



2016/17 Annual Report



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Abbreviations

The following abbreviations are referenced throughout this report:

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

Responsible Body's Declaration

In accordance with the *Financial Management Act* 1994, I am pleased to present Goulburn-Murray Water's Annual Report for the year ending 30 June 2017.



Jo Anderson
Chair
Goulburn-Murray Water
16 August 2017

Vision, Mission, Values.

Corporate Strategy

Goulburn-Murray Water's (GMW) corporate strategy sets out our strategic business objectives for the five year period from 2012/13 to 2017/18. GMW's corporate strategy is made up of our Fundamental Commitments, Strategic Outcomes (SO) and Strategic Initiatives which are listed below.

Fundamental Commitment 1 - Partnering with our customers

Strategic Outcomes:

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

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

Strategic Outcomes:

- **SO 3** - We deliver the Connections Project for the long term benefit of our region.
- **SO 4** - Our stakeholders are enrolled in our sustainable future.
- **SO 5** - We operate commercially to deliver sustainable, predictable and affordable pricing.
- **SO 6** - We develop our business in support of our customers and community.

Fundamental Commitment 3 - A high performing organisation

Strategic Outcomes:

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

Accompanying our corporate strategy are our 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 current five year strategic plan will be in its final year of implementation in 2017/18. In 2016/17, GMW commenced the process to develop its future strategic plan to continue to meet the needs of the agricultural industry, our customers and stakeholders. GMW's Board will be adopting an updated strategic plan in September 2017.

So far this process has focused on consulting with customer, stakeholder and community groups to help them understand why we need a new strategic plan, and to find out what matters most to them. Our goal – and the reason we're taking this collaborative approach – is to work together to ensure the future prosperity of our business and our region.

This future strategic direction will have a 25 year time horizon and provide strategic plans for the next five and 10 years.

Chair and MD's Report

At GMW we know we are operating in challenging times, with volatile global market forces and changing climate conditions impacting our customers. Only by working closely with our customers can we ensure future farm production in northern Victoria is not just sustainable, but steadily increasing in yield and value for the benefit of our region and beyond.

This year we've developed a clearer picture of our customers by grouping them in relation to what they require from GMW, how we meet those needs and what we can do to improve our future engagement. We know a one-size-fits-all approach does not apply to our business and that has been reinforced this year, with our customer segmentation work defining 11 unique groups of customers including power generation companies, urban water corporations, investors and the environment. Our single largest group, comprising more than 12,350 irrigation customers, is in turn diverse with horticulture, dairy and mixed farming interests.

Effective engagement and our increased understanding of customers and their needs have directly fed into GMW's most significant corporate project of 2016-17 – developing a strategic plan to set our goals and guide our operations for the years ahead. This year we've consulted with our customers in a series of workshops, online interaction and telephone surveys, gathering more than 2,500 strategic ideas and initiatives. Our staff have also provided important input into our draft strategic plan.

This plan will be finalised in the coming year, with refinement of our customer initiatives and outcomes, however our long-term goals are now clear:

- Customers and investors have confidence and clarity in our future.
- We maximise the benefit of water in our region in a changing climate.
- Our services are efficient and reflect customers' needs.
- We are trusted.
- We are financially secure.
- Our staff have a safe, respectful and inspiring workplace.
- We contribute to regional growth, resilience and environmental sustainability.

- We recognise recreational benefits.
- We partner with Traditional Owners to achieve mutually beneficial outcomes.

Customers are also benefitting from our continuing flat or falling tariff structure. Less revenue in real terms is being met by an efficiency drive across the business; we are 70 per cent towards cutting our costs by \$20 million before June 2020. This work is contributing to our successful shift in customer focus, because being a good business partner means being an efficient business partner.

We are proud of our achievements this year and have the framework in place to do even better. For GMW, the future is all about continuing to partner with our customers and being a leading contributor to northern Victoria's reputation as one of the most productive and best managed irrigation regions in the world.



Jo Anderson
Chair
Goulburn-Murray Water
16 August 2017



Pat Lennon
Managing Director
Goulburn-Murray Water
16 August 2017

Manner of establishment and the Responsible Minister

GMW is a statutory Corporation constituted by Ministerial Order under the provisions of the *Water Act 1989* (Water Act). The relevant Minister for the period from 1 July 2016 to 30 June 2017 was the Hon Lisa Neville MP, Minister for Water.

Nature and Range of Services Provided

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

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

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.

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 Coryong in the east down river to Nyah. We have more than 25,000 customers using over 39,000 services in northern Victoria.

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

GMW also operates a number of storages and weirs on behalf of the 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, using it to manage more than \$4 billion of water entitlements and trade.

GMW also maintains recreational infrastructure and services and manages safe boating access at 14 of its 24 storages. This includes managing 721 houseboat licenses, the leasing of 11 caravan parks, 62 clubs and 80 public recreation areas adjacent the foreshore of our storages and waterways.

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

The project will automate much of the water delivery network and replace ageing irrigation infrastructure, meet measurement compliance requirements and ensure equitable access to maintain the true value of water while also reducing the 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 approximately 16 per cent of our 748 full time equivalent (FTE) staff.

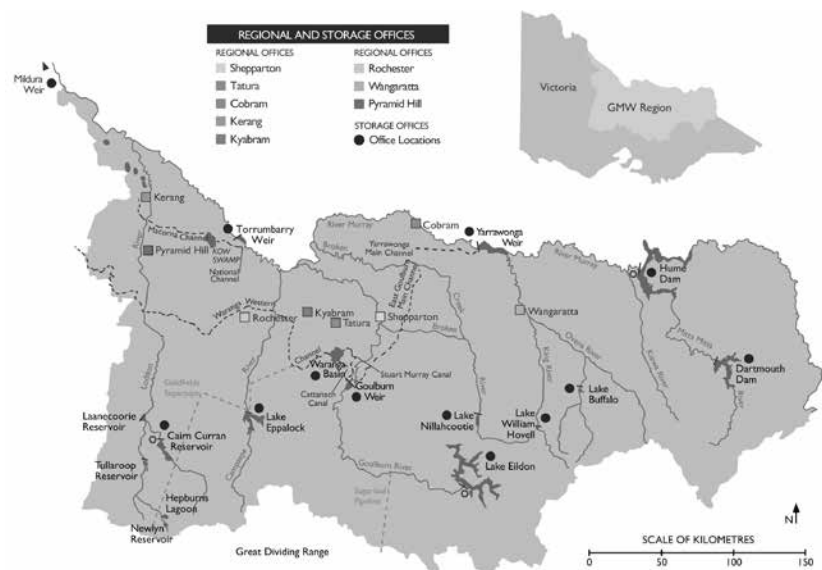


Diagram 1: GMW's operational area

Functions

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

- An irrigation district.
- A water district.
- A waterway management district.

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

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

Our 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 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 including actions arising from *Water for Victoria*. *Water for Victoria* is the Victorian Government's adaptation response to climate change for all Victorian water services.

Supporting strong and vibrant communities

- Provide feedback to Government on its 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.
- Work with Traditional Owners to increase participation with the water industry.

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 Water 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 Project Control Group (PCG).

These delegations are reviewed and updated on a regular basis.

Statutory Planning

1,471 planning applications were referred to GMW in 2016/17 and a further 22 Planning Scheme Amendment submissions were received. Under the *Planning and Environment Act 1987*, GMW is required to respond to matters referred within 28 days or within the time period determined by the relevant Council.

The GMW 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 2016/17 GMW finalised 13 approved DWMPs; two more are under development, one is under consultation and one Council is refusing to implement.

Performance Reporting – Non-Financial

Performance against objectives

The following key strategic initiatives were completed in 2016/17 in line with the current Business Plan.

Strategic Initiative	Objective
SO1-01 Future Service Initiative (Wholesale and Retail)	To research and identify additional common services that customers are seeking and their preparedness to receive these on a cost recovery basis.
SO2-02 Customer Policy Reform	To identify opportunities where policy can be simplified, contemporised and reformed to improve customer outcomes and ensure transparency and understanding.
SO4-01 GMW Stakeholder Engagement Framework	Develop the implementation plan for the Stakeholder Engagement Framework.
SO5-01 Procurement Review	New Procurement Framework in line with Victorian Government Procurement Board guidelines, and improved capability focussed on best value outcomes to assist in achieving the operating expenditure reduction target.
SO5-02 Fleet Project	Cost savings across the business by streamlining light vehicle fleet policy, and reducing fleet numbers.
SO5-06 Estates Review Initiative	To develop a Future Estates Master Plan incorporating property optimisation and revenue generation from our property portfolio of land and buildings.
SO6-02 Recreation and Land Initiative	Identify opportunities to increase the utilisation of our key assets to enable us to generate positive revenue.
SO7-05 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.
SO8-02 Innovation Leadership and Research and Development Program	To develop an Innovation, Research and Development program and supporting framework.

Table 1 : List of key strategic initiatives completed by GMW in 2016/17

The following initiatives have progressed to a point where they are now embedded into business as usual (BAU) activities and will be reported through normal BAU channels or will be implemented as part of GMW's future strategic plan implementation plan from 2017/18 onwards.

Strategic Initiative	Objective	Status
SO2-01 Customer Experience Improvement Program	To significantly improve the way we deliver services to our customers and enhance their experience when dealing with GMW.	BAU
SO7-01 Water Management System Optimisation	To ensure that the automated delivery and data collection system is able to perform at a level that meets GMW's and customers' needs.	BAU
SO5-05 Enterprise Agreement Initiative	To optimise our balance of customer service, productivity, employee retention and engagement, and cost reduction objectives.	BAU
SO7-04 Water Delivery Efficiency Project	To understand forecast bulk entitlements and develop an Efficiency Improvement initiative.	BAU
SO9-01 ICT Strategic Plan Delivery	To deliver technical capabilities around core systems, business data and reporting automation, systems sustainability and rationalisation of technologies.	BAU
SO9-02 Internal Process Optimisation Program	To streamline internal business processes using process optimisation methodologies, maximising the use of technology and automation.	BAU
SO1-03 Future Service Initiative (Diversion Customers)	To deliver to customers, greater choice and flexibility in the way they hold and use their diversions and groundwater licenses.	To be implemented as part of future strategic plan from 2017/18 onwards.
SO1-04 GMID Service Strategy	This service strategy will deliver the customer segmentation model for the GMID, service standards and the capital and operating requirements for the GMID.	To be implemented as part of future strategic plan from 2017/18 onwards.

Table 2 : List of Strategic Initiatives that have progressed to BAU or will be implemented as part of GMW's future strategic plan

Minister's Letter of Expectations Key Performance Indicators

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

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

Climate Change

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

Key Performance Indicator

E2 Emission reduction pledges. Pledges to commit to specific actions to achieve net zero emissions.

Definition

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

Measure

Total net CO2 emissions equivalent tonnes.

Performance

See KPI E2 in Performance report on pg 24.

Key Performance Indicator

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

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

Definition

Planning for adaptation to the warmer, drier climate conditions predicted for the future.

Measure

Baseline established in 2016/17. Report on progress towards commitments.

Performance

GMW and the Department of Environment, Land, Water and Planning (DELWP) worked together during 2016/17 to model reliability changes in the northern Victorian bulk water systems using the Guidelines for Assessing the Impact of Climate Change on Water Supplies in Victoria. The modelling revealed small-scale weakening of reliability for high reliability water shares. The reliability of low-reliability water shares is significantly poorer. Similarly, the modelling found early season seasonal determinations are likely to be lower under climate change.

The establishment of these baseline comparisons allows GMW to start planning and implementing measures to address the impacts of climate change. An important early requirement is the communication of the impacts to entitlement holders and the preparation of updated seasonal outlooks that use the modelled climate. Applied together, both items give entitlement holders tools to plan their enterprise risk. Over time, this information will be complemented by additional actions prepared in partnership with the Victorian government.

Customer and community outcomes

All aspects of delivery will be customer and community centred.

Key Performance Indicator

C1 Customer satisfaction with response (including digitally).

Definition

- Proportion of water orders delivered on time.
- Application process.

Measure

- Orders delivered on time.
- Percentage of applications completed within agreed timeframes.

Performance

- 93 per cent all orders delivered on time.
- 99.7 per cent of all applications completed on time.

Key Performance Indicator

C2 ESC Customer Satisfaction Survey.

Definition

Customer confidence in performance of water corporation.

Measure

Aggregate customer satisfaction score for water corporation.

Baseline established in the 2016/17 ESC Water Performance Report – Performance of Victorian urban water and sewerage businesses.

2017/18 rural water to develop measure with DELWP.

Performance

Measure to be developed in 2017/18 in consultation with DELWP.

Key Performance Indicator

C3 Appropriate engagement methods used when working with communities.

Definition

Use of DELWP community charter or equivalent best-practice engagement methods.

Measure

A strategy that demonstrates approaches to community engagement that are open, honest and occur frequently.

Performance

GMW is currently working on improving the way we engage with all our customers, stakeholders and communities. To do this we've recently completed a customer needs analysis and we're now working on options to improve. This project is scheduled to be completed in February 2018.

Key Performance Indicator

CRR Rural water service delivery complaints.

Definition

Number of service delivery complaints per 100 customers.

Measure

Number of service delivery complaints received relating to leaks, service interruptions, metering, overuse, flow rate (gravity systems) and water pressure (for pressurized systems).

Performance

0.46 complaints per 100 customers.

Performance Reporting – Non-Financial

Key Performance Indicator

CR4 Billing/payment issue complaints.

Definition

Number of billing/payment issue complaints per 100 customers.

Measure

Reduced number of complaints year on year.

Performance

See KPI CR4 in performance report on pg 24.

Water for Aboriginal cultural, spiritual and economic values

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

Key Performance Indicator

AC1-1 Effective engagement of Aboriginal communities for involvement in business opportunities and access to water for economic development.

Definition

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

Measure

A strategy that demonstrates how GMW will build capability and understanding of procurement processes to address barriers for Aboriginal enterprises to supply goods/services to GMW.

Performance

GMW is committed to upholding the highest standards of probity in all procurement related activities, in line with GMW's Probity Guidelines and best practice. As a leading and respectable corporate citizen, GMW is obliged to clearly communicate to all suppliers, including Aboriginal enterprises:

- Its expectations in terms of the behaviours and conduct that both parties will abide by throughout procurement related processes.
- The terms and conditions under which GMW agrees to procure goods or services or enter into any leasing arrangements.
- The process that applies to specific procurement related activities including requirements for completing formal procurement documentation.

- The process and principles associated with requesting from or providing additional information to GMW throughout the duration of any procurement related activities.
- GMW had in place an agreement with Yorta Yorta Nation Aboriginal Corporation (YYNAC) that outlined how GMW would engage YYNAC to undertake services including site monitoring, cultural heritage awareness training and general cultural heritage advice with a particular focus on work activities undertaken by both GMW Operations and the Connections Project. This agreement expired during the financial year and a new agreement is currently being developed.
- The Connections Project also engaged the services of Registered Aboriginal Parties in delivering inductions for works sites requiring Cultural Heritage Management Plans.

In addition to this, to further build capability and understanding of GMW's procurement activities, GMW will develop a strategy to host Supplier Information Days which will allow for a more tailored conversation regarding tender requirements. We are still working on the strategy for this.

Key Performance Indicator

AC1-2 Effective engagement of Aboriginal communities for involvement in business opportunities and access to water for economic development.

Definition

Inform Traditional Owners when opportunities arise to access water entitlements within existing framework. Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal Victorians.

Measure

- Number of sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships.
- Staff have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last five years.

Performance

GMW is currently preparing a strategy for engaging with the Aboriginal and Torres

Strait Islander community in regards to:

- Delivering cultural awareness training.
- Developing a work placement program for high school and TAFE level students.

Key Performance Indicator

AC2 Effective engagement of Traditional Owners for inclusion of Aboriginal Values in water planning.

Definition

Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners. Notify and engage with Traditional Owners to achieve shared benefits.

Measure

- Number of engagements with Traditional Owners in water planning and management and report on outcomes.
- Number of pilot programs to test different ways to achieve shared benefits.

Performance

GMW has started a program of closer engagement with Traditional Owners via projects addressing groundwater resource management and the implementation of land and on-water management plans at several waterbodies.

The preparation of a local groundwater management plan for the West Goulburn Groundwater Management Area involved representatives of the Taungurung Clans Aboriginal Corporation and the YYNAC as the Traditional Owners of the region covered by the plan.

The Yorta Yorta Nation is an important stakeholder on the implementation committee for the Kow Swamp Land and On-water Management Plan. GMW and the Yorta Yorta Nation are working to improve the operating regime of Kow Swamp and the management of surrounding lands to protect culturally sensitive sights.

The lessons learnt from these engagement activities are contributing to the development of an overarching strategy for GMW engagement with Traditional Owners. GMW will finalise a project plan outlining its engagement strategy by 28 July 2017. The strategy will include the water-based actions of *Water for Victoria* as well as cultural diversity and inclusiveness.

Resilient and liveable cities and towns

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

Key Performance Indicator

L3 Victorian water bills are amongst the lowest in Australia. Typical bill for whichever applies.

Definition

Comparison with national median for relevant utility sized groupings:

- Irrigation: 50 megalitres (ML) irrigation customer; or
- 2ML domestic and stock supply as applicable.

Measure

Total residential bill based on:

- Average consumption.
- 200kl consumption.

Performance

The annual cost for an irrigation customer using 50ML of permanent entitlement is \$5,951.

GMW is continuing its drive to reduce recurring operational expenses by \$20 million.

Key Performance Indicator

L4 Hardship programs.

Definition

Customers accessing hardship arrangements/payment plans over time. Develop capability and capacity to improve support for victims of family violence experiencing financial hardship.

Measure

- Percentage of customers on instalment plans.
- Number of customers applied and awarded hardship grants.

Performance

- 0.14 per cent of 25,187 customers on hardship arrangements.
- Thirty five successful applications for hardship and now on instalment plans.

Key Performance Indicator

L5 Regulated river supply service charge.

Definition

Cost of operation, maintenance, administration and asset renewal associated with regulated river supply assets.

Measure

Regulated river supply service charge/volume supplied at customer service points.

Performance

\$3.63/ML delivered including environmental deliveries.

Recognising recreational values

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

Key Performance Indicator

RW1 Consideration of recreational values in carrying out functions and providing services.

Definition

Recognise and support recreational values in water/waterway planning, information provision and infrastructure.

Measure

Report on efforts taken to work with community members and other government agencies to explore cost effective opportunities to provide complimentary social, recreational and economic benefits.

Performance

During the year GMW facilitated 34 meetings on development of recreational facilities around water bodies.

GMW also attended four meetings facilitated by other organisations for recreational facilities.

This year a further six Land and On-Water Management Plan (LOWMP) Implementation Groups have been established. GMW storages now have 12 active LOWMP Groups in operation. The groups work to increase communication, consistency and cooperation between

agencies and the community to protect values and attributes at the relevant storage.

The Recreation and Land Strategy Team, along with Recreation and Land Coordinators and Officers at local storages work closely with communities and other stakeholders to implement positive recreational outcomes and benefits for the community. Where possible, GMW works with other government agencies to secure grant funding to minimise cost impacts to the business whilst complimenting social and recreational benefits. For example, this has been realised in funding secured for solar light projects, emergency signage programs, upgrades to foreshore areas, boat ramps, car parks etc.

GMW has actively participated with DELWP, Department of Economic Development, Jobs, Transport and Resources (DEDJTR) and Fisheries Victoria on several projects that have had positive recreational water user outcomes.

Leadership and Culture

Reflect the needs of our diverse communities.

Key Performance Indicator

G1-1 Gender and cultural diversity in workforce including gender equity in executive leadership.

Definition

Development of a Diversity Inclusion Plan/s that cover gender equity and cultural, indigenous inclusion.

Measure

- Diversity Inclusion Plan/s provided to DELWP to establish baseline.
- Follow up on annual basis for predicted increase in the number of females occupying senior executive positions over projected five year period.
- Adopt a one per cent target for Aboriginal people in the business consistent with Vic government policy¹ and commit to a stretch target of three per cent by 2020 (DELWP policy²).
- Increase capacity of Traditional Owners to participate in boards and committees.

¹ Karreeta Yirramboi; Victorian Aboriginal Public Sector Employment and Career Development Action Plan.

² DELWP Aboriginal Inclusion Plan 2016-2020.

Performance Reporting – Non-Financial

Performance

- DELWP have received a copy of our Diversity Inclusion Plan through the work GMW completed with other water corporations and VicWater. GMW worked with other water corporations and VicWater in the development of its Diversity Inclusion Plan.
- GMW continues to work towards achieving its target of an even split of male to female staff in leadership positions, including our executive team.
- GMW has adopted a target of three per cent of staff that identify as Aboriginal by 2024. Currently two per cent of GMW staff identify as Aboriginal.
- GMW remains committed to working with the community to ensure people of all ethnicities have the capacity to participate in boards and committees.

Key Performance Indicator

G1-2 Gender and cultural diversity in workforce including gender equity in executive leadership.

Definition

Staff participation in the Victorian Public Sector Commission (VPSC) *People Matter Survey*. GMW to encourage staff participation to complete annual survey or equivalent survey.

Measure

- Number of respondents to the VPSC *People Matter Survey* from GMW increase over time (to be based on participation in alternate years with implementation measures reported in follow-up year).
- Results indicate favourable response to implementation of diversity inclusion plan.

Performance

For 2017/18, the usual Alignment and Engagement Survey previously undertaken by GMW employees was superseded by the Victorian Public Sector Commission *People Matter Survey* tool. The VPSC survey provides GMW with a more detailed demographic read on our employees.

Key Performance Indicator

G2 Annual Board performance report prepared.

Definition

Annual Board performance report identifying areas for further development.

Measure

Board performance report submitted in a timely manner with recommendations for continuous improvement.

Performance

GMW reports to the Minister for Water annually on Board performance.

Additionally the Board also self-assesses its performance each meeting.

Key Performance Indicator

G3 Health and Safety.

Definition

Sustained annual improvement against Health and Safety performance benchmarks (AS/NZS standard 4801).

Measure

Performance indicators adopted to monitor occupational Health and Safety inline with FRD 22H, section 5.10.

Performance

Please see Health, Safety & Environment on page 34 for GMW's 2016/17 results.

Financial Sustainability

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

Key Performance Indicator

- F1 Interest cover
- F2 Gearing ratio
- F3 Internal financing ratio
- F4 Current ratio
- F5 Return on assets
- F6 Return on equity
- F7 EBITDA Margin
- F8 Credit rating

Definition

Financial indicators as prescribed by performance reporting.

Measure

Maintenance or improvement in credit rating.

Performance

Please see Performance Reporting – Financial on page 23 for KPI F1 – F7.

E8 GMW's credit rating for 2016/17 is A-.

Our Customers

GMW provides more than 39,000 services to more than 25,000 customers as some customers have multiple services across different classes. Our services include water storage, delivery and management services to surface and groundwater customers across the region.

Understanding and responding to customers' needs

We are continuing our customer experience improvement program; we do this through collaboration and innovation and by designing and delivering solutions which optimise our investment in people, customers, stakeholders, systems and technology.

This year included upgrading our customer billing system, a trial of automated processes and a more in-depth use of our customer insights from our contact centres, frontline staff, high volume transaction and WaterLINE users.

One example of this has been through our customer digital service strategy with the development of improved online service options for customers such as a self-service portal "MYGMW" accessible from our website. MYGMW provides customers with online authenticated access to their information and accounts, ensuring customer can access important information around the clock.

We have launched a number of workshops and engagement initiatives with our customers, our stakeholders and our staff, designed to collect feedback and ideas on how GMW can continue to listen, provide feedback and engage now and into the future on important issues.

This year we launched 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 and add additional information based on what's important to users.

We have also invested in the use of remotely piloted aircraft (drones) to assist with tasks such as surveying major assets and monitoring our waterways. 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

Name	Description	Number of Customers ³
Irrigation	Dairy, cropping, mixed farming and horticulture.	12,352
Domestic and stock	Rural residential customers. Mixed farming and intensive animal industries(piggeries).	6,515
Farm dam registrations and private rights	Private landholders.	4,110 ⁴
Recreation	Houseboat operators. Recreation clubs.	891
Water investment	Investment funds,agriculture and corporations.	789
Commercial leasing	Livestock graziers, forestry corporations and caravan parks.	337
Contract services	MDBA, State Governments and Federal Governments.	142
Flood protection	Protection of land and property in flood protection districts.	35
Urban and rural water supply	Providing water for urban and rural water supply.	12
Environmental watering	Commonwealth and State Environmental Water Holders.	2
Power generation	Hydroelectric power utilities.	2

Table 3: Customer numbers by segment

³ GMW has previously reported a total customer population of 39,326 in its 2015/16 Annual Report. This number has been calculated based on the number of services supplied to properties. For example if an individual has two properties supplied by GMW, the individual would be reflected twice in the customer count. During 2016/17 GMW undertook work to better identify its customer base by classifying them into distinct segments with different needs. Using this single customer view GMW has about 25,000 customers. It is important to note that the variance reflects two alternative reporting methodologies and the number of customers, services and properties GMW supplies has not changed.

⁴ Customers in this category are registered and/or licenced in accordance with the requirements of the Water Act and do not pay annual charges to GMW.

concerns our customers have in relation to their accounts, assets, water entitlement, resource availability and water delivery management.

GMW Customer Service - Performance

Water Deliveries

During the 2016/17 irrigation season a total of 995,463 ML was delivered to GMW

irrigation customers in the irrigation areas and regulated river systems, 308,040 ML less than the previous season 2015/16.

Of the 103,263 irrigation orders received, 92.7 per cent was delivered on the day requested by the customer. Over half (64 per cent) of the irrigation orders received were lodged via electronic means, demonstrating our customers' appetite for self-service and online convenience.

Percentage of orders delivered on day (regardless of notice)		
	Actual	Target
Gravity	93%	93%
Pumped	99%	98%

Table 4: Percentage of orders delivered on day regardless of notice

Performance Reporting – Non-Financial

Water Trading

During the 2016/17 irrigation year GMW processed 10,861 trades involving 2,885,000 MLs of allocation. Demand for allocation was quite strong, with customers looking to the water market to support high deliveries across the retail regulated system. Customers managing allocation now have unprecedented access to the water market through online tools supplying up to date information as well as the ability to transact online. Customers can also trade allocation with one of the many water brokers enabled to transact online through the Broker Portal. This has resulted in a highly active water market allowing customers to secure allocation when required or quickly on sell when use is not required. GMW continues to support the development water market working closely with DELWP in providing trading solutions through the Water Register platform.

GMW received 2,741 applications to transfer 225,855 MLs of Water Share throughout the 2016/17 irrigation year representing a small decrease in activity over last year. The decreased 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 four per cent trading restriction has had a limited effect on gravity irrigation districts where the amount of associated water share has reduced by seven per cent since 2014.

Customer Satisfaction

The annual Customer Satisfaction Survey was conducted in October and November 2016. Participants were representative of our various service types with 750 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.

Each year our target is to increase overall satisfaction relating 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 higher. While this is the same result as 2015, the proportion of customers who rated their overall satisfaction 7/10 or above increased to 66 per cent.

Chart 1: Retail and Environmental allocation trades and volumes since 1 July 2011

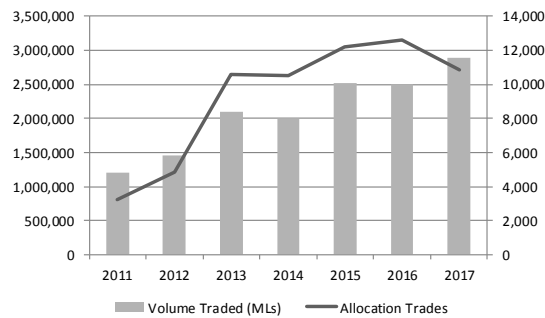
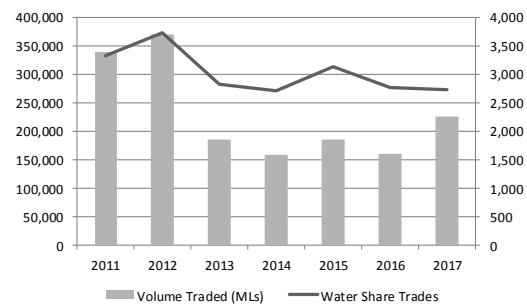


Chart 2: Water Share transfers and volumes since 1 July 2011



Water Share Transfers and Allocation Trades					
		2013/14	2014/15	2015/16	2016/17
Water share transfers	Volume (ML)	158,105	185,602	161,545	225,855
	Number	2,723	3,131	2,778	2,741
Allocation trades	Volume (ML)	1,991,177	2,513,653	2,496,000	2,885,000
	Number	10,531	12,231	12,611	10,861

Table 5: Water Share transfers and allocation trades 1 July 2013

The Connections Project

The \$2 billion Connections Project will create a more efficient water delivery network for the GMID.

Funded by the Victorian and Commonwealth Governments, the 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 Gigalitres (GL) is targeted to be achieved.

Following an independent mid-term review in 2015, Minister for Water Lisa Neville 'reset' the project in March 2016, with a new Reset Delivery Plan approved by the Victorian and Commonwealth Governments in September 2016.

Stakeholder Consultative Committee

As part of the project reset, a Stakeholder Consultative Committee (SCC) was established, meeting regularly to discuss issues and provide advice to the project.

The SCC is comprised of water users from across the GMID, including customers, agricultural and industry peak bodies as well as local government.

Chaired by Richard Anderson, the SCC has met seven times to identify and workshop critical issues and concerns facing landowners.

A new roadmap for project delivery

The Connections Project Reset Delivery Plan was approved by the Victorian and Commonwealth Governments in September 2016.

The Reset Plan provides a roadmap for the project to be delivered in the second half of 2020, and:

- Sets out a new landowner engagement process that includes reconfiguration plans, providing more certainty for landowners.
- Improves the project's procurements and contracting method, with the appointment of major contractor John

Holland to deliver a large portion of remaining works.

- Assesses works on a channel-by-channel basis that focuses on modernising channels that support the highest number of primary producers, replacing meters and modernising high water loss channels, and prioritising connections that supports food and fibre production, the regional economy and jobs.
- Includes an independent review process for the reconfiguration process to give assurance to landowners that decisions affecting their supply are made according to publicly available Operational Rules.

Community focus

In response to community feedback, the project has improved its community and stakeholder engagement, with particular focus on:

- Keeping councils informed of latest project developments through an annual council roadshow.
- Community information sessions: informal 'pop up' stands in town squares and gathering places to promote the strategic benefits of the project for the GMID.
- A new project website and landowner information portal to enable landowners to get information on infrastructure solutions for the channels that supply their water.

Major contract award

In early 2017, John Holland Group was awarded a contract to deliver a large portion of remaining works. The appointment of John Holland to deliver the works was a significant step in implementing the project's Reset Plan.

Winter Works 2017

The \$100 million Winter Works program, undertaken in the irrigation shut down period in 2017, will deliver:

- Total 33km of channels remediated across 17 sites.
- Automation installed at 271 sites.
- Total 35 km of pipeline installed across seven sites.

- Works carried out on more than 500 meter outlets.

The significant works program means more irrigators will benefit from the improved distribution system, as well as generating water savings directly from infrastructure works.

The large works package is also benefitting contractors and suppliers across the region, with many reporting increased economic activity within their own businesses and in the local economies as a result of the Connections Project.

The Winter Works program is an important part of the overall Reset Delivery Plan, and represents the culminating of a significant planning effort from the project team.

Project governance

In June 2017, it was announced that the Connections PCG Chair Mike Walsh was stepping down from the role and Peter McManamon would be the new Connections PCG Chair. Peter has more than 40 years in general management, project management and strategic operational experience across all facets of environment, infrastructure planning and delivery, operations and asset management in the rural/water and general resources industry, both in Australia and internationally. He has held roles at Goulburn Valley Water as Director of Technical Services and Acting Chief Executive Officer. Peter also was Chief Executive Officer for Grampians Water and later Grampians Wimmera Mallee Water up until 2007.

GMW Deputy Chair Patrick McNamara also joined the Connections PCG replacing fellow GMW board member Margot Henty.

Project milestones

As at 30 June 2017, the project has achieved the following milestone targets:

- 6,441 service points have been installed.
- 984km of channel has been decommissioned.
- 251GL of audited water savings have been made.
- 245km of channel has been remediated.

Performance Reporting – Financial

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%
2015/16	100	0	26	0	90	0	66	0	84	0	8	0
2016/17	100	5	100	100	100	0	100	100	100	0	100	100

Table 6: Seasonal Determinations for Northern Victorian Water Systems since 1 July 2015

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.

After a very dry 2014/15, there was a turnaround in season 2015/16 with above average inflows in all catchments. All systems achieved 100 per cent allocation against High Reliability Water Shares (HRWS). 100 per cent allocation against Low Reliability Water Shares (LRWS) was achieved in the Broken, Campaspe and Bullarook system. For the first time there was a LRWS allocation in the Murray system with five per cent.

Carryover

Northern Victorian water entitlement holders carried over 881GL into the 2016/17 season, approximately 100GL more than the 2015/16 season.

In its role as Resource Manager, GMW declared a low risk of spill on 1 July 2016 for the Goulburn system and 10 February 2017 for the Murray system. Volumes held in spillable water accounts in the Campaspe system were spilled when Lake Eppalock filled and spilled in October 2016. The low risk of spill declarations allowed customers to trade or use allocation held in spillable water accounts. The volume returned from spillable water accounts totalled 12GL. The total volume of allocation available to entitlement holders in 2016/17 was 3,430GL.

Groundwater

Wet conditions in the second half of 2016 and summer of 2017 has provided much needed recharge to aquifers across GMW's region. As a result groundwater recovery

levels displayed a positive trend following a number of years of slight to moderate decline in many Groundwater Management Units (GMUs). With strong aquifer recharge across the region all GMUs received a maximum allocation in 2016/17⁵. An exception was the Newlyn Zone of the Loddon Highlands Water Supply Protection Area, which received a 75 per cent allocation in 2016/17.

⁵ 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:

- Recreation users guides have been established for Lakes Eildon, Eppalock and Dartmouth and are to be available for use during 2017/18.
- Significant flood events during October 2016 were experienced across storages in the Goulburn, Loddon and Murray systems and operated in accordance to expected standards and without incident.
- The flood warning system at Lake Buffalo has been upgraded and enhanced to provide operators greater vision of catchment reaction during rain events.
- A design review for the upgrade of the control system for the Cairn Curran spillway gates has been undertaken in preparation for works to commence in the coming financial year. The new system is to replace aging infrastructure in excess of 60 years old and designed to improve operator safety and increase reliability of the asset.
- A full refurbishment of the trestle winch at Mildura Weir was undertaken using

GMW resources, providing a significant improvement to Occupational Health & Safety (OH&S) and longevity to its operation.

- The control system and electrical upgrade on Torrumbarry Weir is almost complete with commissioning of gate operations about to commence.
- Upgrade of the low level outlet control system at Dartmouth was completed to replace 40 year old equipment that did not meet current standards.
- Four Comprehensive (five-yearly) Dams Safety inspections were undertaken during the year, with no major issues identified.
- Flood Incident Management Plans for all dams reviewed, updated and reissued in January 2017.
- A combined flood operation and emergency exercise involving GMW, MDBA and AGL personnel was conducted at Dartmouth in May 2017. Desktop exercises testing the Flood Incident Management Plans and Dam Safety Emergency Plans for all 16 of the Corporation Dams were undertaken over the period April to June 2017.
- Stage 2 of the Lake Buffalo spillway gate and hoist upgrade project was successfully installed and commissioned. This will bring the gate operation up to current standards and significantly enhance the performance and OH&S aspects of operating the gates.
- The contract to replace the lift in the spillway structure at Lake Eildon has been awarded with work to commence in the coming financial year.
- The \$10 million Tullaroop Dam Safety Upgrade Project was practically complete in May 2016. During 2016/17 the final minor completion works were undertaken on the project. Overall the project was delivered under budget and ahead of schedule.

- The Eildon trash rack refurbishment commenced in January 2017 with one set completed out of a total of 10 sets. This project will continue over the next three years until all trash racks are fully refurbished.
- The air valves on the 1050mm and 1800mm outlet conduits at Cairn Curran were replaced and commissioned using GMW resources.
- A 10 yearly review and update of the Dams Portfolio Risk Assessment, inclusive of 12 GMW owned dams and four dams managed on behalf of MDBA, commenced. To date Stage 1 (review of hydrology at each storage), Stage 2 (update of hydrology at four storages, including a PMF update for Eildon) and Stage 3a (review of existing dam-break and consequence assessments to ascertain the scope of works for updates).

Our Environment

GMW has in place a comprehensive process to report and monitor compliance against legal, regulatory and Statement of Obligations requirements. An annual attestation of compliance against these obligations is reported to the Board and Executive Management Team. In the instance a breach is identified an action plan is developed in consultation with the relevant business unit to identify appropriate control measures to mitigate future occurrences. As required, breaches are reported to the relevant regulatory authorities. GMW attest that there were no breaches of our legal, regulatory, or Statement of Obligations requirements during the 2016/17 reporting period.

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

GMW undertook blue-green algae and water quality monitoring at key locations to ensure effective management, reporting and communication 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 2016/17. Performance against this standard was assessed through the completion of external third party audits.

GMW System Efficiency within Irrigation Areas 2014/15			
	2014/15	2015/16	2016/17
Total	80.0%	79.9%	87.0%
Shepparton	87.9%	88.4%	88.8%
Central Goulburn	82.5%	80.2%	83.0%
Rochester	79.2%	87.8%	86.7%
Loddon Valley	84.6%	78.5%	84.6%
Murray Valley	79.2%	75.5%	84.4%
Torrumbarry	82.3%	75.9%	93.1% ^e

Table 7: GMW system efficiency within irrigation areas

^e Torrumbarry's substantial increase can largely be attributed to the fact that under very wet conditions (like those in spring 2016), there is ungauged inflow to the system that isn't picked up in the loss water balance as an input (i.e. diversion) but can still be picked up as a delivery through a customer's meter or a measured return to the Murray River (reduction to net diversion).

System Efficiency

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

A number of different factors influence system efficiency including the total volume of water delivered during the season, start of season channel fill and end of season channel drawdown, operation of local system storages, seasonal weather conditions and local catchment inflows. However the overall 2016/17 result shows a significant efficiency improvement.

Sustainable Resource Management

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

GMW undertook aquatic plant control, surface and subsurface drainage operations and monitoring, water quality monitoring and salt interception operations to manage

the environmental risks within our area of operation.

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

The amendment process for the Katunga Water Supply Protection Area (WSPA) Groundwater Management Plan was completed by the consultative committee in June 2017 following an extensive consultation process. The proposed Katunga WSPA Groundwater Management Plan was submitted to the Minister for Water for approval in 2017/18.

During 2016/17 the West Goulburn Groundwater Management Area local management plan was completed. The Plan will be implemented in early 2017/18.

Current year financial review

The 2016/17 year was the first in the new price regulated period (termed 'Water Plan 4'). The ESC has determined a revenue cap for the prescribed services for the period to June 2020, and GMW's operating expenditure target to remove \$20 million recurrently by that date has been included in prices from this first year. As a consequence, GMW has maintained a strong focus on managing controllable costs. Over 70 per cent of the cost target has been achieved to date.

Other highlights include:

- The Connections Project Stage 2 business plan was formally 'reset' during the year, with an extended date for completion along with a revised milestone funding mechanism.
- In noting how such a major asset infrastructure project is reported, a point to be emphasised is that the majority of construction activity occurs while the gravity irrigation system is non-operational and in the months either side of 30 June. Funding for the Connections Project has increased from 2015/16, as required for the Project's delivery plan, and is recognised in two lines in the Cash Flow Statement:
 - » Under cash flows from operating activities where receipts from government are significantly higher than the prior year. Where project activity has not yet completed, such funding is recognised using 'percentage completed' methodology, and is reported as unearned revenue on the Balance Sheet. Revenue is then recognised expenditure is incurred.
 - » Cash flows from financing activities where capital contributions from Victorian Government are also significantly higher than the prior year.
- The 2016 rainfall and resulting filling of storages was a key factor in water deliveries being lower than the prior year by more than 20 per cent (described in the section – GMW Customer Service – Water Deliveries at page 15). As a result, variable revenue from gravity irrigation and regulated river systems was lower by more than \$5 million.
- Total Revenue of \$212 million was \$48 million lower than the prior year due to lower revenue recognition from Connections Project works and lower variable revenue as described above.
- The combined effect of the asset revaluation of 2015/16 and capital additions through the Connections Project outweighed the writing down of assets being decommissioned by the Project during the year. An increasing group of short-life assets, such as gravity irrigation regulators and metered outlets, is the main factor. The \$33 million higher depreciation and amortisation value primarily reflects the increased asset valuation whilst it is also impacted by the continuing increase in shorter life cycle modernised assets.
- The dairy industry commodity price reduction announced in April 2016 continued to affect a significant number of GMW customers, with consequential impact on an increased trade debtor balance and reduced cash receipts. GMW has ability to recover such debt, so provisioning for bad debt is very low.
- Borrowings have reduced slightly from the prior year. Along with flat and low interest rates, this has assisted to reduce interest expense.
- The Net Result before tax of (\$58.3 million) loss was affected mainly by higher depreciation noted above. The Total Comprehensive Result of (\$89.2 million) loss was affected mainly by changes in the Asset Revaluation Reserve through movements in asset disposal write-down of decommissioned assets.

operational accountability for the business. It also prevents cross-subsidy between either GMW's customers' or the governments' funding for the Project. Approved financial transactions between the Water Storage and Delivery business and the Connections Project are eliminated in producing GMW's financial statements, to avoid double counting of revenue and expenses.

Water Storage and Delivery – Operational Result

The 2016/17 financial year for Water Storage and Delivery was one where water deliveries were lower than 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 2016/17 before depreciation and asset write-downs remains significantly ahead of budget.

The main drivers of the positive operating result for 2016/17 were revenue in line with budget combined with lower 'controllable' operating costs. Controllable operating costs exclude depreciation, asset write-down expenses through the Connections Project asset rationalisation, and other expenditure that is funded by external parties and offset by increased revenue.

The Water Storage and Delivery business achieved an EBITDA result of \$32.2 million compared to 2015/16 of \$26.4 million and \$36.9 million in 2014/15. Positive operational cash flows of \$10.9 million were achieved compared to \$38.7 million in 2015/16 and \$25.7 million in 2014/15, and were in line with budget. As detailed above, several 'one off' factors can impact the operating results and present a timing variance year by year, although it is important to note the underlying EBITDA and operating cash performance remains strong.

Connections Project result

The Connections Project received government funding of \$334 million during 2016/17. Overall the Project enters the 2017/18 year with a strong cash position due to the funding received ahead of the intensive construction period between May and August. Cash holdings at 30 June 2017 were \$267 million.

GMW Financial Structure

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

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

Operations of the Connections Project are accounted for separately from Water Storage and Delivery operations as required by the Commonwealth and Victoria. This assists delivering governance, financial and

Five year financial summary

Summary of Financial Results - Water Storage & Delivery and Connections Project (before internal adjustments)					
	2016/17	2015/16	2014/15	2013/14	2012/13
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Water Storage & Delivery					
<i>Profit & Loss</i>					
Total revenue	170,312	164,333	169,982	170,294	185,545
Expenses excluding interest, depreciation and amortisation	138,126	137,910	133,048	150,563	142,623
Earnings before interest, tax, depreciation and amortisation (EBITDA)	32,186	26,423	36,934	19,731	42,922
Depreciation and amortisation	102,759	69,381	69,691	69,535	68,775
Interest expense	7,424	7,732	7,942	8,140	8,286
Net result before tax - Water Storage & Delivery	(77,996)	(50,690)	(40,699)	(57,944)	(34,139)
<i>Cash Flow</i>					
Net cash flow from operations	10,886	38,693	25,749	24,471	30,870
Payments for property, plant, equipment and infrastructure	37,564	36,082	21,938	14,202	24,408
Connections Project (Integrated into GMW on 1 July 2012)					
<i>Profit & Loss</i>					
Funding revenue	68,873	106,143	94,189	78,066	83,748
<i>Project Expenditure</i>					
Project costs	66,954	49,600	50,919	57,778	80,167
Other project costs (1)	14,270	20,108	20,345	17,832	13,486
Total Project Expenditure	81,225	69,708	71,264	75,610	93,653
Net result before tax - Connections Project	(12,351)	36,434	22,924	2,456	(9,905)
<i>Cash Flow</i>					
Net cash flow from operations	124,704	(31,706)	45,631	93,266	(36,218)
Payments for property, plant, equipment and infrastructure	80,201	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)					
<i>Profit & Loss</i>					
Total revenue	211,296	259,603	249,683	231,824	256,972
Total expenses	301,642	273,998	267,459	287,310	301,016
Net result before tax - GMW	(90,347)	(14,395)	(17,776)	(55,486)	(44,044)
<i>Balance Sheet</i>					
Assets					
Current	314,852	147,215	199,815	231,000	147,212
Non-current	4,765,406	4,820,608	4,185,516	4,170,281	4,181,685
Total assets	5,080,259	4,967,824	4,385,330	4,401,281	4,328,897
Liabilities					
Current	194,920	85,456	150,672	135,596	74,130
Non-current	668,675	726,178	557,251	587,196	607,222
Total liabilities	863,595	811,634	707,923	722,792	681,352
<i>Cash Flow</i>					
Net cash flow from operations	135,590	6,987	71,380	117,737	(5,348)
Payments for property, plant, equipment and infrastructure	117,765	132,613	83,081	78,279	87,341

Table 8: Summary of financial results since 1 July 2012

Performance Reporting - Financial

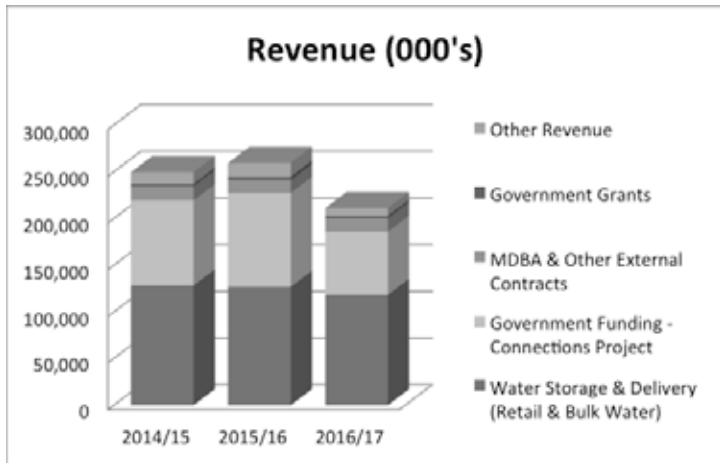


Chart 3: Revenue by source (000's) since 1 July 2014

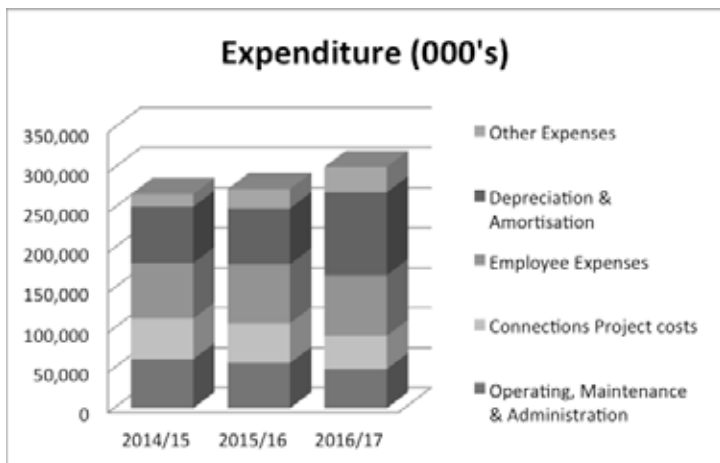


Chart 4: Expenditure breakdown (000's) since 1 July 2014

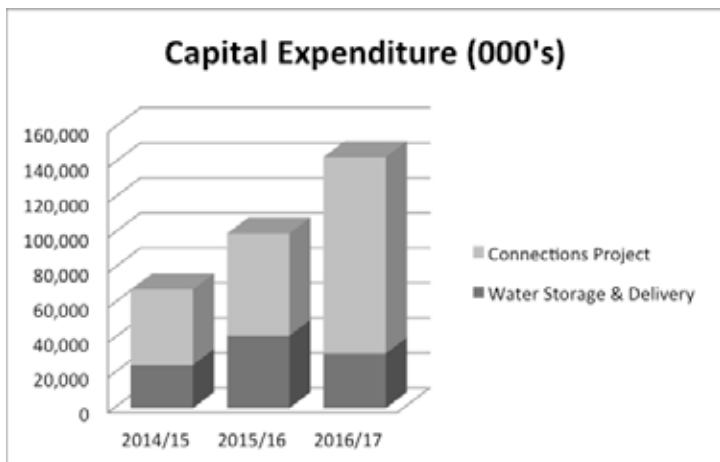


Chart 5: Capital Expenditure breakdown between business units (000's) since 1 July 2014

Certification of Performance Report for 2016/17

We certify that the accompanying Performance Report of Goulburn-Murray Rural Water Corporation in respect of the 2016-17 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 2016-17 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.

Jo Anderson
Chair

Pat Lennon
Managing Director

Geoff Cutter
Chief Financial Officer

16 August 2017

Performance against key performance indicators (financial)								
Number	Key Performance Indicator	2015/16 Result	2016/17 Result	2016/17 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	2.4	23.9	8.8	895.8%	1	171.6%	1
F2	Gearing Ratio Total debt / total assets*100	2.2%	2.1%	2.4%	-4.5%	2	-12.5%	2
F3	Internal Financing Ratio Net operating cash flow less dividends/ net capital expenditure*100	5.3%	115.2%	39.1%	2073.6%	3	194.6%	3
F4	Current Ratio Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	2.3 times	5.5 times	2.8 times	139.1%	4	96.4%	4
F5	Return on Assets Earnings before net interest and tax/ average assets*100	-0.2%	-1.7%	-1.5%	750.0%	5	13.3%	5
F6	Return on Equity Net profit after tax/average total equity*100	-0.3%	-1.4%	-1.1%	366.7%	6	27.3%	6
F7	EBITDA Margin Earnings before Interest, Tax, Depreciation and Amortisation/total revenue*100	23.4%	9.0%	5.8%	-61.5%	7	55.2%	7

Table 9: 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 higher than the prior year and target due higher net operating cash flows for the Connections Project (2015-16 \$7 million vs 2016/17 \$125 million and target \$37 million).
- The Gearing Ratio is slightly better than the prior year mainly due to the impact of the mandatory asset revaluation from 2015-16 increasing the value of infrastructure assets along with higher cash balances from the Connections Project increasing the value of total assets. The asset revaluation and cash balance was also higher than budget impacting the 2016-17 variance to target.
- The Internal Financing Ratio is significantly higher than prior year and target due to significantly higher operating cash flows from the Connections Project as per Note 1.
- The Current Ratio is higher than prior year and target due to higher current assets at 30 June 2017 mainly because of higher cash holdings for the Connections Project (2015-16 \$70 million vs 2016-17 \$267 million and target \$122 million).
- Return on Assets is lower due to higher depreciation expense resulting from the prior year asset revaluation compounded by a higher level of asset disposals in the current year impacting the earnings before interest and tax. Return on Assets is negative as GMW reports a net loss before net interest and tax due to the annual depreciation expense which was \$103 million in 2016-17 (2015-16 \$70 million and target \$75 million). GMW is continuing to explore opportunities to reduce cost so as to improve the EBITDA result whilst future target results will need to reflect additional depreciation resulting from the 2015-16 asset revaluation.
- Return on Equity is lower than the prior year and target. Net profit after tax is lower mainly due to increased depreciation as reported in Note 5 above. Return on Equity is negative as GMW reports a net loss after tax due to the annual depreciation expense which was \$103 million in 2016-17 (2015-16 \$70 million and target \$75 million). GMW is continuing to explore opportunities to reduce cost so as to improve the net profit result whilst future targets will need to reflect increased depreciation expense as above.
- EBITDA Margin is lower than the prior year due to lower revenue from the Connections Project (2015-16 \$101 million vs 2016-17 \$68 million). While the result has decreased it is still better than target and generally accepted metrics. The variance to target is positive despite lower revenue from Connections Project (2016-17 \$68 million vs target \$157 million) as EBITDA is in line with target despite lower revenue. GMW is continuing to explore opportunities to reduce costs so as to improve its EBITDA result.

Performance Reporting - Financial

Reporting Progress toward GMW performance objectives, indicators and/or outputs (non-financial)

Water and Sewerage Service Performance Indicators								
KPI Number	Key Performance Indicator	2015-16 Result	2016/17 Result	2016/17 Target	Variance to prior year	Notes	Variance to target	Notes
WSR1	Rural water supply deliveries Number of orders delivered/total number of orders *100	92.5%	92.5%	93.0%	0%		-0.5%	
WSR2	Unavailability of Domestic and Stock supply Duration that domestic and stock service is unavailable in excess of on-property storage	0%	0%	1.5%	0%		-100.0%	1
WSR3	Groundwater supply Number of transfers processed within target period/total number of transfers processed *100	85.7%	53.6%	78.3%	-37.5%	2	-31.5%	2

Table 10: Performance against Water and Sewerage Performance Indicators

Customer Responsiveness Performance Indicators								
KPI Number	Key Performance Indicator	2015-16 Result	2016/17 Result	2016/17 Target	Variance to prior year	Notes	Variance to target	Notes
CR4	Billing Complaints No. of complaints per 100 customers	0.01	0.01	0.03	0%		-66.7%	3

Table 11: Performance against customer responsiveness performance indicators

Environmental Performance Indicators								
KPI Number	Key Performance Indicator	2015-16 Result	2016/17 Result	2016/17 Target	Variance to prior year	Notes	Variance to target	Notes
E2	Total net CO2 emissions Net tonnes CO2 equivalent	12,401 tonnes	10,034 tonnes	12,500 ¹ tonnes	-19.1%	4	-19.7%	4

Table 12: Performance against environmental performance indicators

Notes:

1. Despite being shown as a negative variance, the 2016/17 result is a positive result with no unavailability during 2016/17.
2. Groundwater Permanent Transfer Applications were more complex than previous years causing the processing time to exceed the allowed 70 days. Issues such as incomplete forms and more applications that required advertising for 30 days have contributed to the delays. GMW is currently undertaking a review to identify ways to reduce the duration of the process.
3. GMW continues to engage with customers and improve services and processes to minimise customer complaints. The processes in place reduce the number of incorrect bills going to the customer.
4. GMW has not previously separated MDBA emissions from its own, which is the primary reason for the favourable variance to 2015-16 and to target as MDBA emissions have been removed from the 2016-17 result. During 2016-17 all 19 Victorian Water Authorities and DELWP worked to develop Emissions Reduction Pledges as part of the Water Industry's response to actions from Water for Victoria. During the development of its pledge it was identified by GMW that the emissions from MDBA assets should be separated from GMW emissions as reflected in the 2016-17 result.

¹ The target in the 2016/17 Corporate Plan was reported as 11,727 tonnes of CO2 equivalent. Since the release of the Corporate Plan GMW was involved, along with all other Victorian Water Corporations and DELWP, in the development of an Emissions Reduction Pledge. The aim of the pledge was for water corporations to commit to reducing emissions from the water sector between now and 2024/2025. This is the first step in a long term plan for the water sector to reach net zero emissions by 2050. GMW's 2016/17 target has been updated to reflect our pledge, which now also includes further emissions that we have identified from a fuel supplier. As a result GMW's target has increased to 12,500 tonnes of CO2 equivalent for 2016/17.

Independent Auditor's Report

To the Board of the Goulburn Murray Rural Water Corporation

Opinion	<p>I have audited the accompanying performance report for the year ended 30 June 2017 of the Goulburn Murray Rural Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none">• financial performance indicators• water performance indicators• customer responsiveness performance indicators• environmental performance indicators• certification of performance report for 2016-17. <p>In my opinion, the performance report of the corporation in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the <i>Auditor's responsibilities for the audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i> and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>

Independent Auditor's Report

Auditor's responsibilities for the audit of the performance report

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

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

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

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

MELBOURNE
28 August 2017



Roberta Skliros
as delegate for the Auditor-General of Victoria

Significant changes in financial position

For significant changes in financial position please refer to the current year financial review commentary on page 20.

Significant changes or factors affecting performance

The dairy commodity price reduction in mid-2016 affected a large number of GMW's customers through the year, a large proportion of whom sought payment agreements for their accounts. Receivables is higher than at the same time the previous year, and cash receipts were also lower.

The formal 'reset' of the Connections Project provided additional time to complete the project, as well as a revised method of milestone payments.

Capital Projects

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

Water Storage and Delivery

During 2016/17 GMW delivered \$33.6 million of customer funded capital projects. GMW delivers its works through a mix of direct management with internal resources and by outsourcing to contractors. The mix is determined through competitive tendering of works and ensures GMW continuously compares costs and demonstrates efficient delivery. Works within GMW's irrigation areas were targeted to irrigation backbone assets ensuring the investment was consistent with the roll-out of modernisation.

Water Storage and Delivery Capital Projects		
Project	2016/17 expenditure (\$m)	Percentage completed as at 30 June 2017
Bridge and Culvert Replacements	8.7	85%
Linear Programme (channel desilting & remodelling, access and fencing)	14.5	100%
Lake Buffalo Gates & Hoist Upgrade	1.5	93%
Replacement of major items of plant	1.9	100%

Table 13: Capital projects delivered since 1 July 2016 by Water Storage and Delivery in expenditure and percentage completed.

Some of the projects undertaken were:

- End of useful life replacement of 73 structures.
- Installation of a subway under the Stuart Murray Canal bank to allow natural drainage to the river.
- ICT system, server and network upgrades (including corporate records system).
- Refurbishment of Lake Buffalo spillway gates and hoists.
- Continued programme of channel remediation across the GMID.

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

- Full replacement of Torrumbarry Weir SCADA system.
- Replacement of trestle winch hydraulic drive system at Mildura Weir.

Table 13 details the major capital projects delivered during the period (per cent complete represents how much of the 2016/17 program was complete at 30 June 2017).

Capital Projects – Connections Project

The Connections Project delivered \$62.9 million of capital works during 2016/17.

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

Some of the infrastructure projects undertaken were:

- Channel automation, including the automation of structures of varying types and sizes.
- Channel remediation, consisting of remediation types High-Density Polyethylene plastic, clay lining and outer bank remodelling.
- The annual meter installation program.
- Works on the Stage 2 Swan Hill Modernisation Special Project, including the construction of the No. 9 Interconnector Pipeline and Little Murray and Fish Point Weirs.
- A number of pipelines were constructed during the year and a number of pipelines were under construction and scheduled for completion early in the new financial year.
- A number of other discrete capital projects were also in progress during the year.

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

Subsequent Events

There were no events after 30 June 2017 likely to affect GMW's financial performance in a material way. In June 2017 it was announced that the Connections PCG Chair Mike Walsh was stepping down from the role and Peter McManamon would be the new Connections PCG Chair.

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 on the following pages.

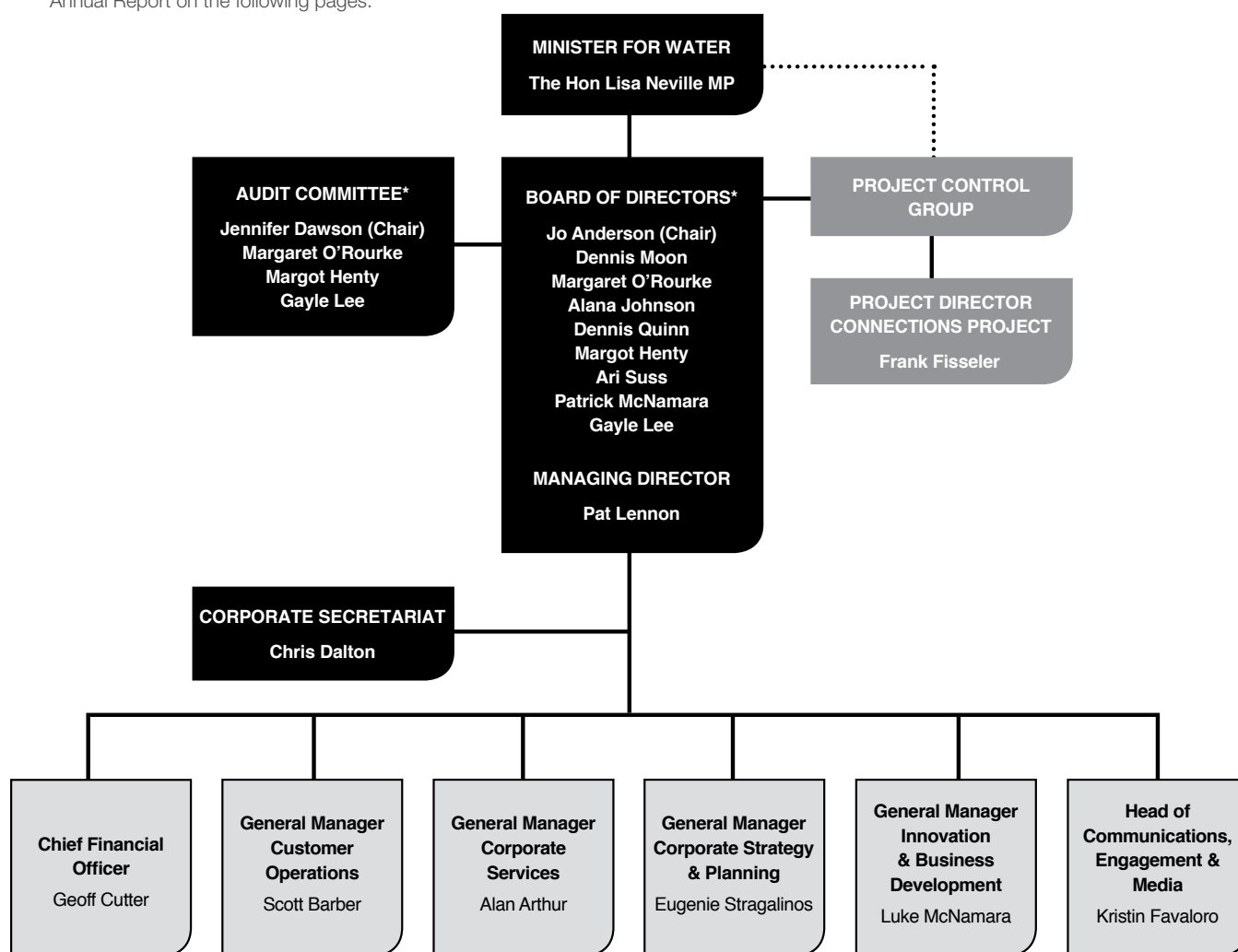


Diagram 2: Governance and organisational structure

Governance and Organisational Structure

Our business units

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

- **Connections Project** - Responsible for the delivery of the \$2 billion Connections Project. The project is the single most important upgrade of the GMID in its 100 year history. The 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 (ICT) 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. This is achieved by coordinating and planning activities to ensure a cohesive long term direction for GMW.
- **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.
- **Innovation and Business Development** - A new function developed this year will be responsible for innovation and new revenue growth. The role involves facilitation, and at times direct delivery and accountability, of innovation. It covers all facets of the business with an aim to secure future sustainable operational and capital savings/efficiencies and new income streams. The role involves working in partnership with key government stakeholders, customers and other GMW divisions to ensure goals and objectives are achieved.
- **Communications, Engagement and Media** - 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:

Chair - to 31 August 2016

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.

Chair - from 1 September 2016

Jo Anderson

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

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

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

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.

Alana Johnson

Alana Johnson is a rural development specialist and principal of Lurg Cattle Co. She is deputy chair of the Victorian Catchment Management Council and a former director of the Rural Industries Research and Development Corporation. Alana is chair of the Victorian Women's Trust, past president of Voices for Indi and founding member of Australian Women in Agriculture.

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

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

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) and Bachelor of Engineering.

Margot Henty

Margot Henty is a dairy farmer at Cohuna with a strong understanding of irrigation in the Goulburn Murray region. She is a director of the board of Waterpool Trading, a water trading business, and has contributed extensively to regional resource management plans including the Torrumbary Reconfiguration and Asset Modernisation Strategy and the Barr Creek Salinity Management Plan. Ms Henty has a Bachelor of Arts and Graduate Diploma in Education (Geography) and is a member of the Australian Institute of Company Directors.

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. Mr Suss is a board member of Avalon Airport. He has a Master of Public Policy and Management and completed leadership studies at Harvard Business School. Ari is a graduate of the Australian Institute of Company Directors.

Patrick McNamara

Patrick 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.

From 2 November 2016

Gayle Lee

Gayle Lee is an accountant and works with businesses to improve their financial management, reporting and strategic planning processes. She owns a farming property and runs an agricultural contracting business with her husband. Previously, Gayle was general manager of Bruck Textiles in Wangaratta and commercial manager of Pacific Marine Group in Townsville. She is an independent member of the audit committee for the Rural City of Wangaratta and a trustee of the Benalla Cemetery Trust. Gayle is a director of North East Water. Gayle has a financial administration degree, is a CPA and a graduate of the Australian Institute of Company Directors.

Executive Directors

Managing Director from 24 October 2016

Pat Lennon

Pat Lennon has extensive business and stakeholder management experience, both nationally and internationally. Pat Lennon has spent the past 30 years involved in major business operations and projects in Australia, the USA and South East Asia. His experience covers development, operations and maintenance, engineering consulting, project management and engineering construction, and management consulting. He has held positions with both public and private entities including with Hydro Tasmania, one of the Australia's largest water managers.

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

Interim Managing Director, 4 July – 31 October 2016

Neil Brennan

Neil was appointed managing director of Western Water in June 2012. Prior to his appointment Neil was the managing director at Central Highlands Water for 15 years and he has previously held CEO positions at Western Water and Macedon Region Water Authorities.

Neil has been employed in the Victorian water industry for some 32 years, and has had various ministerial appointments to industry committees. He is currently a director of the board of the Energy and Water Ombudsman Scheme Victoria (EWOV), executive council member of the Institute of Water Administration (IWA) and chair of the Victorian water industry's Intelligent Water Networks Steering Group.

Mr Brennan's academic achievements include a Graduate Diploma in Management, a Masters in Business Leadership and completion of the Oxford Advanced Management Programme.

Conflicts of interests

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

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

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

Board Committees

The Board establishes committees with specific objectives in order to use directors' time more efficiently. These committees make recommendations to the Board. The Board retains collective responsibility for decision making. The membership of these committees consists of directors or, in the case of the Audit Committee, all directors except for one consultant.

From 1 July 2016 to 30 June 2017 the following Board committees operated:

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

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

People and Culture, Oversee GMW's remuneration and performance management practices. On 22 March 2017 the Board amended the charter of the committee to include additional responsibilities of overseeing succession planning, diversity and organizational culture. The name of the committee was also changed from "Remuneration" to "People and Culture".

Customer and Stakeholder Engagement, Created on 27 July 2016, contribute to and provide an overseeing governance role on GMW's customer & stakeholder engagement.

Governance and Organisational Structure

Board Meetings

Directors attended the following scheduled meetings:

Person	Number attended/eligible to attend				
	Board	Audit	Risk and Compliance	People and Culture	Customer and Stakeholder Engagement (from 27/7/16)
Jo Anderson	11/11	4/4	3/3	4/4	4/4
Margot Henty	14/14		4/4		
Alana Johnson	13/14		2/2		4/4
Gayle Lee	8/9	3/3	2/2		2/2
Patrick McNamara	13/14	4/5			
Dennis Moon	13/14			5/5	4/4
Marg O'Rourke	11/14	4/5	4/4		2/2
Dennis Quinn	13/14			5/5	
Ari Suss	13/14	3/3	4/4		
Pat Lennon	10/10	3/3	3/3	2/2	3/3
Sarah Scales	3/3	1/1	0/1	1/1	
Neil Brennan	5/5	2/2	1/1	2/2	1/1
Jennifer Dawson		5/5			

Table 14: Board member attendance and eligibility from 1 July 2016

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

Project Control Group

The role of the Connections PCG is to:

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

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

Membership of the Connections PCG during 2016/17 consisted of:

- Mike Walsh, Chair
- Margot Henty, GMW Director
- Campbell Fitzpatrick
- Frank Fisseler (non-voting member)
- Richard Anderson (non-voting member)
- Pat Lennon (non-voting member).

Water Services Committees

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

Audit Committee membership and roles

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

The Audit Committee consists of four independent members who are appointed by the Board for a three-year term. The following persons were the independent members of the Committee in 2016/17:

- Jennifer Dawson, Chair
- Margaret O'Rourke
- Patrick McNamara (to 28 June 2017)
- Margot Henty (from 28 June 2017)
- Gayle Lee (from 1 January 2017)
- Ari Suss (to 1 January 2017)
- Jo Anderson, ex-officio member (from 1 September 2016)
- Sarah Scales, ex-officio member (until 31 August 2016).

Meetings are held quarterly and at any other time on request of a committee member. In 2016/17, the committee met five times.

Governance and Organisational Structure

Occupational Health and Safety

The 2016/17 period saw GMW successfully completed external recertification audits of its OH&S Management Systems against the AS/NZS 4801 and OHSAS 18001 standards.

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

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 1,830 persons either renewing or completing this for the first time compared with 1,983 in 2015/16.

Rehabilitation and Return to Work

During 2016/17 the rate of significant injuries declined substantially and is reflected in our average claim costs for the year. Manual handling injuries continued to be a focus with further development of manual handling training. In addition to continuous improvement in safety, hazard identification and risk management, we expect to further reduce physical injuries with the development of a comprehensive resilience and strength program expected to be implemented in the coming year.

Wellbeing

GMW's employee wellbeing program was further enhanced with volunteers from across the business assisting in developing and implementing a wide range of initiatives to support and improve employee wellbeing. These initiatives covered topics such as healthy living, nutrition, mental resilience, superannuation and financial wellbeing, depression, and physical activity.

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 wellbeing.

Occupational Health and Safety Key Performance Indicators					
	2012/13	2013/14	2014/15	2015/16	2016/17
Number of health and safety employee representative committees	9	9	8	3	4
Number of lost time injuries for the year	12	16	16	16	16
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	9	13.1	13.2	11.2	12.8
Average Lost Time Rate (average number of days lost per lost time injury)	7.1	10.1	22.8	25.7	6.9
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	33.7	25.6	17.8	15.4	13.5
Number of lost time standard claims for the year per 100 full-time equivalent staff members	0.72	0.94	1.19	1.16	0.67
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	\$15,655

Table 15: Results against occupational health and safety key performance indicators

Comparative Workforce Data

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

GMW employs a total of 785 staff (figures include part time and exclude directors and chair) equivalent to 747.6 FTE.

The demographic data for GMW's workforce as at 30 June 2017 is listed below:

Employees						
Ongoing employees					Fixed term and casual	
	Number (headcount)	Full time (headcount)	Part time (headcount)	FTE ongoing employees	Headcount	FTE
Jun-17	593	555	38	581	192	166.9
Jun-16	616	573	43	604	178	172.8

Employee demographics								
	Jun-17				Jun-16			
	Ongoing		Fixed term and casual		Ongoing		Fixed term and casual	
	Number (headcount)	FTE	Number headcount	FTE	Number headcount	FTE	Number (headcount)	FTE
Gender								
Male	452	449.8	127	105	472	470.1	100.0	97.4
Female	141	130.8	65	61.5	144	134.3	78.0	75.4
Age								
< 25	8	8	10	6.1	15	14.4	10.0	10.0
25 – 34	112	107.3	40	33.1	144	139.9	46.0	44.3
35 – 44	151	147.6	58	55.3	150	144.9	53.0	51.7
45 – 54	156	154.3	38	33.9	155	153.7	44.0	43.9
55 – 64	143	140.8	40	35.8	136	134.5	24.0	23.1
65>	23	22.6	6	2.7	16	16.0	1.0	0.2
Classification								
Band A	131	130.3	31	13.3	122	122.0	13.0	13.0
Band B	191	186.8	18	14.8	189	185.0	17.0	15.7
Band C	129	125.2	52	51	135	132.5	63.0	61.4
Band D	88	85.3	38	37.4	101	95.9	42.0	40.2
Band E	35	34.2	24	22.4	46	45.0	18.0	17.8
Band F	19	18.8	22	21	23	23.0	19.0	19.0
Executives	0	0.0	7	7	0	0.0	6.0	6.0

Table 16: GMW's workforce data by classification, gender and age demographics

Workforce data

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 2016/17 strategy is to continue to build accountability for diversity and inclusion in all its forms throughout the organisation by creating awareness through education and action. This in turn will create a culture that values employees which will assist GMW in recruiting, retaining and developing talented people.

Working in conjunction with the Victorian Water Industry GMW has adjusted its strategy in 2016/17 to reflect that of the commitment of the chair and managing director of the Victorian Water Industry. The Water Industry aims to be collectively leaders in diversity and inclusion.

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

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.

2016/17 saw the introduction to GMW of its Diversity and Inclusion Policy with target set to be reached by 2024.

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

GMW adheres to the *Victorian Public Sector Code of Conduct*; this has been promoted to all staff and made available on our Intranet.

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

Current GMW diversity and Inclusion targets by 2024	Year 1, 2016/17 report on GMW diversity and inclusion targets
50/50 split of male to female in leadership positions (D band +)	75/25% current split of male to female in leadership positions (D band +)
3% of our workforce will identify as Indigenous peoples	2% of our workforce currently identify as Indigenous peoples
7% will identify as LGBTI	6% currently identify as LGBTI
10% of our workforce will identify as having a disability	4% of our workforce currently identify as having a disability
20% of our workforce will speak a language other than English;	15% of our workforce currently speak a language other than English;
25% of the workforce will enjoy flexible working	41% of the workforce currently enjoy flexible working
35% of the workforce will identify as having care responsibilities.	25% of the workforce currently identify as having care responsibilities

Table 17: Progress towards diversity and inclusion targets

Executive Officer data

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

The following tables disclose the EOs of GMW for 30 June 2017:

- Table 18 discloses the number of EOs for GMW broken down by gender.
- Table 19 provides a reconciliation of EO numbers presented between the report of operations and Note 10.3 in the financial statements.
- Both tables also disclose the variations, denoted by 'var', between the current and previous reporting periods.

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

Executive Officers						
Class	All		Ongoing		Special Projects	
	No.	Var.	No.	Var.	No.	Var.
EO 1	1	-	1	-	-	-
EO 2	5	1	4	1	1	-
EO 3	1	-1	1	-	-	-1
Total	7	-	6	1	1	-1

Table 18: Breakdown of EOs into gender

Executive Officers		
Indicator	2017	2016
Executive (Financial Statement Note 10.3)	7	7
Accountable Officer (Managing Director)	1	1
Separations	-1	-1
Total executive numbers at 30 June	7	7

Table 19: Reconciliation of executive numbers

Other Disclosures

Local Jobs First - Victorian Industry Participation Policy

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

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

Consultancy Expenditure

In 2016/17, there were 41 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2016/17 in relation to these consultancies is \$1,168,621 (excl. Goods and Services Tax (GST)).

During 2016/17 16 consultancies were related to the Connections Project where the total fees payable to the consultants were \$10,000 or greater. Total expenditure during 2016/17 was \$2,245,527.81 (excl. GST).

In 2016/17, there were 24 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2016/17 in relation to these consultancies is \$88,893 (excl. GST).

During 2016/17 there were three consultancies related to the Connections Project where the total fees payable to the consultants were less than \$10,000. Total expenditure during 2016/17 was \$6,401 (excl. GST).

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

Details of individual consultancies can be viewed at gmwater.com.au under the Annual Reports section.

Government advertising expenditure

GMW's expenditure on government campaign expenditure in the 2016/17 reporting period did not exceed \$100,000 (excl. GST).

Other Disclosures

Information and Communication Technology expenditure

For the 2016/17 reporting period, GMW had a total ICT expenditure of \$13.7 million, with the details shown below.

ICT Expenditure (\$000)			
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure)	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
12,017	1,700	210	1,490

Table 20: Information and communication technology expenditure since 1 July 2016 (\$000)

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

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

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

Disclosure of Major Contracts

During 2016/17 GMW commenced two contracts totalling \$332 million (inclusive of GST) in value, to which the VIPP was applied. All contracts are for regional projects.

Project	Division	Tender #	Value (incl GST)
ECI Contract (Connections Project)	Connections	GMW CP-1021	\$330,000,000 max
Replacement of Multiple Bridge Structures within the GMID	GMW	CGM 287983	\$2,200,000

Table 21: Details of major contracts 2016/17

Freedom of Information

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

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

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

In 2016/17 GMW received 27 new Freedom of Information (FOI) requests. Requests were received from various sections of the community including individuals, community groups, solicitors and organisations.

FOI Request Outcomes	Number
Full access	8
Partial access granted	6
Access denied	2
Request withdrawn	3
No documents	1
Total	22

Table 22: Freedom of information request outcomes

During this time 20 requests were finalised. The outcomes are in the table to the right.

Two applications for review of an FOI decision were made to the FOI Commissioner. As at 30 June 2017, neither of the reviews had been finalised.

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

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

Compliance with *Building Act 1993*

GMW owns and or operates premises at Tatura, Shepparton, Cobram, Wangaratta, Lake Hume Village, Dartmouth, Buffalo River, Eildon, Kyabram, Rochester, Cohuna, Kerang, Swan Hill, Pyramid Hill, Mildura, Cairn Curran, Laanecoorie, Tullaroop, Eppalock, Waranga, Yarrawonga, Goulburn Weir, Torrumbary, Lake Nillahcootie and Lake William Hovell.

To ensure that buildings conform with building standards GMW has completed a building audit of all GMW owned and/or operated buildings at its depots to verify compliance with the *Building Act 1993* (Building Act) and *Building Regulations 2006* (Building Regulations). This audit has been completed by a registered building practitioner under the category of Building Surveyor and Structural Engineer.

The findings of these audits have been included in our ongoing schedule of works for continuous improvement and ongoing maintenance of our buildings.

GMW's Facilities Department conducts Essential Safety Measures inspections of its owned buildings, at the intervals defined by the maintenance standards referenced in the Building Regulations. This process is also the subject of an external audit to verify ongoing compliance.

List of major works undertaken as follows:

- Shepparton Office Refurbishment (\$130,000).

List of building permits and occupancy permits or certificates of final inspections obtained over the past financial year are as follows:

- Shepparton Office Refurbishment.
- Construction of Building 15 Cussen Street Depot Tatura.
- Torrumbary Weir Carport.
- Lake Eppalock Container Project.
- 33 Casey Street Veranda.

No emergency orders or building orders have been issued in relation to any of the buildings under the control of GMW.

Based on the findings of the recent building audit it was found that 52 per cent of the buildings currently comply with building standards. This will be upgraded to 90 per cent of buildings complying by June 2018 through the schedule of works being implemented by GMW and all of the buildings will be brought into conformity with building standards by June 2019.

It has been identified that there are other buildings at premises that have not been assessed as part of the original audit including, but not limited to, public toilets, BBQ shelters, viewing platforms, pump buildings and enclosures. GMW also owns land containing houses which have not yet been assessed. These other buildings and dwellings are scheduled to be audited in the 2017/18 financial year to establish their compliance with the Building Act and Building Regulations. Any shortcomings identified will be prioritised accordingly and included in our schedule of rectification works.

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 Disclosure Act 2012*

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

GMW does not tolerate improper conduct by employees, or 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 Disclosure Act, 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 *Water Act 1989*

There are no additional disclosures required to be made in the annual report under the Water Act.

Office-Based environmental impacts

GMW recorded a 2,367 tonne reduction in Greenhouse Gas (GHG) Emissions over the 2016/17 period compared to 2015/16. The majority of this reduction resulted from the exclusion of MDBA assets from this year's report. However, GMW still saw a 444 tonne reduction in GMW emissions. Currently, GMW is tracking at nearly 2,500 tonnes under the revised DELWP Pledge target.

For the first time GMW used the online Envizi platform to calculate its GHG emissions. We believe that this is a more accurate method than that previously used. This was possible due to the amalgamation of all sites under one supplier.

Other Disclosures

Greenhouse Gas Emissions

The 2016/17 GHG emissions target has changed from previous years due to the development of the DELWP Pledge and specific emissions reduction initiatives.

Corporate Water Consumption

Corporate water consumption at GMW's 15 major office locations was 24,314 kilolitres (KL) in 2016/17. Based on FTE employees at major offices, this equates to an office water consumption of 33KL per FTE per year. GMW has seen a reduction in FTE in 2016/2017.

Value of Community Service Obligations

During 2016/17, GMW granted \$263,237 in pension concessions compared to \$245,239.42 granted in 2015/16, and \$217,684.43 in 2014/15.

Victorian Waterway Management Strategy

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

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

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

Greenhouse Emissions by Source						
CO2e by source (Tonne)	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Energy ¹	8,356	9,753	8,634	8,851	8,375	6,310
Vehicle Fleet ²	4,698	4,636	4,223	3,822	4,026	3,724
MDBA ³	-	-	-	-	-	1,923
Total	13,054	14,579	12,858	12,673	12,401	11,957

Table 23: Greenhouse gas emissions by source since 1 July 2011

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

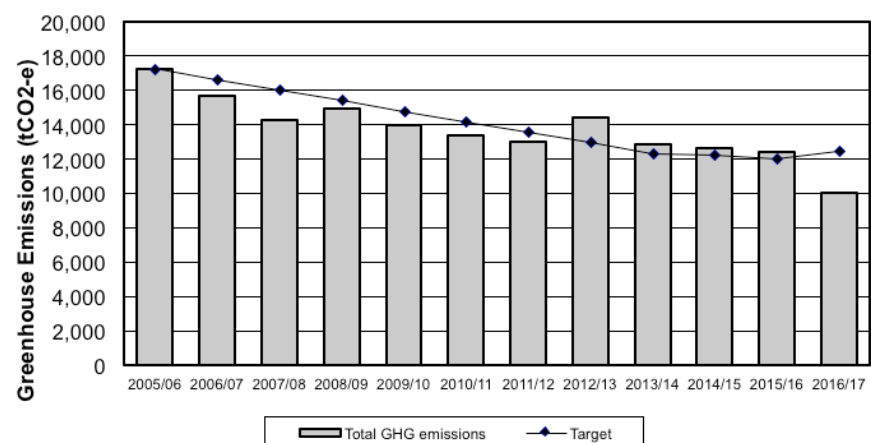


Chart 6: Total greenhouse gas emissions vs target emissions since 1 July 2005

Corporate Water Consumption	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Water Consumption (KL)	13,584	16,781	16,017	19,704	22,503	24,314
Consumption per FTE	20	24	24	26	29	33

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

GMW, together with the North East CMA and MDBA, continues to implement the Mitta Mitta Waterway Action Plan, with a focus on fencing, revegetation and addressing erosion as a result of water transfers from Dartmouth to Hume Dam. In excess of 1.2km of riparian zone has been fenced off from stock access. Approximately 4.3ha of willow has been removed. Nearly 5ha of riparian zone has been revegetated. Bank stabilisation works have consisted of timber brushing and in

excess of 2060m³ of rock armouring of eroded sites.

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. This project has been conducted with the support of Regional Development Victoria funding.

GMW and the MDBA implemented another autumn survey to determine distribution and density of Egeria (dense water weed). Results of the survey indicate a winter drawdown is most likely to occur in 2018. GMW and MDBA launched a new educational app 'Water Weed Wipeout' explaining how aquatic weeds are managed at Lake Mulwala.

GMW, MDBA and the NSW Roads and Maritime Services agency have been compiling a draft Murray River Erosion Management Plan concentrating on a stretch or river between Bundalong and Corowa (50km).

GMW has implemented Land and On-Water Management Plan Community Reference Groups at Lake Buffalo, Lake William Hovell, Lake Eppalock, Cairn Curran, and Kow Swamp. These groups draw in key stakeholders and passionate community representatives to address land management issues at GMW storages.

GMW is working with the traditional owners (Yorta Yorta) to address erosion and sites of cultural heritage significance at Kow Swamp. GMW is implementing trapping, baiting and surveillance activities to control feral pigs at Kow Swamp and is also supporting the Gunbower Landcare Group to revegetate perimeter lands at Kow Swamp under the Federal Government's 20 Million Tree programme.

GMW has partnered up with the North Central CMA to implement a Green Army programme with a focus on improving environmental outcomes at Lake Eppalock.

GMW has worked with Fisheries Victoria, the NSW Department of Primary Industries, and the Arthur Rylah Institute to conduct electrofishing and relocation of native fish species from channel networks in preparation for winter works and of fish stranded in billabongs that filled during flood events. During 2016/17 GMW relocated approximately 560 fish, including Murray cod, blackfish and golden perch.

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.

GMW is leading the delivery of a new Shepparton Irrigation Region (SIR) Surface Water Management Program in partnership with Goulburn Broken Catchment Management Authority (GBCMA).

Victorian Government funding for this new surface drainage program was confirmed following a 2015 review of the SIR Drainage Strategy (a key sub-strategy of the GBCMA's Regional Catchment Strategy).

The new four year program commenced in 2017, and is mainly focussing on developing a more cost-effective 'hybrid' drainage approach based on improving linkages to, and increasing effectiveness of, natural drainage courses.

A key principle of the program is ensuring projects are prioritised and developed in areas across the SIR that have a long-term future in supporting irrigated farming

Victorian Biodiversity Strategy

GMW respects the intent of the Victorian Biodiversity Strategy and works with government departments, local government and CMAs 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 Commonwealth Government's '20 Million Tree' revegetation project to improve ecological values at Lake Hume and Lake Mulwala. This project will conclude in 2017 and has involved Moira Shire Council, Albury City Council, Wodonga City Council and Towong Shire Council.

GMW is also actively supporting DEDJTR's Target One Million plan for recreational fishing.

State Environment Protection Policy (Waters of Victoria)

GMW continued to participate in the review of the State Environment Protection Policy (SEPP) Waters of Victoria and SEPP Groundwaters of Victoria via workshops and working groups.

Statement of availability of other information

Information held by GMW and available on request subject to the FOI Act 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 OH&S 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.

Statement of availability of other information cont.

- I. Details of all consultancies and contractors including:
 1. Consultants/contractors engaged.
 2. Services provided.
 3. Expenditure committed to for each engagement.

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

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

Energy and Water Ombudsman (Victoria) Limited

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

During the 2016/2017 financial year, EWOV referred 39 matters to GMW. The nature of these complaints is outlined as follows:

- Enquiries – 4
- Unassisted Referrals – 4
- Assisted Referrals – 26
- Real Time Resolution – 0
- Investigations – 5

As at 30 June 2017, 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 Standing Direction 3.7.1

I, Jo Anderson, certify that Goulburn-Murray Water has complied with the Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes. Goulburn-Murray Water’s Audit Committee verifies this.



Jo Anderson
Chair
Goulburn-Murray Water
16 August 2017

Compliance with DataVic Access Policy

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

Financial Statements 2016/17

Declaration

Statutory Certification

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

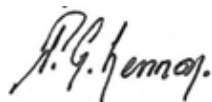
We further state that, in our opinion, the information set out in the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and financial position of the Corporation at 30 June 2017.

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 16 August 2017.



Jo Anderson
Chair



Pat Lennon
Managing Director



Geoff Cutter
Chief Financial Officer



Independent Auditor's Report

To the Board of the Goulburn Murray Rural Water Corporation

Opinion I have audited the financial report of the Goulburn Murray Rural Water Corporation (the corporation) which comprises the:

- balance sheet as at 30 June 2017
- statement of comprehensive income for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements
- statutory certification.

In my opinion the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
28 August 2017



Roberta Skliros
as delegate for the Auditor-General of Victoria

Statement of Comprehensive Income for the Year ended 30 June 2017

	Notes	2016/17 \$000	2015/16 \$000
Revenue from operating activities			
Service and usage charges	3.1.1	118,461	126,962
Government grants	3.1.2	2,384	3,358
Government funding	3.3.1	67,654	100,550
Contracting services	3.2.1	14,475	13,834
Other revenue	3.2.2	8,321	14,900
Total revenue		211,295	259,603
Expenses from operating activities			
Operations, maintenance and administration expenses WSD	4.1.1	49,116	56,554
Connections Project costs	4.1.2	41,723	50,120
Employee expenses	4.2.1	75,613	73,351
Depreciation and amortisation	5.1.2	103,448	70,040
Environmental contribution	9.2	1,686	1,686
Interest expense	7.1.2	7,425	7,733
Other expenses	5.1.3	22,630	14,515
Total expenses		301,641	273,998
Net result before tax		(90,347)	(14,395)
Income tax expense/(benefit)	9.1.1	(32,087)	(3,772)
Net result for the year		(58,260)	(10,624)
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	5.1.5	(44,273)	586,492
Income tax related to this change	9.1.2	13,282	(174,703)
Other Comprehensive income/(loss) for the period, net of income tax		(30,991)	411,788
Total comprehensive income/(loss) for the year		(89,251)	401,165

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

**Balance Sheet
as at 30 June 2017**

	Notes	2016/17 \$000	2015/16 \$000
ASSETS			
Current assets			
Cash and cash equivalents	7.2	283,119	117,257
Receivables	6.1	28,120	25,595
Inventories		2,695	3,124
Prepayments		918	1,239
Total current assets		314,852	147,215
Non-current assets			
Receivables		59	59
Intangible assets	5.2	9,354	9,243
Infrastructure, property, plant and equipment	5.1.1	4,755,993	4,811,306
Total non-current assets		4,765,406	4,820,608
Total assets		5,080,258	4,967,824
LIABILITIES			
Current liabilities			
Payables	6.2	36,278	52,728
Employee benefits	4.2.2	21,449	20,893
Borrowings	7.1	11,915	1,802
Unearned revenue	3.4	125,277	10,034
Total current liabilities		194,919	85,456
Non-current liabilities			
Employee benefits	4.2.2	2,408	2,626
Borrowings	7.1	96,944	108,859
Deferred tax liabilities	9.1.2	569,323	614,692
Total non-current liabilities		668,675	726,178
Total liabilities		863,594	811,634
Net assets		4,216,664	4,156,190
EQUITY			
Contributed capital	7.3.1	2,766,801	2,617,076
Asset revaluation reserve	5.1.5	1,596,314	1,627,305
Accumulated surplus / (deficit)		(146,451)	(88,191)
Total equity		4,216,664	4,156,190

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

Statement of Changes in Equity for the Year ended 30 June 2017

	Notes	Contributed Capital \$000	Asset Revaluation Reserve \$000	Accumulated Surplus / (Deficit) \$000	Total \$000
Balance at 1 July 2015		2,539,458	1,215,517	(77,567)	3,677,408
Total comprehensive income/(loss) for the year	5.1.5	-	411,788	(10,624)	401,164
Transactions with State in its capacity as Owner					
Contributions by owner	7.3.1	77,618	-	-	77,618
Balance at 30 June 2016		2,617,076	1,627,305	(88,191)	4,156,190
Total comprehensive income/(loss) for the year	5.1.5	-	(30,991)	(58,260)	(89,251)
Transactions with State in its capacity as Owner					
Contributions by owner	7.3.1	149,725	-	-	149,725
Balance at 30 June 2017		2,766,801	1,596,314	(146,451)	4,216,664

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 2017**

	Notes	2016/17 \$000	2015/16 \$000
Cash flows from operating activities			
Receipts			
Receipts from customers		146,911	158,240
Receipts from government		183,808	28,836
Interest received		1,231	2,235
GST received from ATO		18,002	20,507
Payments			
Payments to suppliers and employees		(205,211)	(193,365)
Interest and other costs of finance paid		(7,465)	(7,780)
Environmental contribution levy		(1,686)	(1,686)
Net cash inflow from operating activities	7.2.1	<u>135,590</u>	<u>6,987</u>
Cash flows from investing activities			
Payment for intangible assets, infrastructure assets, property, plant and equipment		(117,765)	(132,613)
Proceeds from assets held for sale		-	126
Proceeds from sale of property, plant & equipment		114	228
Net cash (outflow) from investing activities		<u>(117,651)</u>	<u>(132,259)</u>
Cash flows from financing activities			
Capital contributions from Victorian Government	7.3.1	149,725	77,618
Repayment of borrowings		(1,802)	(6,695)
Net cash inflow/(outflow) from financing activities		<u>147,923</u>	<u>70,923</u>
Net increase in cash and cash equivalents		165,862	(54,349)
Cash and cash equivalents at the beginning of the year		117,257	171,606
Cash and cash equivalents at the end of the year	7.2	<u><u>283,119</u></u>	<u><u>117,257</u></u>

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

1. About this report

Basis of Accounting

The financial report includes separate financial statements for Goulburn Murray Rural Water Corporation (the Corporation or GMW) as an individual reporting entity. This financial report is a general purpose financial report, that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements for the period ending 30 June 2017. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. GMW is a not for-profit entity for the purpose of preparing the financial statements.

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

The principal address is:
Goulburn Murray Water
40 Casey Street
Tatura Vic 3616

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

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

The annual financial statements were authorised for issue by the Board on 16 August 2017

Accounting Policies

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

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

Functional and presentation currency

Items included in this financial report are measured using the currency of the primary economic environment in which the Corporation operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Corporation's functional and presentation currency.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being GMW's operation cycle - see 4.2.2 for a variation in relation to employee benefits.

Rounding

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

Historical cost convention

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

Accounting estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where the amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements 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 made 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 applying Australian Accounting Standards that have significant effects on the financial statements and estimates relate to:

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

2. Disaggregated information

Introduction

This section provides high level disaggregated information between the ongoing Water Storage & Delivery business (WSD) and the Connections Project (CP). These are functionally segregated due to the requirement to effectively ring fence the grant receipts and project expenditure in addition to the natural need to segregate the impacts of a limited term project from the recurring business of the company.

Structure

2.1 Disaggregated Revenues & Results

2.2 Disaggregated Assets & Liabilities

2.1 Disaggregated revenues and results

	Disaggregated revenue		Disaggregated loss	
	2016/17	2015/16	2016/17	2015/16
	\$000	\$000	\$000	\$000
Water Storage & Delivery	170,312	164,333	(77,996)	(50,690)
Connections Project	68,873	106,143	(12,351)	36,434
Elimination of inter-division transactions	(27,890)	(10,873)	-	(139)
Total	211,295	259,603	(90,347)	(14,395)
Net result before tax			(90,347)	(14,395)

Disaggregated revenue reported above represents revenue generated from external and internal customers. Inter-division sales in the current year were \$27.9m (2016: \$10.9m). Inter-division transactions are eliminated above to ensure that revenues and expenses are not inflated due to transactions within GMW.

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

2.2 Disaggregated assets and liabilities

	Disaggregated Assets		Disaggregated Liabilities	
	2016/17	2015/16	2016/17	2015/16
	\$000	\$000	\$000	\$000
Water Storage & Delivery	4,584,933	4,675,166	152,014	170,985
Connections Project	496,375	298,289	143,308	31,588
Total	5,081,309	4,973,455	295,322	202,573
Deferred Tax Liability			569,323	614,692
Elimination of inter-division transactions	(1,051)	(5,631)	(1,051)	(5,631)
Total	5,080,258	4,967,824	863,594	811,634

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

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

3. Funding delivery of our services

Introduction

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

Structure

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

3.1 Income from transactions:

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

	2016/17	2015/16
3.1.1 Service and Usage charges		
Water storage & delivery	\$000	\$000
Fixed charges	95,454	97,852
Variable charges	8,655	14,327
Bulk water sales	14,352	14,783
Total Service and Usage charges	118,461	126,962

Fixed charges are invoiced in July for the year. 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.

3.1.2 Government Grants WSD

Salinity works	1,225	1,417
Other	1,159	1,941
Total Government Grants WSD	2,384	3,358

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*.

3.2.1 Contracting Services

Murray-Darling Basin Authority	14,040	13,361
Other external clients	435	473
Total Contracting services	14,475	13,834

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

3.2.2 Other Revenue

Interest	1,565	2,711
Leasing and licences	1,619	1,696
Boating licences	1,385	1,367
Power generation	723	952
Termination fees	438	432
Connections Project - sale of water	157	4,488
Fees for services	540	678
Sale of water shares and water allocation	1,002	1,189
Other	892	1,387
Total Other Revenue	8,321	14,900

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

Sale of water shares and water allocation relates to fees levied on customers in relation to transfer of water shares and trades of water allocations. Revenue is recognised when it is charged to the customer.

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

	2016/17 \$000	2015/16 \$000
3.2.3 Revenue commitments - lessor		
Nagambie Caravan Park		
No later than 1 year	415	408
Later than 1 year and not later than 5 years	1,788	1,757
Later than 5 years	26,485	27,295
Total Non-cancellable operating lease revenue commitments (inclusive of GST)	28,688	29,460
Less GST payable to the Australian Tax Office	(2,608)	(2,678)
Total Non-cancellable operating lease revenue commitments (exclusive of GST)	26,080	26,781

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. 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.

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

3.3.1 Connections Project

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

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

Government funding	67,654	100,550
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Funding revenue received by the Connections Project is recognised under the percentage of completion methodology. Any funding received that is not recognised as revenue in the current period is recognised as an unearned revenue liability on the balance sheet.

3.3.2 Funding Commitments - Connections Project

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.

In September 2016, the Minister for Water, the Hon Lisa Neville MP, approved the re-set of Stage 2 of the Connections Project. 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 DELWP, 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 DELWP. Funding commenced in 2007-08 and will continue to 2020-21.

(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 on farm works, 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 Financial Reporting Direction (FRD) 119A Transfers Through Contributed Capital.

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

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

(a) Funding position project to date:

	Total committed at start of project \$000	Received / Receivable \$000	Balance \$000
Operational funding			
Stage 1	52,482	55,942	(3,460)
Stage 2	69,117	68,108	1,009
Total Operational funding	121,599	124,050	(2,451)
Project works funding - Output			
Stage 1	352,556	288,594	63,962
Stage 2	661,493	354,203	307,290
Total Project works funding - Output	1,014,049	642,797	371,252
Project works funding - Capital			
Stage 1	495,539	490,052	5,487
Stage 2	328,414	293,770	34,644
Total Project works funding - Capital	823,953	783,822	40,131
Total Project works funding - Output & Capital	1,838,002	1,426,619	411,383
Total funding commitments	1,959,601	1,550,669	408,932

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

Financial Statements

	Note	2016/17
(b) Reconciliation of revenue - Connections Project		
		\$'000
Unearned Revenue at 1 July 2016		(6,526)
Funding received/receivable during the year:		
Project works funding - Operational & Output		(183,561)
Project works funding - Special projects		(1,790)
Interest revenue		4,570
Total Project expenditure recognised as revenue during the year:		
Operational expenditure		19,376
Project works expenditure		48,278
Unearned revenue at 30 June 2017	3.4	(119,653)

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

	2016/17	2015/16
3.4 Unearned Revenue	\$'000	\$'000
Funds held for government or governmental programs	5,624	3,508
Unearned revenue - Connections Project	119,653	6,526
Unearned revenue	125,277	10,034

Funding revenue received by the Connections Project is recognised under the percentage of completion methodology. Any funding received that is not recognised as revenue in the current period is recognised as an unearned revenue liability on the balance sheet. Government grants which have outstanding performance or return conditions are recognised in accordance with AASB 118 *Revenue* with reference to the percentage of completion method. The stage of completion is measured by assessing the total expenditure incurred to date compared with the funding provided. The Corporation regards the receipt of such revenue as a reciprocal transfer as the Corporation is required to provide the necessary services in return for grant funding. A liability is recognised in the Balance Sheet in respect of grant revenue which is unearned at balance date. AASB 118 requires revenue to be recognised in the reporting periods in which the services are rendered.

4. The cost of delivering our services

Introduction

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

Structure

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

4.1 Expenses incurred in delivery of services

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

4.1.1 Operations, maintenance and administration expenses WSD	2016/17	2015/16
	\$000	\$000
Contracted services	14,750	16,197
Contributions to Victorian Government re Murray-Darling Basin Authority	6,384	10,040
Electricity	1,329	1,693
Insurances	1,066	990
Labour hire	1,004	1,691
Materials	4,224	5,469
Murray-Darling Basin Authority and Government Services Contract	10,031	9,817
Plant and motor vehicles	4,249	4,729
Plant hire	2,320	2,932
Property & legal expenses	711	1,000
Other (i)	3,048	1,995
Total Operations maintenance and administration expenses	49,116	56,554

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

Operations, maintenance and administration 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.

4.1.2 Connections Project costs

Connections Project - operations, maintenance & administration	2,763	2,153
Connections Project - project delivery costs	38,960	47,967
Total Connections Project costs	41,723	50,120

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 landowner legal agreements.

4.2 Our People

4.2.1 Employee benefits - comprehensive operating statement

Salary, wages and other costs	Water Storage & Delivery	57,628	55,707
	Connections Project	11,810	10,786
Superannuation			
- Defined contribution plans	Water Storage & Delivery	4,049	4,072
	Connections Project	1,067	1,222
- Defined benefit plans	Water Storage & Delivery	955	1,342
	Connections Project	60	68
Termination benefits	Water Storage & Delivery	44	153
Total Employee expenses		75,613	73,351

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

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made by or due by GMW to the relevant superannuation plans in respect of the services of staff during the year. Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that GMW is required to comply with.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when GMW is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

4.2.2 Employee benefits - balance sheet

Provision is made for benefits accruing in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2016/17	2015/16
	\$000	\$000
<i>Current</i>		
Annual leave		
Unconditional and expected to be settled wholly within 12 months	7,024	6,398
Long service leave		
Unconditional and expected to be settled wholly within 12 months	1,995	2,533
Unconditional but not expected to be settled wholly within 12 months	10,517	10,097
Oncosts		
Unconditional and expected to be settled wholly within 12 months	440	436
Unconditional but not expected to be settled wholly within 12 months	1,473	1,429
Total current employee benefits	21,449	20,893
<i>Non-current</i>		
Conditional long service leave	2,088	2,278
Oncosts	320	348
Total employee benefits	23,857	23,519

Reconciliation of movement in on-cost provision

	2016/17
	\$000
Opening balance	2,213
Additional provision recognised	49
Reductions arising from payments	(72)
Reductions resulting from remeasurment or settlement without cost	43
Closing balance	2,233
Current	1,913
Non-current	320

Liabilities for 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.

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

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.

4.2.3 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*.

Contributions by GMW to superannuation plans of 9.5% for the financial year ended 30 June 2017 are detailed below:

	Paid contribution for the year		Contribution outstanding at year end	
	2016/17 \$000	2015/16 \$000	2016/17 \$000	2015/16 \$000
Defined Benefit Plans				
State Employee Retirement Benefits Board	67	74	1	1
Vision Super	130	121	-	-
Emergency Services and State Superannuation Fund	818	872	12	11
Accumulation Funds				
Vision Super Saver & Other accumulation funds	5,568	5,521	303	286
Total	6,583	6,588	316	297

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.

	2016/17 \$000	2015/16 \$000
4.3 Operating expenditure commitments		
Non-cancellable operating lease commitments		
No later than 1 year	2,885	3,945
Later than 1 year and not later than 5 years	3,163	3,291
Later than 5 years	41	136
Total Non-cancellable operating lease commitments (inclusive of GST)	6,089	7,372
Less GST recoverable from the Australian Tax Office	(554)	(670)
Total Non-cancellable operating lease commitments (exclusive of GST)	5,535	6,702

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.

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.

The Corporation does not hold any finance lease liabilities.

	2016/17 \$000	2015/16 \$000
Other expenditure commitments		
Connections Project	32,516	41,878
Nagambie Caravan Park	14,274	14,730
Other	96	216
Total Other expenditure commitments (inclusive of GST)	46,886	56,824
Less GST recoverable from the Australian Tax Office	(4,262)	(5,166)
Total Other expenditure commitments (exclusive of GST)	42,624	51,658

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

These commitments are likely to fall within:

	2016/17 \$000	2015/16 \$000
No later than 1 year	32,741	42,176
Later than 1 year and not later than 5 years	967	1,001
Later than 5 years	13,178	13,647
Total Other expenditure commitments (inclusive of GST)	46,886	56,824

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

5. Key assets available to support output delivery

Introduction

GMW controls infrastructure and other assets that are used in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Corporation to support output delivery.

Structure

5.1 Infrastructure, Property, Plant and Equipment: Carrying amount

- 5.1.1 Reconciliation of movement in carrying value
- 5.1.2 Depreciation and amortisation
- 5.1.3 Other expenses
- 5.1.4 Capital commitments
- 5.1.5 Asset revaluation reserve

5.2 Intangible assets

Significant judgements: Fair value measurement

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

5.1 Infrastructure, Property, Plant and Equipment: Carrying amount

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
Land at fair value	53,902	53,902	-	-	53,902	53,902
Buildings at fair value	18,174	17,170	(812)	(154)	17,362	17,016
Plant & Equipment at fair value	28,687	22,840	(16,449)	(15,519)	12,238	7,321
Infrastructure at fair value	4,508,683	4,461,228	(96,497)	(211)	4,412,186	4,461,017
Assets under construction at fair value (WIP)	260,305	272,049	-	-	260,305	272,049
Net Carrying Amount	4,869,751	4,827,189	(113,758)	(15,884)	4,755,993	4,811,306

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

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

Items with a cost in excess of \$2,000 (2016: \$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.

Non-financial physical assets are measured at fair value on a cyclical basis. 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 Valuer General Victoria (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. There have been no indication of material changes to asset values in 2017.

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

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.

5.1.1 Reconciliation of movement in carrying value	Land	Buildings	Plant & Equipment	Infrastructure	WIP (a)	Total
	\$000	\$000	\$000	\$000	\$000	\$000
2016/17						
Opening WDV	53,902	17,016	7,321	4,461,017	272,049	4,811,306
Additions	-	-	1,600	-	110,599	112,199
Transfers in/(out) of WIP	-	1,005	6,507	114,102	(121,614)	-
Other Transfers ¹	-	-	(103)	103	-	-
Disposals	-	(1)	(272)	(21,096)	(729)	(22,098)
Impairment ²	-	-	-	(16,807)	-	(16,807)
Revaluation increment / (decrement) ³	-	-	-	(27,467)	-	(27,467)
Depreciation	-	(658)	(2,815)	(97,666)	-	(101,139)
Closing WDV	53,902	17,362	12,238	4,412,186	260,305	4,755,993

2015/16	Plant &					Total
	Land	Buildings	Equipment	Infrastructure	WIP (a)	
	\$000	\$000	\$000	\$000	\$000	\$000
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 ¹	(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

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

² Infrastructure assets were identified that had been treated by the Connections Project and that treatment had reduced the future service potential of those assets. The assets have been impaired pending formal signoff on decommissioning.

³ Revaluation adjustments in the current year relate to assets that were identified during 2017 as duplicated during the 2016 revaluation (see note 5.1.5).

(a) Work in progress	Connections	Water	Total
	Project	Storage	
	\$000	\$000	\$000
Opening Balance	219,929	52,121	272,049
Movement 2016/17			
Additions	79,339	31,260	110,599
Transfers	(77,873)	(43,741)	(121,614)
Disposals	-	(730)	(730)
Total movement 2016/17	1,466	(13,211)	(11,745)
Balance at 30 June 2017	221,395	38,910	260,305

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.

5.1.2 Depreciation and amortisation

	2016/17	2015/16
	\$000	\$000
Depreciation of buildings	658	954
Depreciation of plant, equipment, furniture & fittings	2,815	1,791
Depreciation of infrastructure assets	97,666	64,714
Amortisation of intangibles	2,309	2,581
Total Depreciation and Amortisation	103,448	70,040

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	2 to 20
Intangibles	3 to 10
Infrastructure Systems:	
- Non Backbone	1 to 4
- Channels and Structures	5 to 250
- Dams & Drains	5 to 250
- Electronic Equipment	5 to 40

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 \$472million (2016: \$498m). 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 annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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	2016/17	2015/16
5.1.3 Other expenses	\$000	\$000
Loss on disposal of infrastructure, property, plant and equipment	22,630	14,433
Impairment loss on assets	-	82
Total Other expenses	22,630	14,515

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.

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.

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.

	2016/17	2015/16
5.1.4 Capital commitments	\$000	\$000
Water Storage & Delivery		
Dams and Dam Safety Projects	1,577	2,357
Bridge Renewal and Upgrade Projects	3,272	1,174
Channel, Pipeline & Drain Upgrades	6,712	627
Outlet and Meter Upgrades	477	358
Information Technology Hardware and Software Upgrades	1,103	194
Other	521	308
Total Water Storage & Delivery (inclusive of GST)	13,662	5,018

Connections Project		
Project works	40,210	56,286
Total Connections Project (inclusive of GST)	40,210	56,286
Total Capital commitments (inclusive of GST)	53,872	61,304
Less GST recoverable from the Australian Tax Office	(4,897)	(5,573)
Total Capital commitments (exclusive of GST)	48,975	55,731

These commitments are likely to fall within:

No later than 1 year	53,872	61,304
Total Capital commitments (inclusive of GST)	53,872	61,304

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

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

5.1.5 Asset revaluation reserve			
Land	29,287		29,287
Buildings	3,374		3,374
Infrastructure	1,563,653		1,594,644
Balance 30 June	1,596,314		1,627,305

	Land	Buildings	Infrastructure	Total
	\$000	\$000	\$000	\$000
Movements during the reporting period				
Opening balance	29,287	3,374	1,594,644	1,627,305
Revaluation increment/(decrement) ¹	-	-	(30,991)	(30,991)
Closing balance	29,287	3,374	1,563,653	1,596,314

¹ Movements to the revaluation reserve in the current year relate to the combination of a prior period adjustment for duplicate assets (\$27.5m) less deferred tax impact and an impairment adjustment (\$16.8m) less deferred tax impact (Note 5.1.1).

5.2 Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance. Intangible assets are initially recognised at cost. 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.

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.

	2016/17	2015/16
	\$000	\$000
Computer software - at cost	23,629	23,210
Native vegetation offsets - at cost (a)	571	437
Water shares - at cost (b)	4,839	4,309
	29,039	27,957
Accumulated amortisation	(19,685)	(18,714)
Total Intangible assets	9,354	9,243

Movements during the reporting period

	<i>Computer Software</i>	<i>Native Vegetation Offsets (a)</i>	<i>Water Shares (b)</i>	<i>Total</i>
	\$000	\$000	\$000	\$000
2016/17				
Opening WDV	4,497	437	4,309	9,243
Additions	2,560	584	530	3,674
Disposals	(804)	-	-	(804)
Consumption	-	(450)	-	(450)
Amortisation	(2,309)	-	-	(2,309)
Closing WDV	3,944	571	4,839	9,354
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

(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 2017 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) GMW holds water shares both as part of its normal operations, the Water Storage & Delivery business, and for the Connections Project. 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. 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.

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6. Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from GMW's controlled operations.

Structure

6.1 Receivables

- 6.1.1 Movement in provision for doubtful debt
- 6.1.2 Ageing analysis of contractual receivables

6.2 Payables

- 6.2.1 Ageing analysis of contractual payables

6.1 Receivables	2016/17	2015/16
Current - Contractual	\$000	\$000
Trade debtors - Water Storage & Delivery	23,441	19,995
Trade debtors - Connections Project	217	1,120
Current - Statutory		
GST	5,158	5,147
	28,816	26,262
Less provision for doubtful debt	(696)	(667)
Total Current receivables	28,120	25,595

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. 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.

6.1.1 Movement in provision for doubtful debt

Balance at the beginning of the year	667	704
Increase / (decrease) in provision recognised in the net profit/(loss) for the year	29	(36)
Balance at end of year	696	667

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

6.1.2 Ageing analysis of contractual receivables

	Carrying amount	Not past due - not impaired	Past due but not impaired		
			0-2 Months	2-4 Months	>4 Months ¹
	\$000	\$000	\$000	\$000	\$000
2017					
Trade debtors - Water storage & delivery	23,500	7,923	2,009	1,592	11,976
Trade debtors - Connections Project	217	205	2	2	8
Total	23,717	8,128	2,011	1,594	11,984
2016					
Trade debtors - Water storage & delivery	20,055	7,006	1,254	1,860	9,936
Trade debtors - Connections Project	1,120	1,120	-	-	-
Total	21,174	8,125	1,254	1,860	9,936

¹ Overdue debtors >4 months are still considered collectable due to them being secured by a lien over the customers' property. In the event that debts are not paid, when a property is sold, any outstanding debts will be recovered as part of the settlement process.

6.2 Payables	2016/17	2015/16
Current - Contractual	\$000	\$000
Trade creditors - Water Storage & Delivery	5,462	16,778
Trade creditors - Connections Project	-	5,241
Accrued expenses	30,442	30,114
Current - Statutory		
Accrued expenses	374	595
Total Payables	36,278	52,728

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.

6.2.1 Ageing analysis of contractual payables

	Carrying amount	Nominal amount	Maturity dates		
			Less than 1 month	1-3 months	Over 3 months
	\$000	\$000	\$000	\$000	\$000
2017					
Contractual payables - Water storage & delivery	14,609	14,609	14,598	2	9
Contractual payables - Connections Project	21,295	21,295	21,281	9	5
Total	35,904	35,904	35,879	11	14
2016					
Contractual payables - Water storage & delivery	25,911	25,911	25,848	46	17
Contractual payables - Connections Project	26,222	26,222	25,324	347	551
Total	52,133	52,133	51,172	393	568

7. Financing our operations

Introduction

This section provides information on the sources of finance used by GMW during its operations, along with interest expenses (cost of borrowings) and other information related to the financing activities of the Corporation.

Structure

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

7.1 Borrowings	2016/17	2015/16
	\$000	\$000
Current		
Water Storage & Delivery	11,915	1,802
Total current borrowings	11,915	1,802
Non-current		
Water Storage & Delivery	96,944	108,859
Total Non-current borrowings	96,944	108,859
Total Borrowings	108,859	110,661

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.

7.1.1 Maturity analysis

Loans from TCV		
Less than 1 year	11,915	1,802
1-2 years	2,035	11,915
2-3 years	2,163	2,035
3-4 years	17,299	2,163
4-5 years	2,443	17,299
> 5 years	73,004	75,447
Total Carrying Amount	108,859	110,661

7.1.2 Interest expense

Interest expense	6,315	6,558
Financial accommodation levy	1,110	1,175
Total Interest Expense	7,425	7,733

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.

7.2 Cash flow information

Cash and cash equivalents 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.

Cash and cash equivalents

Connections Project	266,896	70,193
Water Storage & Delivery	16,223	47,064
Total Cash and cash equivalents	283,119	117,257

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	2016/17	2015/16
	\$000	\$000
7.2.1 Reconciliation of net result to cash flow from operating		
Net profit/(loss) for the period before tax	(90,347)	(14,395)
Non-cash movements:		
Loss on disposal of infrastructure, property, plant and equipment	22,630	14,433
Depreciation and amortisation	103,448	70,040
Impairment loss on assets	-	493
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(1,494)	(1,582)
(Increase)/decrease in inventories	429	(103)
(Increase)/decrease in assets classified as held for resale	-	117
Increase/(decrease) in payables	(14,659)	11,307
Increase/(decrease) in employee benefits	339	2,109
Increase/(decrease) in unearned revenue	115,244	(75,431)
Net cash flows from/(used in) operating activities	135,590	6,987
7.2.2 Cash balances with restrictions over use		
Funds held to finance externally funded projects - Water Storage & Delivery	5,625	3,508
Funding received in advance - Connections Project	119,653	6,526
Total cash balances with restrictions over use	125,277	10,034
7.2.3 Financing facilities		
Unused borrowings	85,000	85,000
7.3 Equity		
7.3.1 Contributed capital		
Balance 1 July	2,617,076	2,539,458
Capital contributions - Connections Project	149,725	77,618
Balance 30 June	2,766,801	2,617,076

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

8. Risks, contingencies and valuation judgements

Introduction

GMW is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for GMW relates mainly to fair value determination.

Structure

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

8.1 Financial instrument specific disclosures

Financial assets and liabilities are recognised when GMW becomes party to the contractual provisions of a financial instrument. Loans and receivables and cash are financial instruments with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any costs directly attributable to the transaction. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest rate method.

The following financial instruments are recognised in this way;

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

	2016/17	2015/16
	\$000	\$000
8.1.1 Financial instruments: categorisation		
<i>Contractual Financial Assets - Cash and Receivables</i>		
Cash and cash equivalents	283,119	117,257
Receivables	23,717	21,174
Total	306,836	138,431
<i>Contractual Financial Liabilities</i>		
Contractual payables	(35,904)	(52,079)
Borrowings	(108,859)	(110,661)
Total	(144,763)	(162,740)

8.1.2 Financial risk management objectives and policies

GMW's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. As a whole, GMW's financial risk management program seeks to manage these risks and the associated volatility of its financial performance. The main purpose in holding financial instruments is to prudentially manage the financial risks within 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. Primary responsibility for the identification and management of financial risks rests with the Board of GMW.

(a) 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.

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 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 6.1.2

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(b) 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.

(c) Market risk

Foreign currency risk

There is no exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. 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
2017					
Cash	1.5%	283,119	-	1.5%	-
Contractual receivables	6.1%	23,717	6.1%	-	9,770
Contractual payables	0.0%	(35,904)	-	-	(35,904)
Borrowings	6.8%	(108,859)	5.3% to 7.4%	-	-
Total		162,073			(26,134)
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)

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

(d) 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.

	Total	Interest rate risk			
		+50 basis points	+50 basis points Equity	-50 basis points	-50 basis points Equity
2017					
Financial Assets	\$000	\$000	\$000	\$000	\$000
Cash	283,119	1,416	1,416	(1,416)	(1,416)
Contractual receivables	23,717	-	-	-	-
Total Financial Assets	306,836	1,416	1,416	(1,416)	(1,416)
Financial Liabilities					
Contractual Payables	(35,904)	-	-	-	-
Borrowings	(108,859)	-	-	-	-
Total Financial Liabilities	(144,763)	-	-	-	-
Total increase and decrease	162,073	1,416	1,416	(1,416)	(1,416)

2016	Total	Interest rate risk			
		+50 basis points Net	+50 basis points Equity	-50 basis points	-50 basis points Equity
	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash	117,257	586	586	(586)	(586)
Contractual receivables	21,174	-	-	-	-
Total Financial Assets	138,431	586	586	(586)	(586)
Financial Liabilities					
Contractual payables	(52,079)	-	-	-	-
Borrowings	(110,661)	-	-	-	-
Total Financial Liabilities	(162,740)	-	-	-	-
Total increase and decrease	(24,309)	586	586	(586)	(586)

8.2 Contingent assets and contingent liabilities

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

No contingent assets exist at 30 June 2017 (2016: Nil)

Contingent liabilities arising through legal actions 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.

	2016/17	2015/16
	\$000	\$000
Contingent liabilities:		
DELWP - MDBA Contribution (i)	1,655	-
Connections Project - verbal agreements with irrigators (ii)	8,773	39,397
Total Contingent Liabilities	10,428	39,397

(i) During the year GMW paid \$10.3m to DELWP in relation to MDBA contributions. A further \$1.7m may be payable during 2017/18 if called upon by DELWP.

(ii) 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.

8.3 Fair value determination

Significant judgements: Fair value measurement

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of GMW.

All assets in this section that are measured at fair value 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 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 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.

8.3.1 Fair value determination: financial assets and liabilities

GMW currently holds a range of financial instruments that are recorded in the financial statements were the carrying amounts are a reasonable approximation of fair value, either due to their short term nature or with the expectation that they will be paid in full by the end of the 2017-18 reporting period. These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables
Receivables	

	30 June 2017		30 June 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Borrowings	(108,859)	(130,125)	(110,661)	(141,402)
Total Financial liabilities	(108,859)	(130,125)	(110,661)	(141,402)

8.3.2 Fair value determination: Non-financial physical assets

Non-specialised land

To the extent that non-specialised land do not contain significant, unobservable adjustments, these assets are classified as Level 2. 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 Eagans on behalf of the Valuer General Victoria to determine the fair value using the market approach. No material movements have been identified.

Specialised land and specialised buildings

The market approach is used for specialised land, although it is adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land being valued.

The 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 Egans Valuers. The effective date of the valuation was 30 June 2016. No material movements have been identified

Infrastructure assets

Infrastructure assets are valued using 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 and no material movements have been identified. 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.

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.

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. There were no changes in valuation techniques throughout the period to 30 June 2017.

Details of GMW's land, buildings and infrastructure assets and plant & equipment fair value hierarchy as at 30 June 2017:

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

	Level 1	Level 2	Level 3	Carrying amount 30/6/17
	\$000	\$000	\$000	\$000
2016/17				
Land	-	3,579	50,323	53,902
Buildings	-	-	17,362	17,362
Infrastructure	-	-	4,412,186	4,412,186
Plant & equipment	-	-	12,238	12,238
Total Infrastructure assets, property, plant & equipment	-	3,579	4,492,109	4,495,688

Reconciliation of Level 3 fair value

	Land	Buildings	Infrastructure	Plant & equipment
	\$000	\$000	\$000	\$000
2016/17				
Opening Balance	50,323	17,016	4,461,017	7,321
Purchases/(sales) and asset class transfers	-	1,005	93,108	7,732
Revaluation increment / (decrement)	-	-	(27,466)	-
<i>Gains/(losses) recognised in net result</i>				
Impairment	-	-	(16,807)	-
Depreciation	-	(658)	(97,666)	(2,815)
Closing Balance	50,323	17,362	4,412,186	12,238

	Level 1	Level 2	Level 3	Carrying amount 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	-	-	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
2015/16	\$000	\$000	\$000	\$000
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	-
<i>Gains/(losses) recognised in net result</i>				
Depreciation	-	(954)	(64,714)	(1,791)
Closing Balance	50,323	17,016	4,461,017	7,321

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)	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		
•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)		
•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		
•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

9. Statutory obligations

Introduction

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

Structure

9.1 Tax

9.1.1 Income tax

9.1.2 Deferred tax assets and liabilities

9.2 Environmental contribution

9.2.1 Environmental contribution commitments

9.1 Tax

The Corporation is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Tax Office. The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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.

9.1.1 Income tax

The income tax expense for the financial year differs from the amount calculated on the net result. Reconciled as follows:

	2016/17	2015/16
	\$000	\$000
Current tax		
Current tax expense/(benefit) in respect of current year	(14,254)	(22,431)
Adjustments recognised in the current year in relation to the current tax of prior years	(756)	-
	(15,010)	(22,431)
Deferred tax		
Deferred tax expense recognised in the current year	(17,077)	18,659
Total income tax expense/(benefit) recognised in the current year relating to continuing operations	(32,087)	(3,772)

(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	(90,347)	(14,395)
Income tax calculated at 30% (2016: 30%)	(27,104)	(4,319)
Provision for impairment of receivables	9	(11)
Impairment of assets held for sale	-	9
Accrued expenses	(2,451)	187
Employee benefits	102	633
Depreciation - Infrastructure assets, property, plant & equipment	15,190	(18,930)
Tax effect of current year losses	(14,254)	(22,431)
Deferred income tax expense	(17,077)	18,659
Adjustments recognised in the current year in relation to the current tax of prior years	(756)	-
Total income tax expense/(benefit)	(32,087)	(3,772)

9.1.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, 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.

Deferred tax asset / (liability) comprising:

Infrastructure assets, property, plant and equipment	(1,048,999)	(1,081,610)
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Offset by deferred tax asset comprising:

Tax losses	463,827	448,817
Provision for impairment of receivables	209	200
Accrued expenses	8,483	10,846
Employee benefits	7,157	7,056
Net deferred tax asset / (liability)	(569,323)	(614,692)

	2016/17	2015/16
	\$000	\$000
Movement in net deferred tax asset / (liability)		
Opening balance	(614,692)	(443,761)
Tax effect of current year tax losses	14,254	22,431
Movement charged to operating profit / (loss)	17,077	(18,659)
Movement charged to equity	13,282	(174,703)
Under / (over) provision for income tax	756	-
Closing balance	(569,323)	(614,692)

9.2 Environmental contribution

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

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

9.2.1 Environmental contribution commitments

Environmental contribution	6,850	8,510
Total Other expenditure commitments (inclusive of GST)	6,850	8,510
Less GST recoverable from the Australian Tax Office	-	-
Total Other expenditure commitments (exclusive of GST)	6,850	8,510

These commitments are likely to fall within:

No later than 1 year	1,630	1,660
Later than 1 year and not later than 5 years	5,220	6,850
Total Other expenditure commitments (inclusive of GST)	6,850	8,510

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

10. Other disclosures

Introduction

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

Structure

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

10.1 Events happening after balance date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.

10.2 Responsible persons

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 Water	1 July 2016 to 30 June 2017
Directors of GMW:	
Joanne Anderson (Chair)	1 September 2016 to 30 June 2017
Sarah Scales (Chair)	1 July 2016 to 31 August 2016
Pat Lennon (Managing Director)	24 October 2016 to 30 June 2017
Neil Brennan (Interim Managing Director)	4 July 2016 to 23 October 2017
Geoff Cutter (Acting Managing Director)	1 July 2016 to 3 July 2016
Margot Henty (Board Member)	1 July 2016 to 30 June 2017
Alana Johnson (Board Member)	1 July 2016 to 30 June 2017
Gayle Lee (Board Member)	2 November 2016 to 30 June 2017
Patrick McNamara (Board Member)	1 July 2016 to 30 June 2017
Dennis Moon (Board Member)	1 July 2016 to 30 June 2017
Margaret O'Rourke (Board Member)	1 July 2016 to 30 June 2017
Dennis Quinn (Board Member)	1 July 2016 to 30 June 2017
Ari Suss (Board Member)	1 July 2016 to 30 June 2017

Remuneration

Remuneration of responsible persons

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

The remuneration received or receivable from the Corporation by responsible persons in connection with the management of GMW during the reporting period was in the range:

Remuneration Band ¹	Number of Directors	
	2016/17	2015/16
\$0 to \$9,999	1	2
\$10,000 to \$19,999	1	6
\$20,000 to \$29,999	1	-
\$30,000 to \$39,999	-	5
\$40,000 to \$49,999	7	3
\$70,000 to \$79,999	1	-
\$90,000 to \$99,999	-	1
\$130,000 to \$139,999	1	-
\$300,000 to \$309,999	1	-
\$360,000 to \$369,999	-	1
Total amount (\$)	\$873,793	\$829,039
Total numbers ²	13	18

¹ Remuneration for Neil Brennan was paid to Western Water for his services on secondment.

² Decrease in number of responsible persons is due to a change in board members during the 2015/16 financial year.

10.3 Remuneration of executives

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

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

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

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

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

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

Remuneration of executive officers

(including Key Management Personnel (KMP) disclosed in Note 10.4)

	2016/17	2015/16 ⁽ⁱ⁾
	\$000	\$000
Short-term employee benefits	1,278	
Post-employment benefits	128	
Other long-term benefits	30	
Termination benefits	-	
Total remuneration⁽ⁱ⁾	1,436	
Total number of executives	7	9
Total annualised employee equivalents	7	7

(i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under FRD21B. Refer to the prior year's financial statements for executive remuneration for the 2015-16 reporting period.

10.4 Related Parties

GMW is a wholly owned and controlled entity of the Department of Environment, Land, Water and Planning.

Related parties of GMW include:

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

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

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

- PCG Chair, Mike Walsh (ceased 9 June 2017)
- PCG voting member, Campbell Fitzpatrick
- Chief Financial Officer, Geoff Cutter
- General Manager Customer Operations, Scott Barber
- General Manager Corporate Services, Alan Arthur
- General Manager Corporate Strategy and Planning, Eugenie Stragalinos
- General Manager Innovation and Business Development - Luke McNamara (commenced 1 June 2017)
- Project Director, Frank Fisseler (Connections Project)

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

	2016/17
	\$000
Short-term employee benefits ⁽ⁱ⁾	2,231
Post-employment benefits	293
Other long-term benefits	30
Termination benefits	-
Total⁽ⁱⁱ⁾	2,554

(i) Total remuneration paid to KMPs employed as a contractor during the reporting period through an external service provider have been reported under short-term employee benefits.

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

Transactions with Key Management Personnel

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

Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

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Transactions with other related parties Department of Environment, Land, Water and Planning

2016/17
\$000

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

In addition, the corporation received funding from DELWP for the response to the blue green algae outbreak, water allocation trading, the Council Of Australian Governments national framework for compliance and the Mitiamo reticulated water supply.

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

Receipts from DELWP

Revenue Funding (Connections Project)	180,171
Revenue Funding (Other)	1,231
Capital Funding (Connections Project)	149,725

Receivable from DELWP

Revenue Funding (Other)	82
-------------------------	----

Payments to DELWP

MBDA Contribution	22,226
Environmental Contributions	1,686
Regional Water Monitoring	1,244
Water shares & Bulk entitlements	533
Water trading	188
Other	1,828

Treasury Corporation of Victoria

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

Aggregate amount of borrowings	108,859
Interest expense	6,315

Department of Treasury and Finance

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

Payments to DTF

Financial Accommodation Levy	1,110
------------------------------	-------

Victorian Environmental Water Holder

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

Receipts from VEWH

Revenue from water use	4,961
------------------------	-------

Lower Murray Urban and Rural Water Corporation

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

Receipts from Lower Murray Urban and Rural Water Corporation

Revenue from water use	4,386
------------------------	-------

Coliban Region Water Corporation

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

Receipts from Coliban Region Water Corporation

Revenue from water use	1,798
------------------------	-------

Goulburn Valley Region Water Corporation

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

Receipts from Goulburn Valley Region Water Corporation

Revenue from water use	1,283
------------------------	-------

Goulburn Broken CMA

The Corporation invoices Goulburn Broken CMA for works carried out under the Sustainable Irrigation Program agreement.

Receipts from Goulburn Broken CMA

Sustainable Irrigation Program	1,498
Other receipts	179

10.5 Remuneration of auditors

2016/17
\$000

2015/16
\$000

External Audit - Victorian Auditor General's Office	173	169
Internal Audit	271	245
Total Audit fees	444	414

10.6 Exgratia expenses

(i) Forgiveness or waiver of debt	-	8
(ii) Total ex gratia expenses	-	8

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

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

10.7 Australian Accounting Standards issued that are not yet effective

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial report
AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 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.
AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 Jan 2019	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

Appendix A - Disclosure Index

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

Legislation	Requirement	Page Reference
Ministerial Directions		
REPORT OF OPERATIONS – FRD Guidance		
Responsible Body's declaration		
SD 5.2.3	Responsible Body's declaration	5
Section 1: Year in Review		
MRO	Vision, Mission, Values	6
MRO	Chair and MD's Report	7
FRD 22H	Manner of establishment and the responsible Minister	8
FRD 22H	Nature and range of services provided	8
FRD 22H	Objectives, functions, powers and duties	9
Performance Reporting – Non-Financial		
FRD 22H, FRD 27C	Performance against objectives (incl. performance against key performance indicators (non-financial))	24
Performance Reporting – Financial		
FRD 22H	Five year financial summary	21
FRD 22H, MRO	Current year financial review	20
FRD 27C, FRD 22H	Performance against key performance indicators (financial)	23
FRD 22H	Significant changes in financial position	27
FRD 22H	Significant changes or factors affecting performance	27
MRO	Capital Projects	27
FRD 22H	Subsequent Events	27
Section 2: Governance and Organisational Structure		
FRD 22H	Organisational structure and corporate governance arrangements	28 – 33
FRD 22H, SD 3.2.1.3 (c), (f) & (h)	Audit Committee membership and roles	33
FRD 22H & MRO	Occupational Health and Safety	34
Section 3: Workforce Data		
FRD 22H	Public Administration values and employment principles	34
FRD 22H, FRD 29B	Comparative Workforce Data	35
FRD 22H	Workforce Inclusion Policy	36
FRD 15D	Executive officer disclosures in the report of operations	37
Section 4: Other disclosures		
FRD 25C	Local Jobs First – Victorian Industry Participation Policy	37
FRD 22H	Consultancy expenditure	37
FRD 22H	Government advertising expenditure	37
FRD 22H	Information and Communication Technology expenditure	38
FRD 12B	Disclosure of major contracts	38
FRD 22H	Freedom of Information	38
FRD 22H	Compliance with <i>Building Act 1993</i>	39
FRD 22H	National Competition Policy	39

FRD 22H, MRO	Compliance with the <i>Protected Disclosure Act 2012</i>	39
Water Act 1989, MRO	Compliance with <i>Water Act 1989</i>	39
FRD 24C	Reporting of office-based environmental data by government entities	39 – 40
FRD 22H	Statement of availability of other information	41 - 42
Risk Management Attestation		
SD 3.7.1	Attestation for compliance with Standing Direction 3.7.1	43
MRO	Compliance with DataVic Access Policy	43
Financial Statements		
SD 5.2.2(a) & (b)	Declaration	43
Audit Act 1994	Auditor-General's report	44 - 45
SD 5.2.1	Statement of Comprehensive Income	46
SD 5.2.1	Balance Sheet	47
SD 5.2.1	Statement of changes in equity	48
SD 5.2.1	Cash Flow Statement	49
SD 5.2.1	Notes to the financial statements	46 - 75
Financial and Other Information		
SD 3.7.1	Ministerial Standing Direction 3.7.1 compliance attestation	43
MRD 01	Performance reporting	22 - 26
MRD 02	Water consumption	40
MRD 03	Environmental and social sustainability reporting	40 - 41
MRD 04	Disclosure of information on bulk entitlements, transfers of water entitlements, allocations and licenses, irrigation water usage and license entitlements	79 - 88
FRD 30D	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 5.2		
SD 5.2.1 (a)	Compliance with applicable Australian accounting standards and other authoritative pronouncements	46 - 75
SD 5.2.1 (a)	Compliance with Ministerial Directions	Whole of report
FRD 30D	Rounding of amounts	Whole of report
SD 5.2.2 (a) & (b)	Declaration in Financial Statements	43
SD 5.2.1 (b)	Compliance with Model Financial Report	Whole of report
Other disclosures as required by FRDs in notes to the Financial Statements		
FRD 03A	Accounting for dividends	46 - 75
FRD 07B	Early adoption of authoritative accounting pronouncements	46 - 75
FRD 11A	Disclosure of ex-gratia expenses	55 + 74
FRD 12B	Disclosure of major contracts	38
FRD 17B	Long Service Leave, Wage Inflation and Discount Rates	46 - 75
FRD 20A	Accounting for State Motor Vehicle Lease Arrangements prior 1 February 2004	46 - 75
FRD 21C	Disclosures of Responsible Persons, Executive Officer and other personnel with significant responsibilities in the financial report	72 – 73
FRD 22H	Events after the reporting date	72
FRD 26B	Accounting for VicFleet Motor Vehicle Lease Arrangements	46 - 75

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	on or after 1 February 2004	
FRD 27C	Presentation and reporting of performance information	22 – 26
FRD 100A	Financial Reporting Directions - Framework	Whole of report
FRD 102A	Inventories	46 – 75
FRD 103F	Non-financial Physical Assets	46 – 75
FRD 105B	Borrowing Costs	46 – 75
FRD 106A	Impairment of Assets	46 – 75
FRD 107B	Investment Properties	46 – 75
FRD 109A	Intangible Assets	46 – 75
FRD 110A	Cash Flow Statements	49
FRD 112D	Defined Benefit Superannuation Obligations	46 – 75
FRD 113A	Investments in Subsidiaries, Jointly Controlled Entities and Associates	46 - 75
FRD 114B	Financial Instruments — General Government Entities and Public Non-Financial Corporations	Whole of report
FRD 117A	Contributions of Existing Non-Financial Assets to Third Parties	46 - 75
FRD 119A	Transfers Through Contributed Capital	46 – 75
FRD 120K	Accounting and Reporting Pronouncements Applicable to 2016-17 Reporting Period	Whole of report
Legislation		
	<i>Copyright Act 1968</i>	2
	<i>Freedom of Information Act 1982</i>	38
	<i>Building Act 1993</i>	39
	<i>Building Regulations 2006</i>	39
	<i>Protected Disclosure Act 2012</i>	39
	<i>Victorian Industry Participation Policy Act 2003</i>	37
	<i>Financial Management Act 1994</i>	Whole of report
	<i>Planning and Environment Act 1987</i>	9
	<i>Equal Employment Opportunity Act 2010</i>	34
	<i>Public Administration Act 2004</i>	34
	<i>Disability Act 2006</i>	34
	<i>Murray-Darling Basin Act 1993</i>	9
	<i>Safe Drinking Water Act 2003</i>	19
	<i>Safe Water Drinking Regulations 2015</i>	19
	<i>Water Act 1989</i>	Whole of report
Appendices		
FRD 10A	Disclosure Index	76 – 78
MRD 04	Bulk Water Entitlements	79 – 88
MRD 04	<i>Eildon – Goulburn Weir</i>	79 – 81
MRD 04	<i>River Murray</i>	82 – 83
MRD 04	<i>Campaspe System</i>	84
MRD 04	<i>Broken System</i>	85
MRD 04	<i>Ovens System</i>	86
MRD 04	<i>Loddon System</i>	87
MRD 04	<i>Bullarook System</i>	88

Appendix B – Bulk Entitlements

Appendix B1 Bulk Entitlement (Eildon - Goulburn Weir) Reporting

This appendix is included in the Goulburn-Murray Water 2016/17 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 2016 to 30 June 2017. 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	186,005 ML	
	Stuart Murray Canal	344,406 ML	
	East Goulburn Main Channel	140,632 ML	
	Total Goulburn Weir offtake diversion:	671,043 ML	
17.1(da)	Annual amount of distribution loss in Goulburn Irrigation Districts:		
	Shepparton	13,461 ML	
	Central Goulburn	44,703 ML	
	Rochester/ Pyramid Hill- Boort	35,737 ML	
	Total distribution loss:	93,901 ML	
17.1(e)(i)	Diversion by primary entitlement holders taken directly from waterway:		
	Private River Diverters	12,965 ML	
	Normanville WWD	363 ML	
	East Loddon WWD	564 ML	
	West Loddon WWD	216 ML	
	Tungamah WWD	339 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 2017
	Lake Eildon	2,116,778 ML	
	Goulburn Weir	24,123 ML	
	Waranga Basin	227,170 ML	
	Greens Lake	22,599 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	101,903 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 See Note 5 See Note 5 See Note 5
	Water Shares in Irrigation Areas	520,566 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 248,890 ML	
	Normanville WWD	166 ML	
	East Loddon WWD	441 ML	
	West Loddon WWD	As for 17.1(e)(i)	
	Tungamah WWD	304 ML	
Total supply to primary entitlements:	804,149 ML		
17.1(p)	Amendments to this BE	No	

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17.1(q)	New BE granted for supply of primary entitlements in this BE	No	
17.1(r)	Environmental Management and Metering programs	Programs implemented	See Note 6
17.1(s)	BE compliance failures	Minor	See Note 7
17.1(t)	BE compliance difficulties and responses	Yes	See Note 7

Notes

- Volumes obtained from hydrographic data collected by Ventia.

Cattanach Canal	SI No 405702
Stuart Murray Canal	SI No 405700
East Goulburn Main Channel	SI No 405704
- There were no releases from Lake Eildon under target filling arrangements or spills from storage in 2016/17.
- This is the regulated release for delivery of 99,325 from the Goulburn Inter Valley Trade Account and 2,578 ML from the Goulburn Water Quality Reserve. There was no regulated release for Murray supplement in season 2016/17.
- The Victorian Environmental Water Holder value includes diversion by the Commonwealth Environmental Water Office and the Living Murray, and the delivery of 10,014ML of Goulburn environmental entitlement via the Goulburn Supplement from the Loddon system headwork storages. The Schedule 3 Additional Supply Loddon Environmental Entitlement is included here despite not being listed as a primary entitlement in the BE.
- 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.
- 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 losses for East Loddon Water Works district were exceeded by 16 ML.

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	4,864	
	River Supply Zone 1A	2,625	
	River Supply Zone 3	11,402	
	Total diversion:	18,891	
Coliban Water	Channel system Zone 1A	1,355	
	Channel system Zone 1B	259	
	TOTAL	1,614	
Grampians Wimmera Mallee	Quambatook	97	
	Total diversion:	97	
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 - high reliability	0	
	Living Murray - low reliability	0	
	Goulburn River Environmental Entitlement	0	
	Loddon Environmental Entitlement	0	
	Environmental Entitlement NVIRP savings	0	
	Total diversion:	0	
Total Authorities (ML):		20,602	

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 2016/17 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 2016 to 30 June 2017. 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	2,990 ML	See Note 1	
	Yarrawonga Main Channel	241,300 ML		
	National Channel	573,132 ML		
	Ashwin's pump	0 ML	See Note 2	
	Pental Island pumps	0 ML		
	Swan Hill No 9 channel off-take from Little Murray (if Fish Point Weir is open)	11,706 ML		
	Swan Hill pumps	11,512 ML		
	Nyah pumps	5,718 ML		
	Woorinen pumps	13,202 ML		
	River Diversion Points along the River Murray to Nyah Pumps:			
	Private Pental Island diverters (if Fish Point Weir is open)	2,399 ML	See Note 2	
	Environmental diversion	102,397 ML		
	Urban River diversion	18,800 ML		
	Private River diversions; Dartmouth to Nyah	34,282 ML		
Total diversions at off-take points:		1,017,438 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	0 ML	See Note 2 See Note 2 See Note 2	
	Yarrawonga Main Channel outfall	25,163 ML		
	Koondrook spillway	134,655 ML		
	Loddon River at Kerang Weir	175,293 ML		
	Sheepwash Creek Weir	134,926 ML		
	Little Murray Weir (if Fish Point Weir closed)	0 ML		
	6/7 channel outfall (if Fish Point Weir open)	66,712 ML		
	Lake Boga outfall channel (if Fish Point Weir open)	4,219 ML		
	Barr Creek at Capel's Crossing	77,670 ML		
	Lake Charm outfall channel	2,947 ML		
	Chinamans Bend	0 ML		
	Total returns:			621,585 ML
22.1(e)	GMW supplies to bulk entitlements held by other authorities:			See Note 3
	Coliban Water	4,183 ML		
	Lower Murray Water	5,165 ML		
	Goulburn Valley Water	4,491 ML		
	Melbourne Water Authorities	0 ML		
	North East Water	8,494 ML		
	Victorian Environmental Water Holder:			
	Snowy Environmental Water Reserve	NA		
	Flora and Fauna	8,162 ML		
	Living Murray	18,193 ML		
Total supplies to Bulk Entitlements:		48,688 ML		

22.1(f)	GMW supplies to primary entitlement holders excluding bulk entitlements in (e):		See Note 4
	Murray Valley Irrigation Area	168,160 ML	
	Torrumbarry Irrigation Area	220,214 ML	
	Nyah, Tresco and Woorinen	19,376 ML	
	Private River Diverters	As for 22.1(b)	
	Environmental Water Holders (non BE water)	112,234 ML	
	Total supplies to primary entitlement holders excluding bulk entitlements:	556,665 ML	
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	33,966 ML	See Note 8
	Torrumbarry Losses (including Woorinen and Tresco)	24,058 ML	
	Victoria Mid Murray Storage losses	39,283 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 only includes supplies from the River Murray to sites upstream of Nyah.
4. This volume includes water shares held by Victorian Environmental Water Holder and Commonwealth Environmental Water Office which were traded into ABAs linked to Environmental Bulk Entitlements and delivery of water credited into the Murray from other systems. Some of the environmental water delivered, was credited as return flows for further use downstream. Only supplies deemed upstream of Nyah are included.
5. The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.
6. There was no temporary or permanent transfer of this BE, only the trade of primary entitlements.
7. The annual loss allowance for Nyah was exceeded by 324 ML.
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. As per the BE, the loss volume for Torrumbarry includes the losses required to operate the Woorinen and Tresco Pumped Districts. 2016/17 was an abnormal year for operating the Torrumbarry Irrigation Area and the VMMS due to flooding in spring.
9. The Victorian Mid-Murray Storages Annual Operating Plan was submitted in July 2016.

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

This appendix is included in the Goulburn-Murray Water 2016/17 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 2016 to 30 June 2017. 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	282,980 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)	5,431 ML	
	Supplement to Goulburn system	7,342 ML	
	Victorian Environmental Water Holder	0 ML	
	Coliban Water (BE and water shares)	632 ML	
	Central Highlands Water (water shares)	1,501 ML	
	Total diversion:	14,906 ML	
	Campaspe Inter Valley Trade Account delivery	0 ML	
18.1(g)	Annual evaporation losses to GMW share of Lake Eppalock	27,662 ML	See Note 2
18.1(h)	Internal spills to or from GMW's share of Lake Eppalock	7,629 ML	See Note 3
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 determination	17 Oct 2016 - 100% HRWS & 100% LRWS	
18.1(n)	Alterations to Schedule 1 and 2 entitlements as per Clause 8:		
	Water shares	See 18.1(o) and (q)	
	Coliban Water	See 18.1 (o)	
	Victorian Environmental Water Holder	See 18.1 (q)	
18.1(o)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
18.1(p)	Annual volume supplied to primary entitlements:	As for 18.1 (f) excluding the Goulburn supplement diversion plus	See Note 4
	Victorian Environmental Water Holder	5,551 ML	
	Living Murray	0 ML	
	Total supply to primary entitlements:	13,115 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 5
18.1(t)	BE compliance failures	Minor	See Note 6
18.1(u)	BE compliance difficulties and response	Minor	See Note 6
18.1(v)	Details of interruptions to minimum passing flows	Yes	See Note 6

Notes

- This figure only includes diversions from the waterway, instream deliveries are included in 18.1(p). The Goulburn supplement was delivered to the Murray system and incorporated as a delivery against the Goulburn inter-valley trade account.
- Gross evaporation based on measured evaporation at Lake Eppalock.
- Spill from Coliban Water share of Lake Eppalock to GMW's share
- 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 June downstream of Lake Eppalock. Minimum passing flows not provided were credited to the passing flow account for later use. There were five days of minimum flow non compliance during the year, due to fluctuations in calculated inflows.

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

This appendix is included in the Goulburn-Murray Water 2016/17 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 2016 to 30 June 2017. 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)	2,507 ML	
	North East Water	106 ML	
	Supplement to Goulburn or Murray systems	0 ML	
	Total flow to Broken Creek	6,841 ML	
	Total diversions:	9,454 ML	
	Broken Inter Valley Trade Account delivery	4,590 ML	
20.1(f)	Annual evaporation losses from Lake Nillahcootie	3,907 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	315 ML	
	Broken Creek environmental delivery	0 ML	
	Total supply to primary entitlements:	2,928 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	No	
20.1(r)	BE compliance difficulties and response	Minor	See Note 4
20.1(s)	Details of interruptions to minimum passing flows	No	

Notes

1. Gross evaporation based on measured evaporation at Lake Nillahcootie.
2. The volume of diversion and delivery are the same, with the exception of diversions to Broken Creek from the Broken system which included environmental water delivered via Broken Creek.
3. 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)
4. During regulated conditions, the losses for Broken Creek were 2,960 ML above the annual average allowance of 1,850 ML under the Bulk Entitlement due to high operating requirements this season. Operating requirements are being reviewed.

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

This appendix is included in the Goulburn-Murray Water 2016/17 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 2016 to 30 June 2017. 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)	8,136 ML	
	North East Water	3,424 ML	
19.1(f)	Annual storage evaporation losses:		See Note 1
	Lake Buffalo	2,638 ML	
	Lake William Hovell	726 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:	11,630 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 2016/17 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 2016 to 30 June 2017. 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)	4,764 ML	
	Supplement to Goulburn system	22,747 ML	
	Diversion to Serpentine Creek	6,333 ML	
	East Loddon Waterworks District	0 ML	
	Coliban Water	340 ML	
	Central Highlands Water	758 ML	
	Victorian Environmental Water Holder	0 ML	
	Total diversions:		
	Loddon Inter Valley Trade Account delivery	0 ML	
21.1(g)	Annual storage evaporation losses:		See Note 2
	Cairn Curran	18,138 ML	
	Tullaroop	7,357 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
	As for 21.1 (f) excluding the Goulburn supplement and Serpentine Creek diversion plus		
	Serpentine Creek (excludes environmental supply)	129 ML	
	Victorian Environmental Water Holder	3,825 ML	
	Total supply to primary entitlements:	9,817 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	No	
21.1(r)	BE compliance difficulties and response	No	

Notes

- Environmental diversion to Loddon wetlands is included. Environmental water that has been delivered in stream is excluded (see 21.1(m)). The volume of Goulburn supplement includes the volume used to deliver 10,014 ML of Goulburn environmental entitlement from the Loddon system headwork storages.
- Gross evaporation based on measured evaporation at Cairn Curran.
- There are no irrigation areas or districts in the Loddon system. The volumes taken and supplied are the same, with the exception of diversions to Serpentine Creek and environmental water delivered in stream (Loddon River and Serpentine creek).
- 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 2016/17 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 2016 to 30 June 2017. 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	567 ML	
	Central Highlands Water	121 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 flows were compliant 91% of the time, with an average non-compliance of 1 ML/d. Non compliance was due to fluctuating natural flow requirements.
- 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 releases to cease during 2015/16 which continued until 1 August, when minimum flow requirements changed to the agreed upon 1 ML/d which is applied while the seasonal determination is less than 20%. The interim operating arrangement also covers compliance difficulties at the Smeaton site (SI 407227).

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