GMW	CGM 291280	\$1,068,697.00

Table 19: Details of major contracts

Information and Communication Technology expenditure

For the 2015-16 reporting period, the Corporation had a total ICT expenditure of \$15.8m, with the details shown below.

ICT Expenditure (\$ 000)			
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure	Operational expenditure	Capital expenditure
11,255	4,530	314	4,216

Table 20: Information and communication technology expenditure since 1 July 2015 (\$ 000)

ICT expenditure refers to the Corporation's costs in providing business-enabling ICT services. 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.

Freedom of Information (FOI)

In 2015/16 GMW received 42 new FOI requests. Requests were received from various sections of the community including individuals, community groups, solicitors and organisations.

During this time 25 requests were finalised. The outcomes were:

FOI Request Outcomes	Number
Full access	7
Partial access granted	6
Access denied	3
No documents	9
Total	25

Table 21: Freedom of Information request outcomes

Seven applications for review of an FOI decision were made to the FOI Commissioner. The outcomes were:

FOI Commissioner review outcomes	Number
FOI Commissioner made same decision	2
Application for review dismissed	2
Review not finalised	3
Total	7

Table 22: Freedom of Information commissioner review outcomes

One application was made to the Victorian Civil and Administrative Tribunal to review an FOI decision.

The FOI Commissioner received five complaints concerning FOI requests handled by GMW.

Compliance with Building Act 1993

GMW owns and or operates premises in Tatura, Shepparton, Cobram, Wangaratta, Lake Hume Village, Dartmouth, Buffalo River, Eildon, Kyabram, Rochester, Cohuna, Patho, Kerang, Swan Hill, Pyramid Hill, Mildura, Cairn Curran, Eppalock, Waranga, Yarrowonga, Lake Nillachootie and Lake William Hovell.

GMW has committed to complete a building audit of all GMW buildings-offices to ensure compliance with the *Building Act 1993*, the *Building Regulations 2006* and associated statutory requirements and amendments. This will be endorsed by a Municipal Building Surveyor or a Registered Building Surveyor Practitioner and will be completed by 31 December 2016. GMW conducts quarterly Essential Safety Measure inspections of its owned buildings, to ensure compliance with safety standards and regulations.

Other Disclosures

Compliance with Building Act 1993 cont.

GMW commenced and completed one major project in 2015/16 on buildings owned or controlled by it greater than \$50,000, namely the upgrade of the heating, ventilation and air-conditioning system at 40 Casey St, Tatura. These works were not subject to certification of plans, mandatory inspections or issue of occupancy permits or certificate of final inspection.

GMW conducted no other major projects or works on buildings owned by it greater than \$50,000 in 2015/16.

There have been no cases of registered building practitioners becoming deregistered following work on buildings owned by GMW.

National Competition Policy

Competitive neutrality seeks to enable fair competition between government and private sector businesses. Any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised. GMW continues to implement and apply this principle in its business undertakings.

Compliance with the Protected Disclosures Act 2012

The *Protected Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the 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, nor the taking of reprisals against those who come forward to disclose such conduct. GMW:

- is committed to ensuring transparency and accountability in its administrative and management practices, and

- supports the making of 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 Disclosures Act 2012*, State 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 the Carers Recognition Act 2012

GMW has taken all practical measures to comply with its obligations under the Carers Recognition Act 2012. These include:

- Considering the carer relationships principles set out in the Act when setting policies and providing services, for example when reviewing our employment policies such as flexible

working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act, and

- Ensuring staff have an awareness and understanding of the care relationship principles set out in the Act. Considerations to the Act are included in GMW's Corporate Induction program when advising staff of current carers leave entitlements and principles in line with the Act.

Compliance with the Water Act 1989

GMW is a statutory Corporation constituted by Ministerial Order under the provisions of the Water Act 1989. There are no additional disclosures required to be made in the annual report under this act.

Office-Based environmental impacts

GMW recorded a 272 tonne reduction in Greenhouse Gas Emissions over the 2015/16 period compared to 2014/15. This reduction is attributed to a continuing decrease in energy use through implementation of Emission Reduction Initiatives.

Greenhouse Emissions by Source						
CO2e by source (Tonne)	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Energy ¹	9,001	8,356	9,753	8,634	8,851	8,375
Vehicle Fleet ²	4,416	4,698	4,636	4,223	3,822	4,026
Temporary Pumping ³	-	-	-	-	0	0
Total	13,417	13,054	14,579	12,858	12,673	12,401

Table 23: Greenhouse gas emissions by source since 1 July 2010

1 - Electricity and gas to run offices and depot and deliver water to customers.

2 - Fuel consumed by the vehicle fleet.

3 - In some years temporary drought pumping can make a significant contribution to greenhouse emissions. This was not the case in 2015/16.

Greenhouse Gas Emissions

In light of likely revised emissions reduction targets to be set by the government, GMW will review current energy reduction initiatives and will revise the targets accordingly.

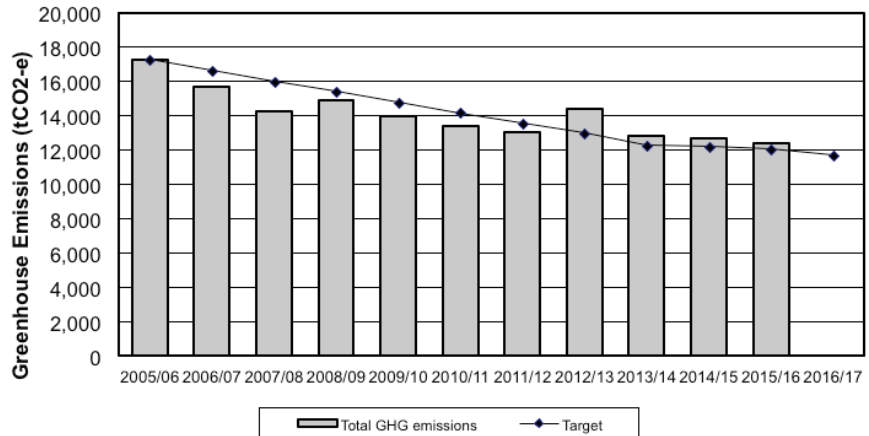


Chart 6: Total greenhouse gas emissions vs target emissions since 1 July 2005

Corporate Water Consumption

Corporate Water Consumption at GMW's 15 major office locations was 22,503 kilolitres (KL) in 2015/16. Based on FTE employees at major offices, this equates to an office water consumption of 29kL per FTE per year.

Corporate Water Consumption	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Water Consumption (KL)	11,934	13,584	16,781	16,017	19,704	22,503
Consumption per FTE	19	20	24	24	26	29

Table 24: Total water consumption in kilolitres and kilolitre consumption per FTE across major offices

Value of Community Service Obligations

During 2015/16, GMW granted \$245,239.42 in pension concessions compared to \$217,684.43 pension concessions granted in 2014/15, and \$192,611.05 pension concessions granted in 2013/14.

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 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 toilet block upgrades.

GMW, together with the North East Catchment Management Authority 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.

GMW and the MDBA completed a 160m long concrete retaining wall on the Lake Mulwala foreshore to address significant slumping erosion and threats to road infrastructure at the Bank Street Boat Ramp in Yarrowonga.

GMW also rebuilt 550m of western foreshore rock armour at the Silverwoods development

to address insufficient treatment by a previous developer. GMW is currently negotiating appropriate erosion control treatments of the Commercial promenade 'The Point.'

GMW and the MDBA implemented a winter drawdown of Lake Mulwala in 2015 to address the density and spread of Egeria (Dense Water Weed).

GMW has reinstated rock at the Bundalong and Yarrowonga boat ramps after the winter drawdown revealed large vessels are dislodging rock material and compromising the toe of the concrete boat ramps.

GMW is working with the traditional owners (Yorta Yorta) to address erosion and sites of cultural heritage significance at Kow Swamp.

GMW is working with Towong Shire Council to demolish old toilet blocks on the foreshore of Lake Hume at Tallangatta, refurbish some amenities and apply best practice stormwater design principles to drainage on the foreshore environment.

Other Disclosures

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, in particular floodplain management, drainage and waterway management.

Victorian Biodiversity Strategy

GMW respects the intent of the Victorian Biodiversity Strategy and works with government departments, local government and catchment management authorities to support biodiversity conservation and protection activities when undertaking works and projects. GMW is also working with multiple local Governments and CMAs to implement the Federal Governments '20 Million Tree' revegetation project to improve ecological values at Lake Hume and Lake Mulwala.

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

GMW continued to work with partners to the Irrigation Drainage Memorandum of Understanding including the Environmental Protection Authority Victoria, DELWP, DEDJTR, North Central Catchment Management Authority and the Goulburn Broken Catchment Management Authority, met reporting requirements against established Key Performance Indicators and participated in a water quality risk assessment of drainage.

GMW continued to participate in the review of SEPP Waters of Victoria and SEPP Groundwaters of Victoria via workshops and working groups.

Statement of availability of other information

Information held by GMW and available on request subject to the *Freedom of Information Act 1982* includes:

- a. a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- b. details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- c. details of publications produced by GMW about itself, and how these can be obtained
- d. details of changes in prices, fees, charges, rates and levies charged by GMW
- e. details of any major external reviews carried out on GMW
- f. details of major research and development activities undertaken by GMW
- g. details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- h. details of major promotional, public relations and marketing activities undertaken by GMW to develop community awareness of the entity and its services
- i. details of assessments and measures undertaken to improve the occupational health and safety of employees
- j. a general statement on industrial relations within GMW and details of time lost through industrial accidents and disputes
- k. a list of major committees sponsored by GMW, the purposes of each committee and the extent to which the purposes have been achieved
- l. details of all consultancies and contractors including:
 1. consultants/contractors engaged
 2. services provided; and
 3. expenditure committed to for each engagement.

Energy and Water Ombudsman (Victoria) Limited (EWOV)

GMW is a member of the Energy and Water Ombudsman (Victoria) 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 2015/2016 financial year, EWOV referred 46 matters to GMW. The nature of these complaints is outlined as follows:

- Enquiries – 3
- Unassisted Referrals – 6
- Assisted Referrals – 26
- Real Time Resolution – 1
- Investigations – 10

As at 30 June 2016, there were two 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.

Attestation for compliance with SD 4.5.5

I, Sarah Scales, certify that Goulburn-Murray Water has complied with the Ministerial Standing Direction 4.5.5 – Risk Management Framework and Processes. Goulburn-Murray Water's Audit Committee has verified this.



Sarah Scales
Chairman
Goulburn-Murray Water
17 August 2016

Financial Statements 2015/16

Declaration

Statutory Certification

The attached financial statements for Goulburn-Murray Rural Water Corporation have been prepared in accordance with Standing Direction 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards 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 2016 and financial position of the Corporation at 30 June 2016.

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 17 August 2016.



Sarah Scales
Chairman



Neil Brennan
Interim Managing Director



Geoff Cutter
Chief Financial Officer

Certification of Performance Report for 2015/16

We certify that the accompanying Performance Report of Goulburn-Murray Rural Water Corporation in respect of the 2015-16 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 2015/16 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.



Sarah Scales
Chairman



Neil Brennan
Interim Managing Director



Geoff Cutter
Chief Financial Officer

17 August 2016

Independent Auditor's Report

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Goulburn-Murray Rural Water Corporation

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of Goulburn-Murray Rural Water Corporation which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory certification.

The Board Members' Responsibility for the Financial Report

The board members of Goulburn-Murray Rural Water Corporation are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the board members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the board members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

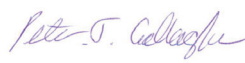
Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Goulburn-Murray Rural Water Corporation as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
31 August 2016


For Dr Peter Frost
Acting Auditor-General

Independent Auditor's Report

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000

Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010

Website www.audit.vic.gov.au

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Goulburn-Murray Rural Water Corporation

The Performance Report

I have audited the accompanying performance report for the year ended 30 June 2016 of Goulburn-Murray Rural Water Corporation which comprises the performance report, the related notes and the certification.

The Board Members' Responsibility for the Performance Report

The board members of Goulburn-Murray Rural Water Corporation are responsible for the preparation and fair presentation of the performance report and for such internal control as the board members determine is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the performance report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance report.

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the performance report of Goulburn-Murray Rural Water Corporation in respect of the 30 June 2016 financial year presents fairly, in all material respects.

MELBOURNE
31 August 2016


for Dr Peter Frost
Acting Auditor-General

Financial Statements

Statement of Comprehensive Income for the Year ended 30 June 2016

	Notes	2015/16 \$000	2014/15 \$000
Revenue from operating activities			
Revenue from customers		126,962	128,537
Government grants		3,358	2,385
Government funding - Connections Project		100,550	91,103
Contracting services		13,834	15,129
Other revenue		14,900	12,529
Total revenue	2	259,603	249,683
Expenses from operating activities			
Operating, maintenance and administration expenses	3(a)	60,393	61,400
Connections Project costs	3(b)	47,967	50,919
Employee expenses	3(c)	73,351	69,233
Depreciation and amortisation	3(d)	70,040	70,429
Other expenses	3(e)	22,248	15,478
Total expenses		273,998	267,459
Profit / (Loss) before tax		(14,395)	(17,776)
Income tax expense/(benefit)	4(a)	(3,772)	(5,138)
Net Profit / (Loss) for the Year		(10,624)	(12,638)
Other comprehensive income/(loss) for the year, net of tax			
<i>Items that will not be reclassified to net result</i>			
Change in asset revaluation reserve		586,492	-
Income tax related to this change	4(c)	(174,703)	-
Other Comprehensive income for the period, net of income tax	14(b)	411,788	-
Total comprehensive income/(loss) for the year		401,165	(12,638)

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

**Balance Sheet
as at 30 June 2016**

	Notes	2015/16 \$000	2014/15 \$000
ASSETS			
Current assets			
Cash and cash equivalents	5	117,257	171,606
Receivables	6	25,595	24,137
Inventories		3,124	3,021
Prepayments		1,239	934
Assets classified as held for sale	7	-	117
Total current assets		147,215	199,815
Non-current assets			
Receivables	6	59	59
Intangible assets	8	9,243	10,154
Infrastructure assets, property, plant and equipment	9	4,811,306	4,175,302
Total non-current assets		4,820,608	4,185,516
Total assets		4,967,824	4,385,330
LIABILITIES			
Current liabilities			
Payables	10	52,728	39,865
Employee benefits	11	20,893	18,580
Borrowings	12	1,802	6,695
Other liabilities	13	10,034	85,532
Total current liabilities		85,456	150,672
Non-current liabilities			
Employee benefits	11	2,626	2,830
Borrowings	12	108,859	110,660
Deferred tax liabilities	4(c)	614,692	443,761
Total non-current liabilities		726,178	557,251
Total liabilities		811,634	707,923
Net assets		4,156,190	3,677,407
EQUITY			
Contributed capital	14(a)	2,617,076	2,539,458
Asset revaluation reserve	14(b)	1,627,305	1,215,516
Accumulated surplus / (deficit)	14(c)	(88,191)	(77,567)
Total equity		4,156,190	3,677,407
Funding commitments - Connections Project	15		
Other commitments	16		
Contingent assets and liabilities	17		

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

Financial Statements

Statement of Changes in Equity for the Year ended 30 June 2016

	Notes	Contributed Capital \$000	Asset Revaluation Reserve \$000	Accumulated Surplus / (Deficit) \$000	Total \$000
Balance at 1 July 2014		2,527,901	1,215,516	(64,929)	3,678,488
Total comprehensive income/(loss) for the year	14(c)	-	-	(12,638)	(12,638)
Transactions with State in its capacity as Owner					
Contributions by owner	14(a)	11,557	-	-	11,557
Balance at 30 June 2015		2,539,458	1,215,516	(77,567)	3,677,407
Total comprehensive income/(loss) for the year	14(b)(c)	-	411,788	(10,624)	401,164
Transactions with State in its capacity as Owner					
Contributions by owner	14(a)	77,618	-	-	77,618
Balance at 30 June 2016	14 (a)(b)(c)	2,617,076	1,627,304	(88,191)	4,156,190

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

Cash Flow Statement for the Year ended 30 June 2016

	Notes	2015/16 \$000	2014/15 \$000
Cash flows from operating activities			
Receipts			
Receipts from customers		158,240	156,508
Receipts from government		28,836	110,955
Interest received		2,235	2,415
GST received from ATO		20,507	16,192
Payments			
Payments to suppliers and employees		(193,365)	(204,078)
Interest and other costs of finance paid		(7,780)	(8,926)
Environmental contribution levy		(1,686)	(1,686)
Net cash inflow from operating activities	20 (b)	6,987	71,380
Cash flows from investing activities			
Payment for intangible assets, infrastructure assets, property, plant and equipment		(132,613)	(83,081)
Payment for assets held for sale		-	268
Proceeds from assets held for sale		126	2,229
Proceeds from sale of property, plant & equipment		228	597
Net cash (outflow) from investing activities		(132,259)	(79,987)
Cash flows from financing activities			
Capital contributions from Victorian Government		77,618	13,161
Repayment of borrowings		(6,695)	(22,095)
Net cash inflow/(outflow) from financing activities		70,923	(8,934)
Net increase in cash and cash equivalents		(54,349)	(17,541)
Cash and cash equivalents at the beginning of the year		171,606	189,147
Cash and cash equivalents at the end of the year	5 / 20(a)	117,257	171,606

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

Financial Statements

Notes to the Financial Report for the year ended 30 June 2016

Note 1: Significant Accounting Policies

(a) Reporting Entity

These annual financial statements represent the audited general purpose financial statements for Goulburn-Murray Rural Water Corporation (the Corporation or GMW) for the period ending 30 June 2016. The financial report provides users with information about the Corporation's stewardship of resources entrusted to it. The financial statements cover GMW as an individual reporting entity.

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

Its principal address is:

40 Casey Street
Tatura Vic 3616

A description of the Corporation's operations and its principal activities is included in the report of operations which does not form part of this financial report.

(b) Statement of Compliance

This general purpose financial report consists of a Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements as at 30 June 2016. It has been prepared in accordance with the *Financial Management Act 1994* and applicable Australian Accounting Standards (AAS) which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

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

These annual financial statements were authorised for issue by the Board on 17 August 2016.

(c) Basis of Accounting Preparation and Measurement

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.

Accrual Basis of Accounting

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

Accounting Estimates

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgement derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- Fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(i));
- Estimation of useful lives (refer to note 1(i));
- Impairment of assets (refer to Note 1(i));
- Unearned revenue (refer to Note 1(j));
- Employee benefit provisions (refer to Note 1(j));

- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 1(j));
- These financial statements are presented in Australian dollars, and prepared in accordance with the historic cost convention except for:
- Non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;
 - Certain liabilities, most notably long service leave which is calculated taking into account the likelihood that any employee will become entitled and any future impacts on salary by the time they are expected to take the leave.

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

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

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

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

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

The Valuer-General Victoria (VGV) is GMW's independent valuation agency.

The Corporation, 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.

AASB 2015-7 Amendments to Australian Accounting Standards

GMW has adopted the reduced disclosure made available under AASB2015-7 *Amendments to Australian Accounting Standard – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. The objective of this standard is to make amendments to AASB13 *Fair Value Measurement* to relieve not-for-profit public sector entities from certain disclosures applying to assets within the scope of AASB 116 *Property Plant and Equipment* whose future economic benefits are not primarily dependent on the asset's ability to generate future net cash inflows. Refer to Note 9(d).

Rounding

Unless otherwise stated, amounts shown in the financial report are rounded to the nearest \$1,000, unless otherwise stated. Immaterial discrepancies in tables between totals and sums of components reflect rounding.

(d) Objectives and Funding for the Connections Project

Subsequent to the restructuring of administrative arrangements (1 July 2012), the Northern Victoria Irrigation Renewal Project (NVIIRP) was integrated into GMW and renamed as the Connections Project – a division of GMW.

Financial Statements

The Connections Project (the Project) objective is to plan, design and deliver the program for modernisation of the irrigation system throughout the GMID.

Stage 1 of the Project was initially expected to be completed during 2013, at a cost up to \$1.004 billion. In October 2011, Cabinet directed that the NVIRP Stage 1 Business Case be reviewed to enable the integrated delivery of Stage 1 and Stage 2 of the Project and to support the completion of the Food Bowl Modernisation Project agreement with the Commonwealth, with a revised completion date for Stage 1 being 30 June 2018, to align with the completion of Stage 2. Refer to Note 15 Funding Commitments for further details.

Stage 2 of the Project commenced during 2011-12 and will cost up to \$1.071 billion. During 2015-2016 the Project has been subject to a mid-term review which has identified that the project needed to be reset. The Project is currently in the re-setting phase after which any modifications to the scope or timeframe of the Project will be clear.

(e) Revenue from Operating Activities

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Corporation and can be reliably measured.

Revenue from Customers

Revenue is brought to account when services have been provided or when a rate is levied. Variable charges for water delivered are made progressively throughout the year, with the final billing scheduled in June after all usage has been determined.

Revenue for bulk water supplied to other water corporations is brought to account throughout the year based on the agreed entitlement volumes allocated to each customer.

Government Grants

Income from grants (other than contribution by owners) is recognised when there is reasonable assurance that the grant will be received and the Corporation has complied with the prerequisite conditions. Such grants are treated as non-reciprocal transfers in accordance with AASB 1004 *Contributions*.

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.

Grants received from the Victorian State Government, which were originally appropriated as additions to net assets or where they are in the nature of owners' contributions, are accounted for as Equity – Contributed Capital in accordance with FRD 119A *Transfers Through Contributed Capital*.

Contracting Services

The Corporation is the Victorian constructing authority for the MDBA and performs contracted works on a cost recovery basis for MDBA and other clients. Revenue is recognised as services are provided.

Interest

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.

Other Revenue

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.

(f) Expenses from Operating Activities

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

Operations, Maintenance and Administration Expenses

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset, is expected to have a useful life of greater than one year, and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Connections Project - Project Costs

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

The recognition of costs associated with agreements to provide incentives for on-farm works and acquisitions of delivery shares is in accordance with the relevant legal agreements.

Employee expenses

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.

Depreciation and Amortisation

All infrastructure assets, buildings, plant and equipment and other non-current physical assets (excluding items under operating leases, assets and land held-for-sale) that have a limited useful life are depreciated. Depreciation is calculated on a straight-line basis, at rates that allocate 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 the shorter, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments are made where appropriate. The following are typical estimated useful lives for the different asset classes for current and prior periods:

Class of Assets	Estimated Life (years)
Buildings	5 to 50
Plant, equipment, furniture and fittings	2 to 20
Intangibles	3 to 10
Infrastructure systems:	
– Non Backbone	1 to 4
– Channels and Structures	5 to 250
– Dams and Drains	5 to 250

The component of channels and drains which are under water are considered to have an indefinite life and are therefore not depreciated. The fair value of these components is \$498million (2015: \$895m). Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed 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 on an annual basis. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and 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 assessment of indefinite life is reviewed

Financial Statements

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.

Disposal of Non-Financial Assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Each year the Corporation negotiates with customers to rationalise parts of the irrigation infrastructure where reconfiguration works permit the realignment of channels and structures. Where assets are assessed as being 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.

Interest Expense

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

(g) Financial Instruments

Financial assets and liabilities are recognised when GMW becomes party to the contractual provisions of a financial instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities are added to or deducted from the fair value on initial recognition as appropriate (other than financial assets or financial liabilities at fair value through profit or loss). Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(h) Financial Assets

Financial assets are classified loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and Cash Equivalents

Cash and deposits recognised on the balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and deposits are measured at nominal value.

Receivables

Receivables consist of:

- Contractual receivables relating to debts for water rates, water consumption and contracting services provided. Contractual receivables are classified as financial instruments and categorised as receivables (refer to Note 1(h) for recognition and measurement). Thus, they are initially recognised at fair value and subsequently measured at amortised cost less any accumulated impairment.
- Statutory receivables, such as GST input tax credits recoverable. Statutory receivables, are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract.

Contractual receivables are subject to impairment testing and a provision for impairment is recognised when there is objective evidence that debts may not be collected. Bad debts are written off when identified.

Impairment of financial assets

At the end of each financial year, the Corporation assesses whether there is objective evidence that a financial asset or group of financial assets are impaired.

Receivables are assessed for bad and doubtful debts on a regular basis. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(i) Non-Financial Assets

Inventories

Inventories comprise stores and materials used in the construction of new works and for the repair and maintenance of existing assets. All inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost basis.

Inventories also include goods held for distribution at no or nominal cost in the ordinary course of business operations. Inventories held for distribution are measured at cost. Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Work in Progress

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 construction work in progress. The balance of construction work in progress represents the costs incurred to date less the value of assets or asset enhancements transferred to Water Storage & Delivery infrastructure, plant and equipment during the period when assets are in the location and condition necessary for them to be capable of operating in the manner intended by management. Direct labour costs are capitalised to the assets.

Water Storage and Delivery

Work in progress is valued at cost plus an appropriate share of overheads. Assets are transferred from work in progress when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Infrastructure, Property, Plant and Equipment

All non-current physical assets are recognised initially at cost and subsequently revalued to fair value less accumulated depreciation and impairment. 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 plant, equipment, furniture and fittings.

In estimating the fair value of an asset GMW uses market-observable 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 9.

Items with a cost in excess of \$2,000 (2015: \$2,000) and a useful life of more than one year are recognised as an asset. Assets with a cost less than \$2,000 but comprising a fleet of assets with a total value in excess of \$2,000 (including computer fleet) are capitalised. All other assets acquired are expensed.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Where assets are constructed by the Corporation, the cost at which they are recorded includes an appropriate share of overheads.

Revaluations of Non-Financial Physical Assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. An independent fair value assessment is undertaken every five years in accordance with the requirements of FRD 103F *Non-Financial Physical Assets*, but may occur more frequently if fair value assessments indicate material changes in asset values. If the difference to carrying value is greater than 10 percent, a management revaluation is undertaken while a movement greater than 40 percent will normally involve the VGV to perform detailed assessment of the fair value. If the movement in fair value is less than or equal to 10 percent, then no change is made to carrying amounts. Certain infrastructure assets are revalued using 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.

Net revaluation increases (where the carrying amount of a class of assets is increased as a result of a revaluation) are recognised in 'other economic flows – other comprehensive income', and accumulated in equity under the asset revaluation surplus. However, the net revaluation increase is recognised in the net result to the extent that it reverses a net revaluation decrease in respect of the same class of asset previously recognised as an expense (other economic flows) in the net result.

Revaluation increases and decreases relating to individual assets within a class of infrastructure, property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes. Asset revaluation reserves are not transferred to accumulated funds on derecognition of the relevant asset.

Non-Financial Assets Classified as Held for Sale

Non-financial physical assets are treated as current and classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- The asset is available for immediate sale in the current condition; and
- The sale is highly probable and the asset's sale is expected to be completed in 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less cost of disposal, and are not subject to depreciation or amortisation.

Impairment of Assets

Non-current physical assets are assessed annually for indicators of impairment, except for inventories. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The difference is written-off by a charge to the Statement of Comprehensive Income except for an asset previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

The recoverable amount for assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

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

Intangible Assets

Intangible assets are initially recognised at cost. Subsequently, 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 the Corporation.

Expenditure on research activities are recognised as an expense in the period in which they are incurred.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised as revenue or an expense in the Statement of Comprehensive Income when the asset is derecognised. Refer to Note 1(f) Depreciation and Amortisation.

Water Shares

GMW holds water shares both as part of its normal operations, the Water Storage & Delivery business, and for the Connections Project. Water shares have an indefinite useful life and are not amortised. The two paragraphs below outline their use and classification:

- (i) Water shares are held by the Water Storage & Delivery business. They are held as bulk entitlements and water shares for operational use and are classified as Intangible assets.

- (ii) Water shares are acquired by the Connections Project during the course of the project. They are accounted for as assets in the reporting period in which they are acquired and an assessment made as to their carrying value based on their expected ultimate disposition. If it is expected that the water shares will ultimately be transferred as part of the project's obligations rather than sold, then they are treated as a cost of the project. 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.

Native Vegetation Offsets

Native vegetation offsets are acquired by the Connections Project during the course of the project. An offset makes an equivalent contribution to Victoria's biodiversity for any native vegetation that is removed. They are accounted for as intangible assets in the reporting period in which they are acquired and when native vegetation is removed in the normal course of the project they are classed as consumed. Native vegetation offsets are measured at cost in accordance with the requirements of AASB 138 *Intangible Assets* and FRD109 *Intangible Assets*.

(j) Liabilities

Payables

Payables consist of:

- Contractual payables, such as accounts payable represent liabilities for goods and services provided to the Corporation prior to the end of the financial year, which are unpaid at year end. They arise when the Corporation becomes obligated to make future payments in respect of the purchase of those goods and services; and
- Statutory payables, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similar to contractual payables, but are not included as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Wages and salaries, annual leave and other entitlements

Liabilities for wages and salaries, including non-monetary benefits, annual leave and other relevant entitlements are all recognised in the provision for employee benefits as 'current liabilities', because the Corporation doesn't have an unconditional right to defer settlement of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

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

Long Service Leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Corporation does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Employee Benefit On-Costs

Employee benefits on-costs, including payroll tax, workers compensation and superannuation, are included in the provision for employee benefits.

Performance Payments

Performance payments to eligible employees are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the term of the contracts to balance date to the extent that a performance payment is expected to be incurred. The performance payment accrual is classified as a current liability as payment is expected to occur within 12 months.

Borrowings

All interest bearing liabilities are initially recognised at the fair value of the consideration received, less directly attributable transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the initial amount recognised (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings, using the effective interest method.

Borrowings consist of short and long term loans from Treasury Corporation of Victoria. Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Connections Project - Unearned Revenue

Funding revenue received by the Connections Project is recognised under the percentage of completion methodology. Any portion that is not recognised as revenue in the current period is recognised as a liability.

Refer to Note 1(e) Government Grants.

(k) Taxation

The Corporation is subject to the National Tax Equivalent Regime, which is administered by the Australian Taxation Office (ATO).

The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted for changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial report and the amount of unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses on the basis of there being sufficient taxable temporary differences relating to the same taxation authority and the expectation that taxable profits will be generated in the longer term.

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. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(l) Leased Assets

At the inception of a lease, the lease is classified as a finance or operating lease based on the economic substance of the agreement in regards to the risks and rewards incidental to ownership.

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

The Corporation as lessor has rental income from property leases which are recognised on a straight-line basis over the term of the relevant lease.

GMW enters into operating leases as lessee and a lessor.

Operating leases as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

Operating leases as lessee

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

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

Finance Leases

GMW does not have any finance leases.

(m) Equity

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital, in accordance with FRD 119A *Transfers through contributed capital*.

(n) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed in Note 16 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.

(o) Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the balance sheet, but are disclosed in Note 17 and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

(p) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, except where GST incurred is not recoverable from the ATO. In this case, the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as an operating cash flow.

(q) Events after the reporting period

Assets, liabilities, revenue or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Corporation and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period. Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

Financial Statements

(r) New Accounting Standards and Interpretations issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period. As at 30 June 2016, the following applicable standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2016. The Corporation has not and does not intend to adopt these standards early. New accounting standards and interpretations that are not compulsory for this reporting period have been assessed for their likely impact on the Corporation.

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 financial impact of available for sale assets will now be reported through other comprehensive income and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 2014-7 <i>Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASBs to incorporate the consequential amendments arising from the issuance of AASB 9	1 Jan 2018	The assessment has indicated that there will be no significant impact for the Corporation.
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 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods is not expected to have a significant impact on the Corporation.
AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the Corporation.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial report
	<p>the profit and loss only when:</p> <ul style="list-style-type: none"> the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and <p>the amount can be measured reliably.</p>		
AASB 2016-3 <i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	<p>This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require:</p> <ul style="list-style-type: none"> A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and <p>For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).</p>	1 Jan 2018	The assessment has indicated that there will be no significant impact for the Corporation, other than the impact identified in AASB 15.
AASB 16 <i>Leases</i>	<p>The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.</p>	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal

Financial Statements

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial report
			impact on the operating result. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.
AASB 2014-4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i> [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.
AASB 2015-6 <i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</i> [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel, and the related party transactions.
AASB 2016-4 <i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-</i>	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost as a measure of value in use for not-for-profit	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial report
<i>Cash-Generating Specialised Assets of Not-for- Profit Entities</i>	entities.		and best use, hence current replacement cost under AASB 13 Fair Value Measurement is the same as the depreciated replacement cost concept under AASB 136.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2015-16 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 1056 *Superannuation Entities*
- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-3 *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* [AASB 1 & AASB 11]
- AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants* [AASB 101, AASB 116, AASB 117, AASB 123, AASB 136, AASB 140 & AASB 141]
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-5 *Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception* [AASB 10, AASB 12, AASB 128]
- AASB 2015-9 *Amendments to Australian Accounting Standards – Scope and Application Paragraphs* [AASB 8, AASB 133 & AASB 1057]
- AASB 2015-10 *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128*
- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* [AASB 112]
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

Financial Statements

Note 2: Revenue from operating activities

	2015/16	2014/15
	\$000	\$000
Water storage & delivery		
Fixed charges	97,852	97,358
Variable charges	14,327	16,322
Bulk water sales	14,783	14,857
Total Water storage & delivery	126,962	128,537
Government grants		
Salinity works	1,417	1,071
Other	1,941	1,314
Total Government grants	3,358	2,385
Government funding - Connections Project	100,550	91,103
Contracting services		
Murray-Darling Basin Authority	13,361	14,683
Other external clients	473	447
Total Contracting services	13,834	15,129
Other revenue		
Interest	2,711	2,970
Leasing and licences	1,696	1,592
Boating licences	1,367	1,359
Power generation	952	483
Termination fees	432	283
Connections Project - sale of water	4,488	2,069
Fees for services	678	855
Sale of water shares and water allocation	1,189	1,170
Other	1,387	1,749
Total Other revenue	14,900	12,529
Total Revenue	259,603	249,683

Note 3: Expenses from operating activities

(a) Operations maintenance and administration expenses		
Connections Project - operations, maintenance & administration	2,153	3,056
Contracted services	16,197	14,948
Contributions to Victorian Government re Murray-Darling Basin Authority	10,040	10,457
Electricity	1,693	1,702
Environmental contribution	1,686	1,686
Insurances	990	1,792
Labour hire	1,691	1,453
Materials	5,469	5,818
Murray-Darling Basin Authority and Government Services Contract	9,817	10,691
Plant and motor vehicles	4,729	5,094
Plant hire	2,932	2,256
Property & legal expenses	1,000	1,302
Other (i)	1,995	1,145
Total Operations maintenance and administration expenses	60,393	61,400
(i) Other expenses includes ex-gratia expenses. Refer Note 24.		
(b) Connections Project costs		
Connections Project	47,967	50,919
Total Connections Project costs	47,967	50,919

Note 3: Expenses from operating activities (continued)

		2015/16	2014/15
(c) Employee expenses			
Post employment benefits		\$000	\$000
- Defined contribution plans	Water Storage & Delivery	4,072	3,723
	Connections Project	1,222	961
- Defined benefit plans	Water Storage & Delivery	1,342	1,026
	Connections Project	68	54
Termination benefits	Water Storage & Delivery	153	(289)
Salary, wages and other costs	Water Storage & Delivery	55,707	55,676
	Connections Project	10,786	8,081
Total Employee expenses		73,351	69,233
(d) Depreciation and amortisation			
Depreciation of buildings		954	1,024
Depreciation of plant, equipment, furniture & fittings		1,791	1,876
Depreciation of infrastructure assets		64,714	64,893
Amortisation of intangibles		2,581	2,636
Total Depreciation and amortisation		70,040	70,429
(e) Other expenses			
Interest expense		6,558	7,545
Financial accommodation levy		1,175	1,359
Loss on disposal of infrastructure assets, property, plant and equipment		14,433	6,052
Impairment loss on assets		82	522
Total Other expenses		22,248	15,478
Total Expenses		273,998	267,459

Note 4: Income tax relating to continuing operations

(a) Income tax recognised in profit or loss		
Current tax		
Current tax expense/(benefit) in respect of current year	(22,431)	(22,488)
Adjustments recognised in the current year in relation to the current tax of prior years	-	3
	(22,431)	(22,484)
Deferred tax		
Deferred tax expense recognised in the current year	18,659	17,346
Total Income tax expense/(benefit) recognised in the current year relating to continuing operations	(3,772)	(5,138)
(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	(14,395)	(17,776)
Income tax calculated at 30% (2015: 30%)	(4,319)	(5,332)
Provision for impairment of receivables	(11)	(2)
Impairment of assets held for sale	9	(338)
Accrued expenses	187	978
Employee benefits	633	522
Depreciation - Infrastructure assets, property, plant & equipment	(18,930)	(18,316)
Tax effect of current year losses	(22,431)	(22,487)
Deferred income tax expense	18,659	17,346
Adjustments recognised in the current year in relation to the current tax of prior years	-	3
Total income tax expense/(benefit)	(3,772)	(5,138)

The tax rate used for the 2016 and 2015 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Financial Statements

Note 4: Income tax relating to continuing operations (continued)

	2015/16	2014/15
	\$000	\$000
(c) Deferred tax balances		
Deferred tax asset / (liability) comprising:		
Infrastructure assets, property, plant and equipment	(1,081,610)	(887,453)
Offset by deferred tax asset comprising:		
Tax losses	448,817	426,384
Provision for impairment of receivables	200	211
Impairment of assets held for sale	-	16
Accrued expenses	10,846	10,658
Employee benefits	7,056	6,423
Net deferred tax asset / (liability)	(614,692)	(443,761)
Movement in net deferred tax asset / (liability)		
Opening balance	(443,761)	(448,899)
Tax effect of current year tax losses	22,431	22,488
Movement charged to operating profit / (loss)	(18,659)	(17,346)
Movement charged to equity	(174,703)	-
Under / (over) provision for income tax	-	(3)
Closing balance	(614,692)	(443,761)

GMW has recognised accumulated tax losses as a deferred tax asset on the basis of there being sufficient taxable temporary differences relating to the same taxation authority and the expectation that taxable profits will be generated in the longer term.

Note 5: Cash and cash equivalents

Cash, bank balances and deposits		
Connections Project	70,193	120,685
Water Storage & Delivery	47,064	50,920
Total Cash and cash equivalents	117,257	171,606

Note 6: Receivables

Current - Contractual		
Trade debtors - Water Storage & Delivery	19,995	18,864
Government funding - Connections Project	1,120	711
Current - Statutory		
GST	5,147	5,265
	26,262	24,840
Less provision for impairment	(667)	(704)
Total Current receivables	25,595	24,137
Non-current receivables - Contractual		
Trade debtors - Water Storage & Delivery	59	59
Total Non-current receivables	59	59

(a) Movement in provision for impairment of receivables		
Balance at the beginning of the year	704	710
Increase / (decrease) in provision recognised in the net profit/(loss) for the year	(36)	(6)
Balance at end of year	667	704

Note 6: Receivables (continued)

(b) Ageing analysis of contractual receivables	Carrying amount	Not past due - not impaired	1-2 Months	Past due but not impaired		
				2-3 Months	3-4 Months	>4 Months
	\$000	\$000	\$000	\$000	\$000	\$000
2016						
Receivables:						
Trade debtors - Water storage & delivery	20,055	7,006	1,254	1,580	280	9,936
Government funding - Connections Project	1,120	1,120	-	-	-	-
Total	21,174	8,125	1,254	1,580	280	9,936
2015						
Receivables:						
Trade debtors - Water storage & delivery	18,923	7,501	1,150	224	1,657	8,391
Government funding - Connections Project	711	696	11	-	-	4
Total	19,635	8,197	1,161	224	1,657	8,395

(c) Nature and extent of risk arising from contractual receivables

Refer note 22 for the nature and extent of risk arising from contractual receivables

Note 7: Assets classified as held for sale

	2015/16	2014/15
	\$000	\$000
Land - at fair value - Connections Project (i)	-	170
Less Provision for impairment	-	(53)
Total Assets classified as held for sale	-	117

(i) Land held for sale by the Connections Project represents purchases of land undertaken by Rural Finance Corporation of Victoria (RFC) on behalf of the Connections Project as part of the on farm works program. Valuations are performed by RFC annually. RFC has complied with all the necessary obligations in relation to land purchases and sales by government related entities.

Details of GMW's Assets classified as held for sale in respect of the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3	Fair Value at 30 June
	\$000	\$000	\$000	\$000
2015/16				
Land - Connections Project	-	-	-	-
2014/15				
Land - Connections Project	-	117	-	117

Land held for sale is valued based on an independent valuation or an estimate of market value.

Note 8: Intangible assets

	2015/16	2014/15
	\$000	\$000
Computer software - at cost	23,210	22,408
Native vegetation offsets - at cost (a)	437	746
Water shares - at cost (b)	4,309	4,309
	27,957	27,464
Accumulated amortisation	(18,714)	(17,310)
Total Intangible assets	9,243	10,154

Financial Statements

Note 8: Intangible assets (continued)

Movements during the reporting period

	Computer Software	Native Vegetation Offsets (a)	Water Shares (b)	Total
	\$000	\$000	\$000	\$000
2015/16				
Opening WDV	5,099	746	4,309	10,154
Additions	-	232	-	232
Impairment	(52)	-	-	(52)
Transfers	2,031	-	-	2,031
Consumption	-	(541)	-	(541)
Amortisation	(2,581)	-	-	(2,581)
Closing WDV	4,497	437	4,309	9,243
2014/15				
Opening WDV	6,897	840	3,816	11,553
Additions	1,360	54	493	1,907
Impairment	(522)	-	-	(522)
Consumption	-	(148)	-	(148)
Amortisation	(2,636)	-	-	(2,636)
Closing WDV	5,099	746	4,309	10,154

(a) Up until 31 December 2013, the Corporation was required to mitigate the loss of native vegetation by commensurate gains through the provision of appropriate offsets under Native Vegetation: A Framework for Action (2002). From 1 January 2014, offsets must comply with the new Native Vegetation Permitted Clearing Regulations. The planned loss of native vegetation, as a consequence of construction work, creates an obligation which the Corporation must offset and provision for this is made at this time. Satisfaction of this obligation requires the Corporation to purchase Native Vegetation Credits which are recognised as intangible assets. Once the "offset" has been formally established and registered, the Corporation extinguishes its liability by removing the corresponding intangible asset. The balance of the intangible assets at 30 June 2016 represents the credits purchased which have not been formally offset against these obligations. These credits are not amortised but are expensed as the offset is established and the consumption is then recorded.

(b) The water shares included in Intangible Assets are bulk entitlements that were converted from water shares, water shares held for operational purposes and water shares held by the Connections Project, having been acquired from landowners. Water shares have an indefinite life and are not amortised.

Note 9: Infrastructure assets, property, plant and equipment

	2015/16	2014/15
	\$000	\$000
Land		
At fair value	53,902	48,887
Total Land	53,902	48,887
Buildings		
At fair value	17,170	25,503
Accumulated depreciation	(154)	(3,941)
Total Buildings	17,016	21,561
Plant, equipment, furniture & fittings		
At fair value	22,840	22,431
Accumulated depreciation	(15,519)	(14,026)
Total Plant, equipment, furniture & fittings	7,321	8,404
Infrastructure		
At fair value	4,461,228	4,191,177
Accumulated depreciation	(211)	(258,109)
	4,461,017	3,933,068
Work in progress - at cost	272,049	163,380
Total Infrastructure	4,733,067	4,096,449
Total Infrastructure assets, property, plant and equipment	4,811,306	4,175,302

Note 9: Infrastructure assets, property, plant and equipment (continued)

Movements during the reporting period	Plant, Equipment, Furniture & Infrastructure					WIP (a)	Total
	Land	Buildings	Fittings	Infrastructure			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2015/16							
Opening WDV	48,887	21,561	8,405	3,933,068	163,380		4,175,302
Additions	-	-	72	-	133,759		133,830
Transfers in/(out) of WIP	-	42	799	22,747	(23,588)		-
Other Transfers (i)	(2)	830	(134)	(1,224)	(1,502)		(2,031)
Disposals	-	-	-	(14,799)	-		(14,799)
Impairment	-	-	(31)	-	-		(31)
Revaluation increment / (decrement)	5,017	(4,463)	-	585,939	-		586,493
Depreciation	-	(954)	(1,791)	(64,714)	-		(67,459)
Closing WDV	53,902	17,016	7,321	4,461,017	272,049		4,811,306
2014/15							
Opening WDV	48,887	22,683	6,912	3,980,722	99,447		4,158,651
Additions	-	-	103	-	93,028		93,131
Transfers in/(out) of WIP	-	-	3,291	24,279	(27,570)		-
Other Transfers (i)	-	-	-	-	(1,360)		(1,360)
Disposals	-	(97)	(26)	(7,039)	(165)		(7,327)
Depreciation	-	(1,024)	(1,876)	(64,893)	-		(67,793)
Closing WDV	48,887	21,562	8,404	3,933,068	163,380		4,175,302

(i) Other transfers relate to transfers between asset classes including transfers between WIP and intangibles.

(a) Work in progress

	Connections Project	Water Storage & Delivery	Total
	\$000	\$000	\$000
Opening Balance	138,512	24,868	163,380
Movement 2015/16			
Additions	92,195	41,563	133,759
Transfers	(10,779)	(14,311)	(25,089)
Total movement 2015/16	81,417	27,253	108,669
Balance at 30 June 2016	219,929	52,121	272,049

(a) The Connections Project undertakes capital works, which results in the construction of assets or the enhancement of existing assets owned by the Corporation. Work in progress undertaken by the Connections Project becomes an asset of the Corporation as the work is performed. Work in progress includes works undertaken by both Water Storage & Delivery and Connections Project.

(b) Infrastructure assets, land and buildings, and plant, equipment, furniture & fittings carried at fair value

(i) 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.

For non-specialised land, an independent valuation was performed as at 30 June 2016 by independent valuers Eagens on behalf of the Valuer General Victoria to determine the fair value using the market approach.

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

For GMW's specialised buildings, the depreciated replacement cost method is used, adjusted for the associated depreciation. 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 Eagens Valuers. The effective date of the valuation was 30 June 2016.

Financial Statements

Note 9: Infrastructure assets, property, plant and equipment (continued)

(iii) Infrastructure assets

Infrastructure assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the asset after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. As depreciation adjustments are considered as significant unobservable inputs in nature, infrastructure assets are classified as level 3 fair value measurements.

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. These assets are classified as level 3 fair value as the lowest level input, in the absence of an active market, has a significant impact on the fair value which is unobservable.

(iv) Plant, equipment, furniture & fittings

Plant, Equipment, Furniture & Fittings are held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method which equates to fair value due to the relatively short life of the assets. For all assets measured at fair value, the current use is considered the highest and best use. There were no changes in valuation techniques throughout the period to 30 June 2016.

(c) Details of GMW's land, buildings and infrastructure assets and plant, equipment, furniture & fittings in respect of the fair value hierarchy as at 30 June 2016 are as follows:

	Level 1	Level 2	Level 3	Fair value at 30/6/16
	\$000	\$000	\$000	\$000
2015/16				
Land	-	3,579	50,323	53,902
Buildings	-	-	17,016	17,016
Infrastructure	-	-	4,461,017	4,461,017
Plant, equipment, furniture & fittings	-	-	7,321	7,321
Total Infrastructure assets, property, plant & equipment	-	3,579	4,535,677	4,539,256

Reconciliation of Level 3 fair value

	Land	Buildings	Infrastructure	Plant, equipment, furniture & fittings
	\$000	\$000	\$000	\$000
2015/16				
Opening Balance	48,887	21,561	3,933,068	8,405
Purchases/(sales) and asset class transfers	(2)	873	6,724	707
Transfers in/(out) of Level 3	(3,579)	-	-	-
Revaluation increment / (decrement)	5,017	(4,463)	585,939	-
Gains/(losses) recognised in net result	-	-	-	-
Depreciation	-	(954)	(64,714)	(1,791)
Closing Balance	50,323	17,016	4,461,017	7,321

	Level 1	Level 2	Level 3	Fair value at 30/6/15
	\$000	\$000	\$000	\$000
2014/15				
Land	-	-	48,887	48,887
Buildings	-	-	21,561	21,561
Infrastructure	-	-	3,933,068	3,933,068
Plant, equipment, furniture & fittings	-	-	8,404	8,404
Total Infrastructure assets, property, plant & equipment	-	-	4,011,922	4,011,922

Reconciliation of Level 3 fair value

	Land	Buildings	Infrastructure	Plant, equipment, furniture & fittings
	\$000	\$000	\$000	\$000
2014/15				
Opening Balance	48,887	22,683	3,980,722	6,912
Purchases/(sales)	-	(97)	(7,039)	77
Transfers in/(out) of Level 3	-	-	24,279	3,291
Gains/(losses) recognised in net result	-	-	-	-
Depreciation	-	(1,024)	(64,893)	(1,876)
Closing Balance	48,887	21,561	3,933,068	8,404

Note 9: Infrastructure assets, property, plant and equipment (continued)

(d) Description of significant unobservable inputs to Level 3 valuations

Asset Type	Valuation technique	Significant unobservable inputs
Specialised land		
Land	Market Evidence (Based on Egans Valuers Valuation 2016)	Community Service Obligation (CSO) \$ per hectare
Specialised buildings		
Buildings	Depreciated replacement cost (Based on Egans Valuers Valuation 2016)	\$ per m2
		Useful life of specialised buildings
Infrastructure Assets		
Dams		
<ul style="list-style-type: none"> •Foundation Works •Embankments •Spillways •Outlet Works 	Depreciated replacement cost (Based on Jacobs Valuation 2016)	\$ per m3 \$ per m3 \$ per m3 \$ per tonne \$ per m3 \$ per tonne
		Useful life of the Infrastructure
Channels (excluding banks)		
<ul style="list-style-type: none"> •Earthen Channels •HDPE Lined Channels •Concrete Lined Channels 	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
Structures		
<ul style="list-style-type: none"> •Bridges •Culverts 	Depreciated replacement cost (Based on Jacobs Valuation 2016)	\$ per m2 \$ per metre
		Useful life of the Infrastructure
Meters		
	Depreciated replacement cost (Based on Jacobs Valuation 2016)	Cost per unit
		Useful life of the Infrastructure
Pipelines		
	Depreciated replacement cost (Based on Jacobs Valuation 2016)	Cost per unit
		Useful life of the Infrastructure
Plant, Equipment, Furniture & Fittings		
Plant, Equipment, Furniture & Fittings	Depreciated replacement cost	Cost per unit
		Useful life of assets

Financial Statements

Note 10: Payables

	2015/16 \$000	2014/15 \$000
Current payables		
Trade creditors - Water Storage & Delivery	16,778	3,719
Trade creditors - Connections Project	5,241	6,889
Accrued expenses (i)	30,709	29,256
Total Payables	52,728	39,864

(i) Accrued expenses includes non-contractual amounts

a) Ageing analysis of contractual payables

	Carrying Amount \$000	Less than 1 month \$000	1-2 Months \$000	2-3 Months \$000	>3 Months \$000
2016					
Payables:					
Trade creditors - Water Storage & Delivery	16,778	16,715	44	2	17
Trade creditors - Connections Project	5,241	4,343	239	109	551
Total	22,019	21,058	283	111	568
2015					
Payables:					
Trade creditors - Water Storage & Delivery	3,862	3,742	33	23	64
Trade creditors - Connections Project	6,889	6,003	242	59	585
Total	10,751	9,745	275	82	649

b) Nature and extent of risk arising from contractual payables

All Payables are denominated in Australian dollars. Refer note 22 for the nature and extent of risk arising from contractual payables.

Note 11: Employee benefits

	2015/16 \$000	2014/15 \$000
Current		
Annual leave		
Unconditional and expected to be settled wholly within 12 months	6,834	6,102
Long service leave		
Unconditional and expected to be settled wholly within 12 months	2,533	1,915
Unconditional but not expected to be settled wholly within 12 months	11,526	10,563
Total current employee benefits	20,893	18,580
Non-current		
Conditional long service leave	2,626	2,830
Total employee benefits	23,519	21,410

a) Connections Project

Employee benefits relating to the Connections Project included in the balances above are:

Current		
Annual leave		
Unconditional and expected to be settled wholly within 12 months	983	782
Long service leave		
Unconditional and expected to be settled wholly within 12 months	405	328
Unconditional but not expected to be settled wholly within 12 months	753	609
Total current employee benefits	2,141	1,719
Non-current		
Conditional long service leave	286	409
Total employee benefits - Connections Project	2,427	2,128

Note 12: Borrowings

	2015/16 \$000	2014/15 \$000
Current		
Water Storage & Delivery	1,802	6,695
Total current borrowings	1,802	6,695
Non-current		
Water Storage & Delivery	108,859	110,660
Total Non-current borrowings	108,859	110,660
Total Borrowings	110,661	117,355

Borrowings maturity analysis

Loans from TCV		
Less than 1 year	1,802	6,695
1-2 years	11,915	1,802
2-3 years	2,035	11,915
3-4 years	2,163	2,035
4-5 years	17,299	2,163
> 5 years	75,447	92,745
Total Carrying Amount	110,661	117,355

Note 13: Other liabilities

Current		
Funds held for government or governmental programs	3,508	3,575
Unearned revenue - Connections Project	6,526	81,957
Total Other liabilities	10,034	85,532

Note 14: Equity

(a) Contributed capital		
Balance 1 July	2,539,458	2,527,901
Capital contributions - Connections Project	77,618	11,557
Balance 30 June	2,617,076	2,539,458

The treatment of capital contributions is set out in Allocation Statements signed by the Minister for Water.

(b) Asset revaluation reserve		
Land	29,287	24,308
Buildings	3,374	6,721
Infrastructure assets	1,594,644	1,184,487
Balance 30 June	1,627,305	1,215,516

	Land \$000	Buildings \$000	Infrastructure \$000	Total \$000
Movements during the reporting period				
Opening balance	24,308	6,721	1,184,487	1,215,516
Revaluation increment/(decrement)	4,979	(3,347)	410,157	411,789
Closing balance	29,287	3,374	1,594,644	1,627,305

(c) Accumulated surplus / (deficit)		
Accumulated surplus / (deficit) at beginning of the year	(77,567)	(64,929)
Net profit/(loss) for the year	(10,624)	(12,638)
Accumulated surplus / (deficit) at end of the year	(88,191)	(77,567)

Financial Statements

Note 15: Funding commitments - Connections Project

(a) Funding

In February 2016, the Minister for Environment, Climate Change and Water, the Hon Lisa Neville MP, announced the Victorian Government's support to re-set the Connections Project. The scope, timing and financial arrangements are all matters of consideration as part of re-setting the project. It is anticipated that the Victorian and Commonwealth Governments will agree a new project arrangement early in 2016/17. The Connections Project has two discrete funding streams for Stage 1 and Stage 2 of the project.

(i) Stage 1 funding of \$1,004m is being provided by the State Government via the Department of Environment, Land, Water and Planning (DELWP), (formerly the Department of Environment and Primary Industries (DEPI)), including \$104m paid directly to GMW to upgrade the Goulburn Murray Irrigation District in Northern Victoria. Funding commenced in 2007-08 and will continue to 2017-18.

(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) During 2013/14 the Victorian Government agreed to a reapportioning of the funding between Operational funding and Project works funding (Output and Capital).

	Total committed at start of project \$000	Received / Receivable \$000	Balance \$000
As at 30 June 2016 the funding position is as follows:			
2016			
Operational funding			
Stage 1	52,482	51,469	1,013
Stage 2	69,117	22,344	46,773
Total Operational funding	121,599	73,813	47,786
Project works funding - Output			
Stage 1	352,556	283,782	68,774
Stage 2	661,493	225,691	435,802
Total Project works funding - Output	1,014,049	509,473	504,576
Project works funding - Capital			
Stage 1	495,539	490,052	5,487
Stage 2	328,414	144,046	184,368
Total Project works funding - Capital	823,953	634,098	189,855
Total Project works funding - Output & Capital	1,838,002	1,143,571	694,431
Total funding commitments	1,959,601	1,217,384	742,217
2015			
Operational funding			
Stage 1	52,482	51,469	1,013
Stage 2	69,117	22,344	46,773
Total Operational funding	121,599	73,813	47,786
Project works funding - Output			
Stage 1	352,556	274,307	78,249
Stage 2	661,493	211,991	449,502
Total Project works funding - Output	1,014,049	486,298	527,751
Project works funding - Capital			
Stage 1	495,539	488,326	7,213
Stage 2	328,414	68,154	260,260
Total Project works funding - Capital	823,953	556,480	267,473
Total Project works funding - Output & Capital	1,838,002	1,042,778	795,224
Total funding commitments	1,959,601	1,116,591	843,010

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

Note 15: Funding commitments - Connections Project (continued)

<i>(b) Reconciliation of revenue - Connections Project</i>	2015/16
	\$'000
Revenue receivable at 1 July 2015	(81,957)
Funding received/receivable during the year:	
Project works funding - Output	(24,475)
Interest revenue	(643)
Total Project expenditure recognised as revenue during the year:	
Operational expenditure	19,656
Project works expenditure	80,893
Unearned revenue at 30 June 2016	(6,526)

Note 13

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 14 for details.

Note 16: Other commitments

	2015/16	2014/15
<i>(a) Capital expenditure commitments</i>	\$000	\$000
Infrastructure assets, property, plant & equipment - Water Storage & Delivery		
Dams and Dam Safety Projects	2,357	548
Bridge Renewal and Upgrade Projects	1,174	269
Channel, Pipeline & Drain Upgrades	627	175
Outlet and Meter Upgrades	358	186
Information Technology Hardware and Software Upgrades	194	961
Other	308	323
Total Property, plant and equipment (inclusive of GST)	5,018	2,462
Connections Project		
Project works	56,286	57,186
Total Connections Project (inclusive of GST)	56,286	57,186
Total Capital expenditure commitments (inclusive of GST)	61,304	59,648
These commitments are likely to fall within:		
No later than 1 year	61,304	36,013
Later than 1 year and not later than 5 years	-	23,635
Total Property, plant and equipment (inclusive of GST)	61,304	59,648
<i>(b) Lease commitments</i>		
<i>(i) Revenue commitments - lessor</i>		
Nagambie Caravan Park		
No later than 1 year	408	396
Later than 1 year and not later than 5 years	1,757	1,706
Later than 5 years	27,295	27,756
Total Non-cancellable operating lease revenue commitments	29,460	29,858
<i>(ii) Expenditure commitments - lessee</i>		
Non-cancellable operating lease commitments		
No later than 1 year	3,945	4,548
Later than 1 year and not later than 5 years	3,291	4,493
Later than 5 years	136	263
Total Non-cancellable operating lease commitments	7,372	9,303
The Corporation does not hold any finance lease liabilities.		
<i>(c) Other expenditure commitments</i>		
Environmental contribution (i)	8,510	1,686
Connections Project	41,878	42,537
Nagambie Caravan Park	14,730	14,929
Other	216	108
Total Other expenditure commitments (inclusive of GST)	65,334	59,260
These commitments are likely to fall within:		
No later than 1 year	43,836	44,438
Later than 1 year and not later than 5 years	7,851	921
Later than 5 years	13,647	13,900
Total Other expenditure commitments (inclusive of GST)	65,334	59,260
(i) GMW is committed to Environmental Contribution payments until 2019/20 of \$1.7m increasing \$2.6m over the period.		

Financial Statements

Note 17: Contingent Assets and Liabilities

Legal actions have been instituted 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.

	2015/16 \$000	2014/15 \$000
Connections Project		
Verbally agreed with irrigators (i)	39,397	63,019
Total Contingent Liabilities - Connections Project	39,397	63,019

(i) 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 to landowners as a result of verbal agreements for incentives to be paid and delivery shares and water shares to be purchased. The extent of the economic outflow is contingent upon the formal execution of the contracts by landowners and the Corporation and in the case of water shares, the final settlement of the transactions.

No contingent assets exist at 30 June 2016 (2015: Nil)

Note 18: Superannuation

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

Accumulation

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

Defined Benefit

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

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

Funding arrangements

GMW makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary.

Each triennial, the Fund's actuary issues a report. The Fund's latest actuarial investigation was performed as at 30 June 2014 and it was determined that the Vested Benefit Index (VBI) of the defined benefit category of which GMW is a contributing employer was 103.4%. To determine the VBI, the fund Actuary used the following long-term assumptions:

Net Investment Returns	7.5% pa
Salary Information	4.25% pa
Price Inflation (CPI)	2.75% pa

Vision Super has advised that the estimated VBI at 31 March 2016 was 102.4%.

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

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, GMW makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2016, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

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

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of Prudential Standard SPS160 "Defined Benefit Matters" and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%. In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including GMW) are required to make an employer contribution to cover the shortfall.

Note 18: Superannuation (continued)

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

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

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

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

Latest actuarial investigation surplus amounts

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

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

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

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

GMW was notified of the results of the actuarial investigation during January 2015.

(a) Superannuation contributions

Contributions by GMW (excluding any unfunded liability payments) to superannuation plans of 9.5% for the financial year ended 30 June 2016 are detailed below:

	Paid contribution for the year		Contribution outstanding at year end	
	2015/16 \$000	2014/15 \$000	2015/16 \$000	2014/15 \$000
Defined Benefit Plans				
State Employee Retirement Benefits Board	74	73	1	19
Vision Super	121	141	-	-
Emergency Services and State Superannuation Fund	872	888	11	38
Accumulation Funds				
Vision Super Saver & Other accumulation funds	5,521	4,874	286	258
Total	6,588	5,976	297	315

State Superannuation Schemes - Defined Benefit Funds

At the time GMW was created in 1994 the Government agreed to assume 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.

Financial Statements

Note 19: Responsible persons and executive officers disclosures

Names

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

Minister:	Period of position held
The Hon Lisa Neville MLA, Minister for Environment, Climate Change and Water	1 July 2015 to 22 May 2016
The Hon Lisa Neville MLA, Minister for Water	23 May 2016 to 30 June 2016
Directors of GMW:	
Sarah Scales (Chair)	1 July 2015 to 30 June 2016
John Calleja (Managing Director)	1 July 2015 to 9 May 2016
Geoff Cutter (Acting Managing Director)	9 May 2016 to 30 June 2016
Margot Henty	1 October 2015 to 30 June 2016
Alana Johnson	1 October 2015 to 30 June 2016
Ian Mansbridge	1 July 2015 to 30 September 2015
Peter McCamish	1 July 2015 to 30 September 2015
Patrick McNamara	1 October 2015 to 30 June 2016
Dennis Moon	1 July 2015 to 30 June 2016
Margaret O'Rourke	1 July 2015 to 30 June 2016
Neil Pankhurst	1 July 2015 to 30 September 2015
Dennis Quinn	1 October 2015 to 30 June 2016
Dick Ranken	1 July 2015 to 30 September 2015
Barry Steggall	1 July 2015 to 30 September 2015
Ari Suss	1 October 2015 to 30 June 2016
Frank Whitford	1 July 2015 to 30 September 2015

Voting Members of the Project Control Group (i)

Mike Walsh (Chair)	3 March 2016 to 30 June 2016
Margot Henty	3 March 2016 to 30 June 2016
Campbell Fitzpatrick	3 March 2016 to 30 June 2016

(i) The Project Control Group (PCG) was constituted by the Minister on 3 March 2016 and reports directly to the Minister and the Goulburn Murray Water board. The PCG are charged with management of the Connections Project.

Remuneration

Remuneration of responsible persons

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

Remuneration of Board Members:

Where appropriate individual and total remuneration figures include payment of entitlements, termination payments and bonuses.

Payments were made to individual directors within the following bands:

Remuneration Band	Number of Directors	
	2015/16	2014/15
\$0 to \$9,999	2	-
\$10,000 to \$19,999	6	-
\$20,000 to \$29,999	-	1
\$30,000 to \$39,999	5	1
\$40,000 to \$49,999	3	7
\$80,000 to \$89,999	-	1
\$90,000 to \$99,999	1	-
\$170,000 to \$179,999	-	1
\$240,000 to \$249,999	-	1
\$360,000 to \$369,999	1	-
Total amount (\$)	\$829,039	\$862,976
Total numbers⁽¹⁾	18	12

(1) Total numbers of Responsible persons are higher than 2014/15 due to change in board members during the financial year.

Transactions with directors:

There were no amounts paid by GMW in connection with the retirement of responsible persons during the 2015/16 financial year.

There were no loans in existence by GMW to responsible persons or related parties at the date of this report.

The following directors are also customers of GMW: Margot Henty, Ian Mansbridge, Patrick McNamara, Dennis Moon, Neil Pankhurst and Frank Whitford.

There were no significant related party transactions other than transactions on terms and conditions that are no different from those applying to the general public.

Note 19: Responsible persons and executive officers disclosures (continued)

Remuneration of executive officers and other personnel:

Executive officers

Remuneration received, or receivable from GMW to employees charged with significant management responsibilities (includes where an executive resigns or terminates during the year base remuneration is disclosed on a pro-rata basis, termination payments and bonuses paid). The base remuneration is exclusive of bonus payments, termination payments and retirement benefits.

Payments exceeding \$100,000 were made to executive officers within the following bands:

Income band	Total Remuneration		Base Remuneration	
	2015/16	2014/15	2015/16	2014/15
\$100,000 to \$109,999	3	-	-	-
\$120,000 to \$129,999	-	-	-	1
\$140,000 to \$149,999	-	-	1	-
\$160,000 to \$169,999	1	-	-	-
\$170,000 to \$179,999	-	1	-	1
\$180,000 to \$189,999	-	-	1	1
\$190,000 to \$199,999	-	-	1	-
\$200,000 to \$209,999	-	2	-	1
\$210,000 to \$219,999	2	-	1	-
\$230,000 to \$239,999	-	-	-	2
\$240,000 to \$249,999	-	1	2	-
\$250,000 to \$259,999	1	-	-	-
\$260,000 to \$269,999	-	1	-	1
\$280,000 to \$289,999	2	1	-	-
\$290,000 to \$299,999	-	1	-	-
Total amount	\$1,727,531	\$1,675,572	\$1,234,313	\$1,425,861
Total numbers	9	7	6	7
Total annualised employee equivalent	7	7	6	7

NB Three executives were excluded from the above banded numbers due to their remuneration not exceeding \$100,000. Base remuneration impacted due to prorata of new appointments and resignations.

Payments to other personnel

The number of contractors charged with significant management responsibilities are disclosed within the \$10,000 band below. The contractors are responsible for planning, directing or controlling, directly or indirectly, the entity's activities.

Expense band	Total Expenses (GST excl)	
	2015/16	2014/15
\$230,000 to \$239,999	1	-
Total expenses (GST excl)	\$230,382	-

Note 20: Cash flow information

	2015/16	2014/15
(a) Reconciliation of cash and cash equivalents	\$000	\$000
Cash, bank balances and deposits	117,257	171,606
Balance per cash flow statement	117,257	171,606
(b) Reconciliation of net profit/(loss) for the year to net cash flows from operating activities		
Net profit/(loss) for the period before tax	(14,395)	(17,776)
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	14,433	6,052
Depreciation and amortisation of non-current assets	70,040	70,577
Impairment of non-current assets	493	575
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(1,582)	8,990
(Increase)/decrease in inventories	(103)	202
(Increase)/decrease in assets classified as held for resale	117	(405)
Increase/(decrease) in payables	11,307	14,773
Increase/(decrease) in provisions	2,109	(108)
Increase/(decrease) in other liabilities	(75,431)	(11,499)
Net cash flows from/(used in) operating activities	6,987	71,380

Financial Statements

Note 20: Cash flow information (continued)

	2015/16 \$000	2014/15 \$000
(c) Cash balances with restrictions over their use		
Funds held to finance externally funded projects - Water Storage & Delivery	3,508	3,575
Funding received in advance - Connections Project	6,526	81,957
(d) Financing facilities		
Unused borrowings	85,000	85,000

Note 21: Auditor remuneration

	2015/16 \$000	2014/15 \$000
External Audit - Victorian Auditor General's Office	169	170
Internal Audit	245	174
Total Audit fees	414	344

Note 22: Financial risk management objectives and policies

The Corporation's principal financial instruments comprise:

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

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 1 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage the Corporation's financial risks in the government policy parameters.

The Corporation's main financial risks include credit risk, liquidity risk and interest rate risk. The Corporation manages these financial risks in accordance with its Treasury Policy.

The Corporation uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Board of the Corporation.

	2015/16 \$000	2014/15 \$000	
(a) Categorisation of financial instruments			
Contractual Financial Assets - Cash and Receivables			
Cash and cash equivalents	117,257	171,606	
Receivables	21,174	19,634	
Total	138,431	191,240	
Contractual Financial Liabilities - Amortised cost			
Contractual payables	(52,079)	(39,524)	
Borrowings	(110,661)	(117,355)	
Total	(162,740)	(156,879)	
	Total interest income / (expense)	Impairment loss	Total
Net gain/(loss) on holding of financial instruments by category (i)	\$000	\$000	\$000
2016			
Financial assets - cash and receivables	2,711	-	2,711
Financial liabilities at amortised cost	(7,733)	-	(7,733)
Total	(5,023)	-	(5,023)
2015			
Financial Assets - cash and receivables	2,970	-	2,970
Financial liabilities at amortised cost	(8,904)	-	(8,904)
Total	(5,934)	-	(5,934)

(i) Does not include statutory receivables or statutory payables

Note 22: Financial risk management objectives and policies (continued)

(b) Credit risk

Credit risk arises from the contractual financial assets of the Corporation, which comprise cash and deposits and non-statutory receivables. The Corporation's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Corporation. Credit risk is measured at fair value and is monitored on a regular basis.

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivables balance primarily consists of unpaid rates and variable charges from a large number of customers in the farming sector, predominantly dairy, horticulture, grazing and cropping. Levels of debt are closely managed with interest charged at above general overdraft rates 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 first call on the proceeds of sale. There is a small exposure to receivables due from rent of land for grazing and commercial purposes and other minor dealings which are not protected under the Act. There has been no material bad debt in this area in recent years. An analysis of the ageing of receivables at reporting date has been provided in Note 6.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation would be unable to meet its obligations as and when they fall due. The Corporation 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 Corporation's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed on the face of the balance sheet. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. Refer Note 10 for the ageing analysis of payables. Given the above, liquidity risk is not considered a material risk.

(d) Market risk

Foreign currency risk

There is no exposure to foreign currency risk.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates.

GMW does not hold any interest bearing financial instruments that are measured at fair value, therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GMW has exposure to cash flow 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 \$000	Fixed interest rate	Variable interest rate	Non-interest bearing \$000
2016					
Cash	2.0%	117,257	-	2.0%	-
Contractual receivables	6.3%	21,174	6.3%	-	9,281
Contractual payables	0.0%	(52,079)	-	-	(52,079)
Borrowings	6.8%	(110,661)	4.3% to 7.4%	-	-
Total		(24,309)			(42,798)
2015					
Cash	2.2%	171,606	-	2.2%	-
Contractual receivables	7.6%	19,634	7.6%	-	9,968
Contractual payables	0.0%	(39,524)	-	-	(39,524)
Borrowings	6.7%	(117,355)	4.3% to 7.4%	-	-
Total		34,361			(29,556)

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

(e) Sensitivity disclosure analysis and assumptions

The Corporation's sensitivity to market risk is determined based on data over the last 12 months and existing market conditions, with all variables other than the primary risk variable held constant. The Corporation's management cannot be expected to predict movements in market rates and prices. Sensitivity analysis shown is for illustrative purposes only. The following movements are reasonably possible over the next 12 months:

- A movement of 50 basis points up and down in market interest rates.

The following table shows the impact on the Corporation's 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.

Note 22: Financial risk management objectives and policies (continued)

	Interest rate risk				
	Total	+50 basis points	+50 basis points	-50 basis points	-50 basis points
2016				Net Result	
<i>Financial Assets</i>	\$000	\$000	\$000	\$000	\$000
Cash	117,257	586	586	(586)	(586)
Contractual receivables	21,174	-	-	-	-
Total Financial Assets	138,431	586	586	(586)	(586)
<i>Financial Liabilities</i>					
Contractual Payables	(52,079)	-	-	-	-
Borrowings	(110,661)	-	-	-	-
Total Financial Liabilities	(162,740)	-	-	-	-
Total increase and decrease	(24,309)	586	586	(586)	(586)
2015					
<i>Financial Assets</i>					
Cash	171,606	858	858	(858)	(858)
Contractual receivables	19,634	-	-	-	-
Total Financial Assets	191,240	858	858	(858)	(858)
<i>Financial Liabilities</i>					
Contractual payables	(39,524)	-	-	-	-
Borrowings	(117,355)	-	-	-	-
Total Financial Liabilities	(156,879)	-	-	-	-
Total increase and decrease	34,361	858	858	(858)	(858)

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

(f) Fair value management

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date have been provided below.

Carrying amounts and fair value of financial assets and financial liabilities (i)	30 June 2016		30 June 2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>Financial assets</i>	\$000	\$000	\$000	\$000
Cash and cash equivalents	117,257	117,257	171,606	171,606
Receivables	21,174	21,174	19,634	19,634
Total Financial assets	138,431	138,431	191,240	191,240
<i>Financial liabilities</i>				
Payables	(52,079)	(52,079)	(39,524)	(39,524)
Borrowings	(110,661)	(110,661)	(117,355)	(117,355)
Total Financial liabilities	(162,740)	(162,740)	(156,879)	(156,879)

(i) Does not include statutory receivables or statutory payables

Note 23: Events after the reporting date

GMW Board appointed Neil Brennan as Interim Managing Director for a period of 4 months from 4 July 2016. GMW is currently in the recruiting process to permanently fill the Managing Director position.

GMW's Chair Sarah Scales has resigned from her position on the GMW Board with effect from 31 August 2016. On 30 August 2016 it was announced that Joanne Anderson has been appointed as the new Chairperson.

Note 24: Ex-gratia expenses⁽ⁱ⁾

	2015/16	2014/15
	\$000	\$000
⁽ⁱⁱ⁾ Forgiveness or waiver of debt	8	93
⁽ⁱⁱⁱ⁾ Total ex gratia expenses	8	93

(i) Includes ex gratia expenses for both individual items and in aggregate that are greater than or equal to \$5,000.

(ii) Forgiveness of rates and charges to several organisations due to rationalisation and surrendering of licences.

(iii) The total for ex-gratia expenses are also reported in 'other operating expenses' in Note 3 Expenses from operating activities.

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	Disclosure required	Page number
Ministerial Directions		
<i>Report of Operations - FRD Guidance</i>		
Accountable Officer's declaration		
SD 4.2(j)	Responsible Body's declaration	5
Section 1: Year in Review		
MRO	Vision, Mission, Values	6
MRO	Chairman's Report	7
FRD 22G, FRD 21B	Manner of establishment and the responsible Minister/s	8
FRD 22G	Nature and range of services provided	8
FRD 22G	Objectives, functions, powers and duties	9
Performance Reporting - Non Financial		
FRD 22G, FRD 27C	Performance against objectives (incl. performance against key performance indicators (non-financial))	10
FRD 22G	Key Initiatives and Projects	16 - 19
SD 4.2(k)	Structural changes to GMW in 2015/16 affecting performance reporting	20
Performance Reporting - Financial		
FRD 22G	Five year financial summary	20
FRD 22G, MRO	Current year financial review	21
FRD 27C, FRD 22G	Performance against key performance indicators (financial)	23
FRD 22G	Significant changes in financial position	21 + 24
FRD 22G	Significant changes or factors affecting performance	24
MRO	Capital Projects	24 - 25
FRD 22G	Subsequent events	25
Section 2: Governance & Organisational Structure		
FRD 22G	Organisational structure and corporate governance arrangements	26 - 31
FRD 22G, SD 2.2(f) & (g)	Audit Committee membership and roles	31
FRD 22G & MRO	Occupational Health and Safety	32
Section 3: Workforce Data		
FRD 22G	Public Administration values and employment principles	33
FRD 22G, FRD 29A	Comparative Workforce Data	34
FRD 22G	Workforce Inclusion Policy	34 - 35
FRD 15C	Executive Officer data	35
Section 4: Other disclosures		
FRD 25B	Implementation of the Victorian Industry Participation Policy (VIPP)	36
FRD 22G	Consultancy expenditure	36
FRD 12A	Disclosure of major contracts	36
FRD 22G	Government advertising expenditure	36
FRD 22G	Information and Communication Technology expenditure	37
FRD 22G	Freedom of Information	37
FRD 22G	Compliance with <i>Building Act 1993</i>	37 - 38
FRD 22G	National Competition Policy	38
FRD 22G, MRO	Compliance with the <i>Protected Disclosure Act 2012</i>	38
MRO	Compliance with <i>Carers Recognition Act 2012</i>	38
Water Act 1989, MRO	Compliance with <i>Water Act 1989</i>	38
FRD 24C	Office-based environmental impacts	38 - 40
FRD 22G	Statement of availability of other information	40

Appendices

Legislation	Disclosure required	Page number
Ministerial Directions		
<i>Performance Reporting - Financial</i>		
Risk Management Attestation		
SD 4.5.5	Attestation for compliance SD 4.5.5	41
Financial Statements		
SD 4.2(c)	Declaration	41
Audit Act 1994	Auditor-General's report	42 - 45
SD 4.2(b)	Comprehensive operating statement	46
SD 4.2(b)	Balance Sheet	47
SD 4.2(b)	Statement of changes in equity	48
SD 4.2(b)	Cash Flow Statement	49
SD 4.2(b)	Notes to the financial statements	50 - 82
Financial and Other Information		
SD 4.5.5	Ministerial Standing Direction 4.5.5 compliance attestation	41
SD 4.2(g)	Specific information requirements	6 - 19
SD 4.2 (j)	Sign-off requirements	5
MRD 01	Performance reporting	10 + 23
MRD 02	Water consumption	39
MRD 03	Environmental and social sustainability reporting	38 - 40
MRD 04	Disclosure of information on bulk entitlements, transfers of water entitlements, allocations and licenses, irrigation water usage and license entitlements	86 - 95
FRD 30C	Design and Printing Requirements	Whole of report
Financial Report		
Financial statements required under Part 7 of the <i>Financial Management Act 1994</i>		
Other requirements under Standing Direction 4.2		
SD 4.2(c)	Compliance with applicable Australian accounting standards and other authoritative pronouncements	46 - 82
SD 4.2(c)	Compliance with Ministerial Directions	41
SD 4.2(d)	Rounding of amounts	Whole of report
SD 4.2(j)	Accountable Officer's declaration	5
SD 4.2(f)	Compliance with Model Financial Report	Whole of report
Other disclosures in notes to the Financial Statements		
FRD 11A	Disclosure of ex-gratia expenses	82
FRD 12A	Disclosure of major contracts	36
FRD 17B	Long Service Leave, Wage Inflation and Discount Rates	57 + 72
FRD 20A	Accounting for State Motor Vehicle Lease Arrangements prior 1 February 2004	46 - 82
FRD 21B	Disclosures of Responsible Persons, Executive Officer and other personnel with significant responsibilities in the financial report	78 - 79
FRD 22G	Events after the reporting date	82
FRD 26A	Accounting for VicFleet Motor Vehicle Lease Arrangements on or after 1 February 2004	46 - 82
FRD 27B	Presentation and reporting of performance information	10, 23 & 41
FRD 102	Inventories	46 - 82
FRD 103G	Non-Current Physical Assets	46 - 82
FRD 104	Foreign Currency	46 - 82
FRD 105A	Borrowing Costs	46 - 82
FRD 106	Impairment of Assets	46 - 82
FRD 107A	Investment Properties	46 - 82
FRD 109	Intangible Assets	46 - 82
FRD 110	Cash Flow Statements	49
FRD 112D	Defined Benefit Superannuation Obligations	76 - 77
FRD 113A	Investments in Subsidiaries, Jointly Controlled Entities and Associates	46 - 82
FRD 114A	Financial Instruments – General Government Entities and Public Non-Financial Corporations	46 - 82
FRD 117	Contributions of Existing Non-Financial Assets to Third Parties	46 - 82
FRD 119A	Transfer Through Contributed Capital	46 - 82
FRD 120I	Accounting and Reporting Pronouncements Applicable to 2015-16 Reporting Period	46 - 82
FRD 121	Infrastructure assets	46 - 82

Legislation	Disclosure required	Page number
Financial Report		
Legislation		
	<i>Freedom of Information Act 1982</i>	40
	<i>Building Act 1993</i>	37 - 38
	<i>Protected Disclosure Act 2012</i>	38
	<i>Carers Recognition Act 2012</i>	38
	<i>Victorian Industry Participation Policy Act 2003</i>	36
	<i>Financial Management Act 1994</i>	5 + 41
	<i>Planning and Environment Act 1987</i>	9
	<i>Equal Employment Opportunity Act 2010</i>	33
	<i>Public Administration Act 2004</i>	33
	<i>Disability Act 2006</i>	33
	<i>Murray-Darling Basin Act 1993</i>	9
	<i>Safe Drinking Water Act 2003</i>	15
Appendices		
FRD 10A	Disclosure Index	83 – 85
MRD 04	Bulk Water Entitlements	86 – 95
MRD 04	<i>Eildon – Goulburn Weir</i>	86 – 88
MRD 04	<i>River Murray</i>	89 – 90
MRD 04	<i>Campaspe System</i>	91
MRD 04	<i>Broken System</i>	92
MRD 04	<i>Ovens System</i>	93
MRD 04	<i>Loddon System</i>	94
MRD 04	<i>Bullarook System</i>	95

Appendices

Appendix B1 Bulk Entitlement (Eildon - Goulburn Weir) Reporting

This appendix is included in the Goulburn-Murray Water 2015/16 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 2015 to 30 June 2016. 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)	Annual amount taken from waterway at Goulburn Weir offtake channels:		See Note 1
	Cattanach Canal	412,086 ML	
	Stuart Murray Canal	432,482 ML	
	East Goulburn Main Channel	190,781 ML	
	Total Goulburn Weir offtake diversion:	1,035,348 ML	
17.1(da)	Annual amount of distribution loss in Goulburn Irrigation Districts:		
	Shepparton	18,141 ML	
	Central Goulburn	70,011 ML	
	Rochester/ Pyramid Hill/ Boort	65,672 ML	
	Total distribution loss:	153,824 ML	
17.1(e)(i)	Diversion by primary entitlement holders taken directly from waterway:		
	Private River Diverters	18,834 ML	
	Normanville WWD	357 ML	
	East Loddon WWD	864 ML	
	West Loddon WWD	301 ML	
	Tungamah WWD	494 ML	
17.1(e)(ii)	Diversion from Bulk Entitlement by other authorities	See Appendix B2	
17.1(g)	Amount of water held in storage:		Volume at 30 June 2016
	Lake Eildon	1,184,195 ML	
	Goulburn Weir	20,134 ML	
	Waranga Basin	226,768 ML	
	Greens Lake	17,862 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	70,222 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)	Supply to primary entitlements:		See Note 4
	Water Shares in Irrigation Areas	691,442 ML	
	Water Shares of Private River Diverters	As for 17.1(e)(i)	
	Urban Bulk entitlements	As for 17.1(e)(ii) See Appendix B2	
	Melbourne Water Authorities	As for 17.1(e)(ii) See Appendix B2	
	Victorian Environmental Water Holder	As for 17.1(e)(ii) plus 213,134 ML	
	Normanville WWD	204 ML	
	East Loddon WWD	814 ML	
	West Loddon WWD	As for 17.1(e)(i)	
	Tungamah WWD	425 ML	
	Total supply to primary entitlements:	977,672 ML	

17.1(p)	Amendments to this BE	No	
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 5
17.1(s)	BE compliance failures	Minor	See Note 6
17.1(t)	BE compliance difficulties and responses	No	

Notes

- Volumes obtained from hydrographic data collected by Thiess Services.

Cattanach Canal	SI No 405702
Stuart Murray Canal	SI No 405700
East Goulburn Main Channel	SI No 405704
- There were no releases made from Lake Eildon under target filling arrangements in season 2015/16.
- This is the release for delivery of 66,578 from the Goulburn Inter Valley Trade Account and 3,644 ML from the Goulburn Water Quality Reserve. There was no release for Murray supplement in season 2015/16.
- Normanville WWD includes delivery for Normanville and Catumnal. Delivery for Quambatook and Mysia is reported under 17.1(e)(ii) in Appendix B2. East Loddon WWD delivery is only for water allowances, supply to Coliban Water is reported under 17.1(e)(ii) in Appendix B2. The East Loddon WWD includes dam filling and the East Loddon pipeline. West Loddon WWD delivery and diversion are equal, as is the dam filling component of the East Loddon WWD. The Victorian Environmental Water Holder value includes diversion by the Commonwealth Environmental Water Office.
- 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.
- The flow downstream of Lake Eildon was found to be less than the required flow for 12 days in July and August 2015 once verified data was available. Flows were less than required by up to 10 ML/d for 3 days, 6 ML/d for 5 days and 2 ML/d for 4 days

Appendix B2 Bulk Entitlement (Eildon - Goulburn Weir) Reporting Diversions by Other Authorities with Bulk Entitlements

This is the diversion by other authorities prescribed in Schedule 2 of the Bulk Entitlement

Authority	Town	Diversion (ML)	Notes
Goulburn Valley Water	Channel System Zone 1A	5,748	
	River Supply Zone 1A	3,194	
	River Supply Zone 3	13,364	
	Total diversion:	22,305	
Coliban Water	Channel system Zone 1A	1,706	
	Channel system Zone 1B	259	
	TOTAL	1,965	
Grampians Wimmera Mallee	Quambatook	133	
	Total diversion:	133	
Melbourne Bulk Entitlements	City West Water, South East Water and Yarra Valley Water	0	
	Total diversion:	0	
Victorian Environmental Water Holder	Snowy Environmental Reserve	0	See Note 1
	Living Murray Water - high-reliability	27,680	
	Living Murray Water - low-reliability	0	
	Goulburn River Environmental Entitlement	0	
	Loddon Environmental Entitlement	436	
	Environmental Entitlement NVIRP savings	0	
Total diversion:	28,116		
Total Authorities (ML):		52,519	

Notes

1. These figures only includes diversions from the waterway, in stream deliveries are included 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 2015/16 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 2015 to 30 June 2016. 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:			
	Cobram pump station	4,226 ML	See Note 1	
	Yarrawonga Main Channel	312,521 ML		
	National Channel	657,561 ML		
	Ashwin's pump	0 ML		
	Pental Island pumps	0 ML	See Note 2	
	Swan Hill No 9 channel off-take from Little Murray (if Fish Point Weir is open)	5,318 ML		
	Swan Hill pumps	5,969 ML		
	Nyah pumps	6,224 ML		
	Woorinen pumps	12,180 ML		
	River Diversion Points along the River Murray to Nyah Pumps:			
	Private Pental Island diverters (if Fish Point Weir is open)	412 ML	See Note 2	
	Environmental diversion	1,309 ML		
	Urban River diversion	21,818 ML		
Private River diversion points	32,444 ML			
Total diversions at off-take points:		1,059,982 ML		
22.1(c)	Any new agreed upon off-take points?	No		
22.1(d)	Annual volume returned at the following return points:			
	Broken Creek	12,064 ML	See Note 2 See Note 2 See Note 2	
	Yarrawonga Main Channel outfall	42,762 ML		
	Koondrook spillway	114,513 ML		
	Loddon River at Kerang Weir	87,841 ML		
	Sheepwash Creek Weir	0 ML		
	Little Murray Weir (if Fish Point Weir closed)	37,482 ML		
	6/7 channel outfall (if Fish Point Weir open)	1,428 ML		
	Lake Boga outfall channel (if Fish Point Weir open)	0 ML		
	Barr Creek at Capel's Crossing	1,954 ML		
	Lake Charm outfall channel	0 ML		
	Chinamans Bend	0 ML		
Total returns:		298,044 ML		
22.1(e)	GMW supplies to bulk entitlements held by other authorities:		See Note 3	
	Coliban Water	4,647 ML		
	Lower Murray Water	5,742 ML		
	Goulburn Valley Water	4,762 ML		
	Melbourne Water Authorities	0 ML		
	North East Water	9,797 ML		
	Victorian Environmental Water Holder:			
	Snowy Environmental Water Reserve	NA		
	Flora and Fauna	34,657 ML		
Living Murray	15,000 ML			
Total supplies to Bulk Entitlements:		74,605 ML		
22.1(f)	GMW supplies to primary entitlement holders excluding bulk entitlements in (e):		See Note 4	
	Murray Valley Irrigation Area	193,616 ML		
	Torrumbarry irrigation Area	298,263 ML		
	Nyah, Tresco and Woorinen	20,896 ML		
	Private River Diverters	As for 22.1(b)		
	Environmental Water Holder (non BE water)	20,577 ML		
	Total supplies to primary entitlement holders excluding bulk entitlements:			566,208 ML

Appendices

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	64,050 ML	See Note 8
	Torrumbarry Losses (including Woorinen and Tresco)	96,713 ML	
	Victoria Mid Murray Storage losses	54,812 ML	
22.1(o)	Victoria Mid Murray Storage annual operating plan	Implemented	See Note 9

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 excludes water that Lower Murray Water and Grampians Wimmera Mallee Water take directly from the Murray River. It only includes supplies 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. Some of the water used was credited as return flows for further use downstream. This only includes supplies to sites upstream of Nyah.
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 allowances for Nyah and Tresco were exceeded by 629 ML and 44 ML respectively.
8. The losses attributed to the operation of the VMMS are based on the fixed distribution loss and the net evaporation from Kow Swamp, Kangaroo Lake, Lake Charm and Lake Boga. The losses for the Murray Valley and Torrumbarry Irrigation Areas are based on water balance calculations of the irrigation areas, using diversions, deliveries and returns. The loss volume for Torrumbarry includes the losses required to operate the Woorinen and Tresco Pumped Districts.
9. The Victorian Mid-Murray Storages Annual Operating Plan was submitted in July 2015.

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

This appendix is included in the Goulburn-Murray Water 2015/16 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 2015 to 30 June 2016. 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	5,515 ML	
18.1(f)	Annual amounts taken from the system waterway for primary entitlements listed in Schedules 1 and 2:		See Note 1
	Water shares (excluding urban water shares)	8,417 ML	
	Supplement to Goulburn system	0 ML	
	Victorian Environmental Water Holder	0 ML	
	Coliban Water	8,319 ML	
	Central Highlands Water (water shares)	7,286 ML	
	Total diversion:	24,022 ML	
	Campaspe Inter Valley Trade Account delivery	4,183 ML	
18.1(g)	Annual evaporation losses to GMW share of Lake Eppalock	13,207 ML	See Note 2
18.1(h)	Internal spills to or from GMW's share of Lake Eppalock	0 ML	
18.1(i)	Minimum passing flows	Minimum passing flows not provided to the Campaspe River were recorded in the Passing Flow Account 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 determinations in any month	1 April 2016 - 66% HRWS	
18.1(n)	Alterations to Schedule 1 and 2 entitlements as per Clause 8:		
	Water shares	See 18.1(o) and (g)	
	Coliban Water	See 18.1 (o)	
	Victorian Environmental Water Holder	See 18.1 (g)	
18.1(o)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
18.1(p)	Annual volume supplied to primary entitlements:	As for 18.1 (f) excluding the Goulburn supplement diversion plus	See Note 3
	Victorian Environmental Water Holder	13,595 ML	
	Living Murray	63 ML	
	Total supply to primary entitlements:	30,394 ML	
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 4
18.1(t)	BE compliance failures	None	
18.1(u)	BE compliance difficulties and response	Minor	See Note 5
18.1(v)	Details of interruptions to minimum passing flows	Yes	See Note 5

Notes

- This figure only includes diversions from the waterway, instream deliveries are included in 18.1(p).
- Gross evaporation based on measured evaporation at Lake Eppalock.
- 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.
- 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.
- Due to maintenance works at Lake Eppalock, the flows was less than the required flow for four days in May downstream of Lake Eppalock. Minimum passing flows not provided were credited to the passing flow account for later use.

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

This appendix is included in the Goulburn-Murray Water 2015/16 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 2015 to 30 June 2016. 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)	Annual amounts taken from the system waterway for Schedules 1 and 2 primary entitlements:		
	Water shares (excluding Broken Creek)	3,474 ML	
	North East Water	109 ML	
	Supplement to Goulburn or Murray systems	0 ML	
	Total flow to Broken Creek	5,213 ML	
	Total diversions:	8,796 ML	
	Broken Inter Valley Trade Account delivery	0 ML	
20.1(f)	Annual evaporation losses from Lake Nillahcootie	2,643 ML	See Note 1
20.1(g)	Environmental minimum flows	Environmental minimum flows were provided as specified in clause 12	See Note 2
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:		
	Water shares	See 20.1 (l) and (n)	
	North East Water	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)	Annual volume supplied to primary entitlements:		See Note 2
	Broken Creek water shares	330 ML	
	Broken Creek (environmental)	500 ML	
	Total supply to primary entitlements:	4,413 ML	
20.1(n)	Amendments to this BE	No	
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 3
20.1(q)	BE compliance failures	Minor	See Note 4
20.1(r)	BE compliance difficulties and response	Minor	See Note 5
20.1(s)	Details of interruptions to minimum passing flows	No	See Note 5

Notes

- Gross evaporation based on measured evaporation at Lake Nillahcootie.
- The volume of diversion and delivery are the same, with the exception of diversions to Broken Creek from the Broken system which included environmental water delivered via Broken Creek.
- 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)
- During regulated conditions, the losses for Broken Creek were 216 ML above the annual average allowance under the Bulk Entitlement due to high operating requirements this season. Operating requirements are being reviewed.
- In July 2015, downstream of Back Creek Junction, there was five days of non-compliance by less than 2 ML/d, and nine days of non-compliance by up to 4 ML/d. In August the required flow downstream of the Back Creek Junction was below the required flow by up to 0.5 ML/d for seven days. In December 2015 the required flow downstream of the Gowangardie Weir was below the required flow by up to 5 ML/d for six days. Based on operational data, the flow downstream of Back Creek Junction was non-compliant for five days in June 2016.

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

This appendix is included in the Goulburn-Murray Water 2015/16 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 2015 to 30 June 2016. 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)	Annual volume taken from system waterway for Schedule 1 and 2 entitlements:		
	Water shares (excluding urban water shares)	8,154 ML	
	North East Water	3,697 ML	
19.1(f)	Annual storage evaporation losses:		See Note 1
	Lake Buffalo	2,994 ML	
	Lake William Hovell	802 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:		
	Water shares	See 19.1 (l) and (n)	
	North East Water	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)	Annual volume supplied to primary entitlements:	As for 19.1 (e) plus	See Note 2
	Commonwealth water shares	70 ML	
	Total supply to primary entitlements:	11,921 ML	
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

- Gross evaporation based on measured evaporation at each storage.
- 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
- 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 2015/16 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 2015 to 30 June 2016. 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)	Annual amounts taken from the system waterway for primary entitlements in Schedules 1 and 2:		See Note 1	
	Water shares (excluding Serpentine Creek)	7,248 ML		
	Supplement to Goulburn system	0 ML		
	Diversion to Serpentine Creek	3,284 ML		
	East Loddon Waterworks District	0 ML		
	Coliban Water	377 ML		
	Central Highlands Water	1,465 ML		
	Victorian Environmental Water Holder	2,000 ML		
	Total diversions:			
	Loddon Inter Valley Trade Account delivery	4,654 ML		
21.1(g)	Annual storage evaporation losses:		See Note 2	
	Cairn Curran	8,648 ML		
	Tullaroop	4,552 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)	Annual volume supplied to primary entitlements:		See Note 3	
	Serpentine Creek	619 ML		
	Victorian Environmental Water Holder	6,712 ML		
	Total supply to primary entitlements:			18,421 ML
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	None		
21.1(r)	BE compliance difficulties and response	None		

Notes

1. Environmental diversion to Loddon wetlands is included, excluded is environmental water that has been delivered in stream (see 21.1(m)).
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.
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.

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

This appendix is included in the Goulburn-Murray Water 2015/16 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 2015 to 30 June 2016. 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)	Annual amounts of water taken from the system by primary entitlement holders:		
	Water shares	284 ML	
	Central Highlands Water	59 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)	Annual supply to primary entitlements:	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	Minor	See Note 3
17.1 (m)	BE compliance difficulties and responses	Yes	See Note 4

Notes

- 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.
- 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.
- Under the current arrangements the release was less than required by less than 0.5 ML/d due to fluctuating natural flow requirements for one day in May 2016.
- An interim operating arrangement between all Bulk Entitlement holders is in place. Operating arrangements are yet to be finalised due to difficulties in developing a feasible methodology for determining natural flows using the limited available gauged data. The interim operating arrangements allowed minimum flows to be restricted to 1 ML/d while the seasonal determination was less than 20%. This occurred in July 2015 until 3 May 2016 when an agreement was made to cease releases. The interim operating arrangement also covers compliance difficulties at the Smeaton site (SI 407227).

GMW Customer Enquiries

Phone
1800 013 357

Email
reception@gmwater.com.au

Website
www.gmwater.com.au

Produced by Goulburn-Murray Water.
Printed on Impact Climate Paper. 100% recycled post
consumer waste.

