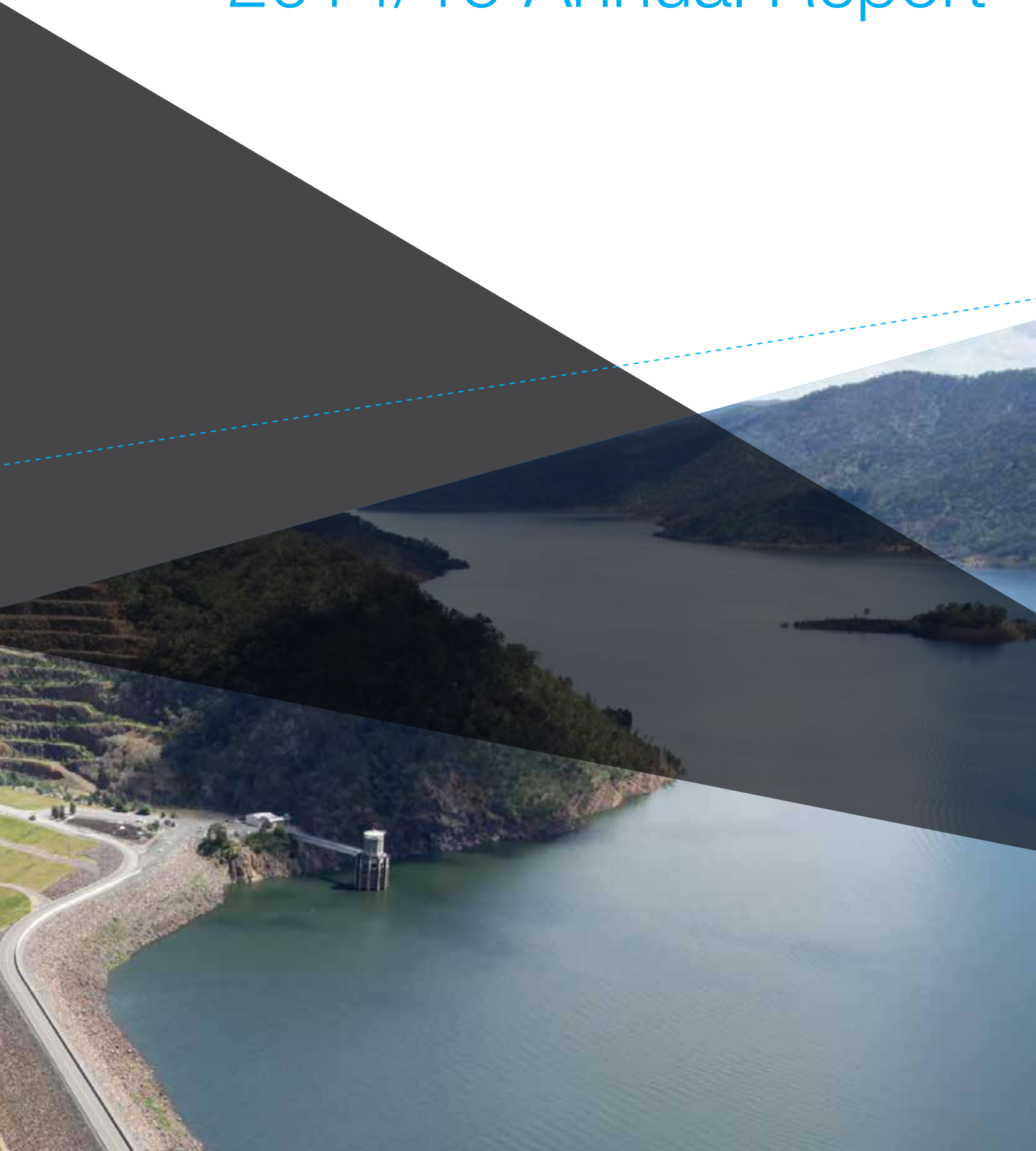




2014/15 Annual Report





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Abbreviations

The following abbreviations are referenced throughout this report:

CRCs – Customer Relationship Consultants
DEDJTR – Department of Economic Development, Jobs, Transport & Resources
DELWP – Department of Environment, Land, Water & Planning
DSDBI – Department of State Development, Business & Innovation
EMS – Environmental Management System
ESC – Essential Services Commission
FOI – Freedom of Information
FTE – Full Time Equivalent employees
GBCMA – Goulburn Broken Catchment Management Authority
GL – Gigalitres of Water
GMA – Groundwater Management Area
GMID – Goulburn-Murray Irrigation District, Australia's largest irrigation delivery network
GMUs – Groundwater Management Units
GMW – Goulburn-Murray Rural Water Corporation (trading as Goulburn-Murray Water)
HRWS – High-Reliability Water Share
HSE Team – the integrated Occupational Health & Safety and Environment & Sustainability teams at GMW
IBAC – Independent Broad based Anti-Corruption Commission
IRP – Independent Review Panel, established to review landowner decision made by the GMW Connections Project
KL – Kilotres of water
LMS – Learning Management System
LRWS – Low-Reliability Water Share
MDBA – Murray Darling Basin Authority
ML – Megalitres of water
NCCMA – North Central Catchment Management Authority
SCA – State Constructing Authorities
SEPP – State Environment Protection Policy
SIR – Shepparton Irrigation Region
The Act – Water Act 1989
The Board – Independent Board of Directors appointed by the Minister for Environment, Climate Change & Water
VIPP – Victorian Industry Participation Policy

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 2015.



Sarah Scales
Chairman
Goulburn-Murray Water
25 August 2015

Joint Report by Chairman and Managing Director

Goulburn-Murray Water is working to provide services our customers need at the lowest possible price in a changing landscape.

Over the past few years there has been a real sense of optimism and growth in the agricultural sector in northern Victoria.

All the evidence points to a solid agricultural sector; albeit commodity prices are highly volatile, in some sectors such as beef, prices have been relatively strong. In addition, the Aussie dollar is heading in the right direction, production is increasing and always a telling sign, agribusiness investment in the region is considerable.

However, despite this positive (medium term) outlook there are real and material challenges ahead.

The Bureau of Meteorology has declared an 'El Nino' weather pattern and as a consequence we are expecting varying water inflows into our dams, lakes and reservoirs. Water availability is forecast to decline over the next four years as a result of expected drier conditions.

Reduced water availability influences water markets. Over the past 12 months the region has seen a significant increase in both temporary and permanent water prices, thus placing pressure on our customer's profitability.

This is why our continued commitment to becoming a lean and efficient organisation with a strong customer focus is essential. Our efforts, through streamlining our internal operations, have seen real cost reductions of \$6 million a year.

The \$2 billion GMW Connections project is a significant contributor to job creation and investment in northern Victoria. It not only delivers water savings as part of the Victorian contribution to the MDBP, but gives landowners the opportunity to improve their on-farm productivity by taking advantage of a more efficient irrigation system.

Clearly the regional benefits are significant, but the project is not without its challenges. When the project was established it was anticipated around 45 percent of irrigators would leave the industry. However, this has not occurred. In short, we have more irrigators wanting to be connected (and connected quickly) than ever envisaged in the original business case.

Modernising the GMID system is complex and lengthy with implementation expected over 10 years. The Stage 2 contract with the Commonwealth government includes a Mid Term Review of the project's performance. GHD an independent consultant has been appointed by the Commonwealth government to carry out this review.

The Board and Management will await the findings of the Mid Term Review and is acutely aware of the need to continue to improve on the rollout of the Connections Project, improve efficiencies, reduce waste and get rid of the 'bottlenecks'. We appreciate that those who have been 'modernised' are seeing the productivity benefits and this naturally causes concern to those waiting to be connected.

The 2016-2020 Water Plan, GMW's Essential Services Commission Pricing Submission, outlines our service standards, operating and capital expenditure which guides our pricing for the core services of water storage and delivery.

The plan provides for a financially and operationally sustainable business, focused on driving out operating costs but not to the detriment of our service standards.

In formulating our plan, we have consulted widely to ensure we are delivering what our customers need in the future.

Significant reforms of the gravity and diversions tariffs are proposed and the implementation of the associated tariff strategies will mean changes for some customers' bills.

The key tariff change proposed in the plan is the introduction of uniform delivery charges. This was in response to our customers asking for simplified bills and more predictable pricing. This change will make our pricing more equitable across the GMID and reduce our operating expenditure by \$850,000 per annum.

GMW is committed to providing a high level of service for our customers and a pricing structure that is stable and predictable over the next four years.

The importance of our Water Services Committees cannot be underestimated. They provide invaluable insights into our customer needs, how our charges impact irrigators, the investment and growth in the region and

thus the implications to our business model and cost base.

GMW's underlying core business of water storage and delivery performed solidly in 2014/15. Operating Profit was \$36.9M and operating cash flows was \$25.7M. These results were better than forecast as a result of lower expenditure underpinned by our efficiency focus and strong irrigation demand contributing to higher revenues. The 2014/15 results further strengthens GMW's balance sheet and financial sustainability. Net Debt has reduced to \$66.4M reflecting a low gearing level of 2.8% against our asset base of \$4.1B. GMW's financial position continues to be robust ensuring the business is well placed for 2015/16 and beyond.

Our business is only as good as our people. Investment in staff development is important as we will never rise to the challenges facing us, if we don't have the right capability and culture. We will continue to build a culture that 'challenges the norm' and is not afraid to ask the tough questions.

In the past 12 months there have been some difficult decisions made by the Directors at GMW. Although challenges, expected and unexpected, have been faced by the Board, it has worked constructively and tirelessly with the Management team to ensure that the focus remains on achieving GMW's Fundamental Commitments over the next few years.



John Calleja
Goulburn-Murray Water Managing Director



Sarah Scales
Goulburn-Murray Water Chairman



GMW Profile and Strategy

2014/15 Annual Report

This Annual Report provides information relating to the programs, initiatives and actions that Goulburn-Murray Rural Water Corporation (trading as Goulburn-Murray Water (GMW)), undertook between 1 July 2014 and 30 June 2015.

This Annual Report has been prepared in compliance with:

- the 2015 *Model Report* as issued by the Department of Treasury and Finance on 16 April 2015, where applicable
- Standing Direction 4.2 *Reporting Requirements in terms of Part 7 of the FMA (SD)*, and
- the *DELWP Guide to Annual Reporting – Public Bodies*.

This Annual Report complies with all current and applicable legislative pronouncements and is submitted in support of the State's financial management legislative framework.

Relevant Ministers

During the reporting period, the relevant Ministers were as follows:

- Peter Walsh MLA, responsible Minister for the period 1 July 2014 to 3 December 2014.
- The Hon Lisa Neville MP, responsible Minister for the period 4 December 2014 to 30 June 2015.

Manner of Establishment

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

An independent Board of Directors (the Board) governs GMW. The Board operates under Part 6 of the Act and reports annually to the Minister for Environment, Climate Change and Water and the Treasurer.

GMW's Purpose

GMW manages water storage, delivery and drainage systems involving 70% of Victoria's stored water. We harvest, store and deliver water to ensure availability for all customers.

GMW's Functions and Powers

GMW has functions and powers under the Act to provide, manage and operate an irrigation district (pursuant to section 221 of the Act), a water district (pursuant to section 163 of the Act) and a waterway management district (pursuant to section 189 of the Act).

GMW is also appointed as the Resource Manager for Northern Victoria water systems.

GMW's Duties

GMW has duties as a delegate or appointee of the Minister for Environment, Climate Change and Water and the Water Register pursuant to the Act and the *Murray Darling Basin Act 1993*. Those responsibilities are as follows:

- Delegate of the Minister for Environment, Climate Change and Water under the *Water Act 1989* – licensing activities (unregulated streams, groundwater, works on waterways, water use), approval of water share and allocation applications
- Appointment by the Minister for Environment, Climate Change and Water under the *Water Act 1989* – storage manager and resource manager for all declared water systems in Northern Victoria
- Appointment by the Minister for Environment, Climate Change and Water under the *Murray-Darling Basin Act 1993* – Victoria's relevant water authority (constructing authority) for the MDBA, and
- Appointment by the Water Register under the *Water Act 1989* – recording of certain water share dealings.

Nature and Range of Services Provided

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

- harvesting, storing and managing water in our reservoirs and dams

- managing the supply, delivery, and drainage of water for our irrigation and water districts
- providing flood protection, salinity mitigation and maintenance of infrastructure for our irrigation and water districts
- delivering the Connections Project
- Implementing the Government's regulations and policy for groundwater and surface water resource management in accordance with delegated powers
- facilitating hydroelectricity generation
- operating salinity mitigation works, and
- providing for public recreational activities including houseboats and caravan parks.

Communities Served

GMW is Australia's largest rural water corporation and manages Australia's largest irrigation delivery network (the Goulburn-Murray Irrigation District (GMID)). GMW services a region of 68,000 square kilometres or approximately one third of Victoria, bordered by the Great Dividing Range to the south, the River Murray to the north, and stretches from Corryong in the east to Nyah in the west.

GMW manages approximately 70% of Victoria's stored water resources and 50% of Victoria's underground water supplies.

GMW manages 16 water storages that can hold approximately 9 million megalitres (ML) of water and also has responsibility for managing more than 100,000 hectares of public land surrounding our storages.

GMW is also Victoria's largest inland boating authority and manages boating and recreational activities across the majority of our storages.

Corporate Strategy

GMW's Corporate Strategy sits in place of a traditional vision, mission and values statement.

GMW's 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 and Strategic Initiatives.

GMW's Fundamental Commitments and related Strategic Outcomes are as follows.

Fundamental Commitments

- **Fundamental Commitment 1 (FC 1)** - Partnering with our customers
- **Fundamental Commitment 2 (FC 2)** - Creating the opportunity to increase production in Northern Victoria over the next 20 years, and
- **Fundamental Commitment 3 (FC 3)** - A high performing organisation.

Strategic Outcomes

FC 1: 'Partnering with our customers'

Strategic Outcomes:

- **SO 1** - We listen to, understand and anticipate what is important to our customers
- **SO 2** - We deliver appropriate service levels for our retail customers
- **SO 3** - We deliver appropriate service levels for our wholesale customers
- **SO 4** - We deliver appropriate connections
- **SO 5** - We are easy to deal with, and
- **SO 6** - Our Water Services Committees are engaged and active partners supporting our Fundamental Commitments.

FC 2: 'Creating the opportunity to increase production in Northern Victoria over the next 20 years'

Strategic Outcomes:

- **SO 7** - Our cost to deliver water is in the national bottom quartile

- **SO 8** - We have delivered predictability and certainty in pricing
- **SO 9** - We have 90% water delivery efficiency
- **SO 10** - Together with key stakeholders, we have successful partnering arrangements to increase production of agriculture, and
- **SO 11** - GMID customers have achieved the on-farm benefits of a modernised network.

FC 3: 'A high performing organisation'

Strategic Outcomes:

- **SO 12** - We have an ongoing depth of capability, opportunity and leadership throughout the organisation
- **SO 13** - We are a highly respected and trusted organisation serving our local communities, and
- **SO 14** - We have processes and systems that are a match for delivering our Fundamental Commitments.

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

Our 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 are risk aware)
- We meet our legal, contractual and regulatory obligations, and
- We capitalise on the opportunities presented by changes in our external environment.

GMW's corporate strategy is embedded throughout the business with all individuals accountable for contributing to the

Fundamental Commitments. Individual contribution is at the initiative level, which rolls-up into our Fundamental Commitments and cascades down into Individual Work Plans.

GMW's corporate strategy was in operation for its third year in 2014/15. In 2015/16, planning will commence for our next corporate strategy to be implemented from 2017/18.

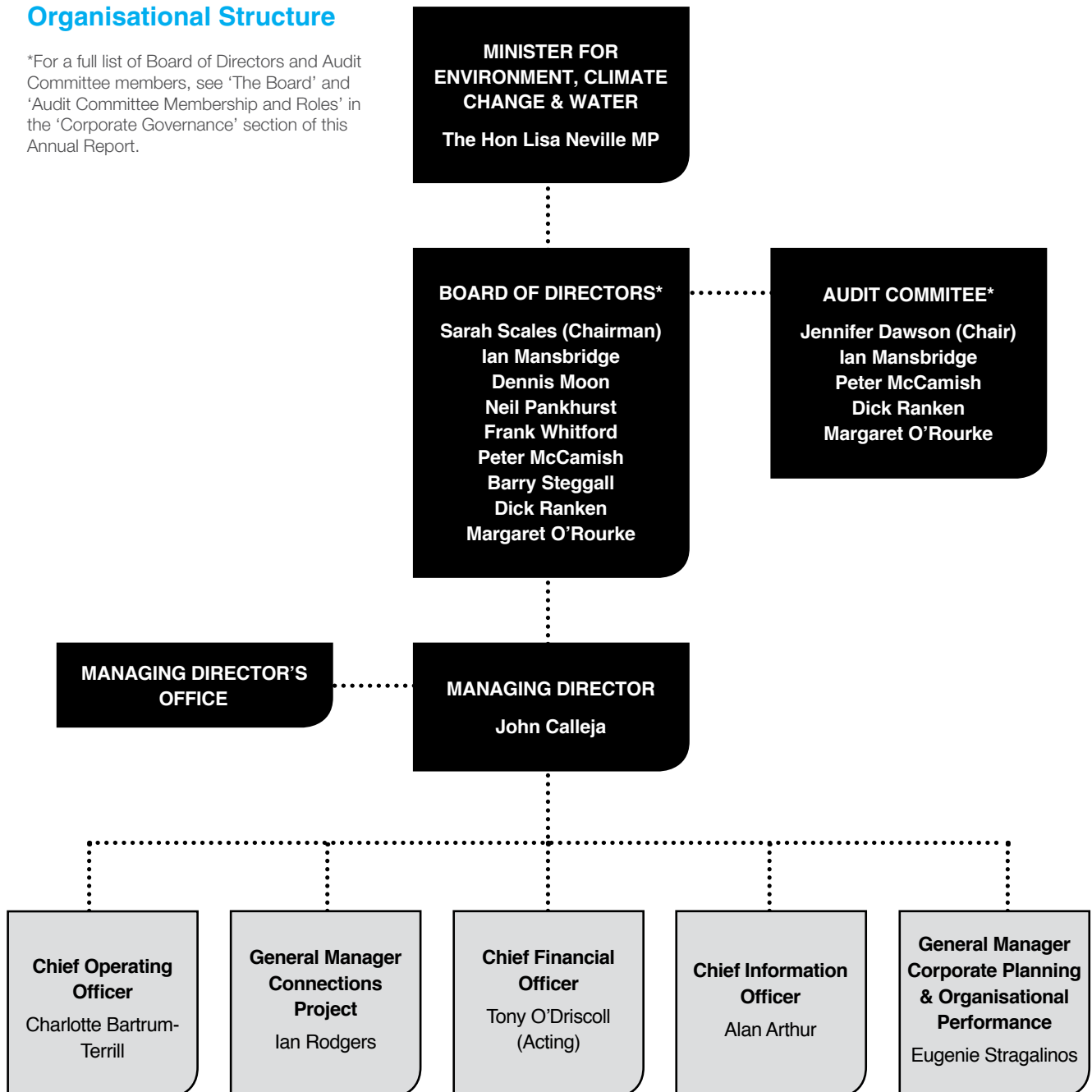
On an annual basis, the current corporate strategy is reviewed by the Board to ensure that it remains on-point with customer and industry requirements and advancements.

Ongoing macro and micro analysis is undertaken to allow GMW to seize opportunities as they arise and to ensure we are prepared and in good stead for potential changes and challenges in customer and industry requirements.

Corporate Governance

Organisational Structure

*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.



Our Business Units

On a practical level, the staff of GMW are divided within five functionally separated business units which work collaboratively to achieve our strategic and operational business objectives. Our business units are as follows:

- **Customer Operations:** Responsible for the provision of outstanding water related services to an extensive and diverse customer base in Northern Victoria. This includes our retail customers in irrigation districts, diversions and groundwater areas, as well as our bulk water customers and the environment. Customer Operations also provides asset management, construction and project delivery services for our key infrastructure including dams, channels, drains, pipelines as well as engineering and technical support. The division has a key focus on driving innovation, process efficiencies, automation and service delivery improvements which directly benefit our customers.
- **Connections:** Responsible for the delivery of the \$2 billion Connections Project. The Connections Project involves the modernisation of the GMID and the implementation of a range of water efficiency projects.
- **Corporate Planning & Organisational Performance:** Provides support services to GMW in the areas of corporate planning, human resources, training and development, safety, risk and compliance, and asset services.
- **Finance:** Provides support services to GMW in the areas of financial control, budgeting and forecasting, financial analytics and systems, and regulation and pricing.
- **ICT:** Provides support services to GMW in the areas of ICT operations, enterprise knowledge management and programme management.

Corporate Governance

The Board

The Minister for Environment, Climate Change and Water appoints the Directors of GMW under the *Water Act* 1989. The Minister also appoints a Chairman from the Board members. The Board then appoints a Managing Director.

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



Chairman to 31 August 2014
Llew Vale OAM

Llew Vale has extensive governance and water industry experience and expertise in primary production. Mr Vale has been a farmer for 38 years at Toora and is a former Councillor and Mayor of the Shire of South Gippsland. He served as Chair of South Gippsland Water from its inception in 1995 until September 2011, having previously been a member of the South Gippsland Water Board. Mr Vale was awarded an Order of Australia in 2002 for services to the water industry and community. Mr Vale is currently a Director of Melbourne Water.



Chairman from 1 September 2014
Sarah Scales B.Ag

Sarah Scales is a business and risk management consultant and also owns a mixed farming enterprise near Mansfield. Ms Scales was appointed to the Board of Queensland Sugar Limited in January 2013. Ms Scales has been a Director of InterGrain P/L, a plant breeding company since October 2011. She was previously the General Manager AWB International in addition to other senior management positions 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.



Ian Mansbridge FCIM, CPA, FCIS, FGIA, Dip. CM

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



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, who specialise 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 on Horticulture Australia Limited. Mr Moon was awarded a Nuffield Scholarship.



Neil Pankhurst

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



Frank Whitford

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



Peter McCamish

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



Barry Steggall

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



Dick Ranken

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



**From 1 September 2014
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 TAFE and the Tasmanian Ports Authority. Ms O'Rourke is also a Fellow of the Australian Institute of Company Directors.

Corporate Governance

Managing Director



To 31 December 2014
Gavin Hanlon B App Sci, M App Sci, MBA, FAICD, FAIM

Gavin Hanlon has 12 years' experience as a CEO / MD in the Victorian water industry. Mr Hanlon was Managing Director of Coliban Water before his role with GMW and before Coliban Water he was the CEO of NCCMA. He is a Williamson Fellow.



From 1 January 2015, Interim Managing Director
From 1 June 2015, Managing Director
John Calleja, BCom, MAppFin, CA

John Calleja joined GMW in July 2011 with 15 years of financial and general management experience. Mr Calleja's experience was obtained in senior positions in infrastructure and infrastructure advisory businesses in Australia and internationally. Mr Calleja has most recently held CFO positions in both publicly listed and privately held electricity distribution businesses. He has strong skills across financial management, governance, economic regulation and business performance. Mr Calleja was Chief Financial Officer of GMW immediately before his appointment as Managing Director.

Board Committees

From 1 July 2014 to 30 June 2015 the following Board Committees operated:

Committee	Purpose
Risk and Compliance	Oversee risk management and compliance.
Audit	Oversee the internal and external audit program, and review the annual financial statements and monitor management financial and accounting responsibilities.
Remuneration	Oversee remuneration policy and management remuneration.
Connections	Enable the delivery of a world class streamlined irrigation system by: <ul style="list-style-type: none"> • monitoring the performance of the Connections Project and report performance to the Board • recommend to the Board the use of compulsory reconfiguration powers, and • approve District/Overview Plans, Strategic Connections Landscape Plans within the scope of District Overview Plans, and Landowner Schedules.

Board Meetings

Directors attended the following scheduled meetings.

Person	Number attended/eligible to attend				
	Board	Audit	Risk and Compliance	Remuneration	Connections
Llew Vale** (to 31 August 2014)	3/3	1/0*		1/1	2/0*
Sarah Scales** (Director to 31 August, Chairman from 1 September 2014)	15/15	5/2*	5/0*	4/3*	11/2*
Frank Whitford	14/15			4/4	11/12
Ian Mansbridge	13/15	3/5	5/5	1/0*	1/0*
Dennis Moon	14/15			4/4	10/12
Neil Pankhurst	15/15		5/5	1/0*	4/0*
Peter McCamish	15/15	5/5			12/12
Barry Steggall	13/15	1/0*	4/5	1/0*	10/12
Dick Ranken	13/15	5/5	4/5	2/0*	2/0*
Margaret O'Rourke (from 1 September 2014)	11/12	3/3		1/0*	9/10
Gavin Hanlon (to 31 December 2014)	8/8	3/0*	1/0*	3/0*	6/0*
John Calleja (from 1 January 2015)	7/7	2/0*	2/0*		6/0*

* Directors can attend Committee meetings of which they are not a member and so not required to attend.

** Chairman is an ex-officio member of all Committees. They are not required to attend the committee, but if they do, they are able to vote.

Board Charter

The Board's key governance document is its Charter which covers the following key areas of conduct:

- functions and responsibilities of the Board
- conduct of Directors
- disclosure of pecuniary and other interests
- responsibilities of the Chairman
- duties of the Managing Director
- Board delegations to management
- matters reserved for the Board
- Board meetings and Committees
- conflicts of interest, and
- Directors as customers.

Board Delegation of Functions

The Act provides the authority under which a Water Corporation may delegate its powers. This was done under section 122(B) of the Act by a document under the corporation seal dated 17 December 2014. This revoked an existing delegation dated 28 May 2014.

Directors as GMW Customers

It is a requirement of the Board Charter that Directors declare their interest as customers when information which may affect water pricing or delivery is discussed and decided upon by the Board. In accordance with the Charter, Directors will either absent

themselves during such discussions or warrant that they will not buy or sell water shares prior to such information becoming publicly available. In the interests of transparency, it has been practice of the Board to disclose in the Annual Report the names of those Directors who are also GMW customers.

Directors Ian Mansbridge, Dennis Moon, Neil Pankhurst and Frank Whitford are customers of the Corporation.

Within one month of joining GMW all Directors and staff register their direct and indirect water holdings with the Corporate Secretary. On an annual basis, Directors and staff are required to update this information.

Corporate Governance

Water Services Committees

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

Audit Committee Membership and Roles

The Audit Committee consists of 4 members and a Chairman. The Chairman is an independent member. Members are appointed by the Board, usually for a 3 year term, and are subject to the Committee's charter.

The role of the Audit Committee is to oversee and advise GMW on matters of accountability and internal control affecting its operations.

The main responsibilities of the Committee include the oversight of:

- the financial performance of GMW
- the financial reporting processes the scope of work and performance of the internal and external auditors
- the operation and implementation of the risk management framework
- matters of accountability and internal control affecting the operations of GMW, and
- the effectiveness of management information systems and other systems of internal control.

Membership of the Audit Committee in 2014/15 comprised of:

- Jennifer Dawson, Chair (from 1 July 2014 to 30 June 2015)
- Ian Mansbridge (from 1 July 2014 to 30 June 2015)
- Peter McCamish (from 1 July 2014 to 30 June 2015)
- Dick Ranken (from 1 July 2014 to 30 June 2015)
- Margaret O'Rourke (from 1 September 2014 to 30 June 2015), and

- Sarah Scales (from 1 July 2014 as a member, then after her appointment as Chairman of Board, became ex-officio member from 1 September 2014 to 30 June 2015).

Meetings are held quarterly and at any other time on request of a Committee member or the internal or external auditor. In 2014/15, the committee met 5 times.

Independent Review Panel

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

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

The following summarises the IRP's activities for 2014/15:

Applications received		
No.	Issue	Outcome
9	<p>Pipe and riser system failure on farms</p> <p>The funding provided by the Connections Project (then administered by the Northern Victoria Irrigation Renewal Project) was for the purposes of connecting the landowner to the backbone. In addition to the Connections Project funding, a number of the effected landowners received funding under the Farm Water Program administered by the Goulburn Broken Catchment Management Authority. Of the landowners impacted by this issue, 8 received some form of Farm Water Program funding. Under the Farm Water Program the installation of the funded works is the contractual responsibility of the landowner. The failing pipelines had been constructed by a private contractor. 9 applications were dealt with jointly.</p>	<p>The Panel determined that GMW:</p> <ul style="list-style-type: none"> • should initiate and conduct a process working closely with affected irrigators to explore remediation solutions, and • may wish to reconsider its decision not to provide financial support to rectify the failed irrigation systems. <p>GMW subsequently engaged an independent external technical expert to explore the causes of the pipe and riser failures and potential remediation solutions. GMW then:</p> <ul style="list-style-type: none"> • released the Independent Technical Expert report to the effected landowners and the installer, and • after reviewing the expert's report and conclusions affirmed to affected landowners and the installer that GMW has no liability in this issue.
1	Meter size and flow rates	As of 30 June the Panel had not advised GMW of its decision.
10	TOTAL	

The Panel met all timelines for resolving review applications.

Occupational Health & Safety

The 2014/15 period saw GMW complete external surveillance audits of its Occupational Health and Safety Management Systems against the AS/NZS 4801 standard. Certification continues subject to the implementation of a plan to remedy non-conformances identified during the audit.

Integration of the Occupational Health and Safety and the Environment and Sustainability teams (HSE team) has continued to be a strong focus for the business with the successful recruitment of staff to fill team vacancies bringing the HSE Team to a full contingent. The HSE Assurance Adviser is identifying and implementing integration opportunities that will allow our processes to be streamlined. Costs to the business will be further reduced by cross-skilling staff and removing system duplication.

Our business was again successful in receiving Goulburn Valley Safety Group awards for the Z Boat as a safety solution and for employee Colin Norris as Health and Safety Representative of the year.

In-house manager and supervisor OHS training was introduced during June 2015 with approximately 50% of managers and supervisors completing training by the end of the month.

The HSE Team worked closely with Learning and Development staff to create on-line learning modules for GMW staff.

Online contractor HSE inductions were stable with a total of 1,862 persons either renewing or completing this for the first time in 2014/15, compared with 1,807 in 2013/14.

Targeted risk management initiatives were implemented based on organisational incident trends and included proactive information, instruction and training to high risk areas.

Rehabilitation and Return to Work

GMW's unique rehabilitation and return to work system has continued to provide ill and injured employees with great support and return to work outcomes over 2014/15. We have continued to keep worker's compensation and premium costs at their lowest levels ever and are well on track to maintaining a \$15.2 million saving in trend turn around over a 10 year period.

While injury prevention and increasing employee's physical and mental resilience has been a key focus, we have also included specific rehabilitation training for managers and supervisors in our leadership training program. This will provide an even greater level of support to injured employees and enable better return to work planning across the organisation.

Occupational Health and Safety Key Performance Indicators						
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of health and safety employee representative committees	23	18	19	9	9	8
Number of lost time injuries for the year	7	8	9	12	16	16
Number of days lost to injuries incurred during the year*	313	162	122	85	161	366
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	6	7.2	9	9	13.1	13.2
Average Lost Time Rate (average number of days lost per lost time injury)	44.7	20.3	12.2	7.1	10.1	22.8
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	-	-	-	33.7	25.6	17.8
Number of lost time standard claims for the year per 100 full-time equivalent staff members	-	-	-	0.72	0.94	1.19
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	-	-	-	\$12,153	\$6,033	\$5,613

*The increase in days lost to injuries for 2014/15 resulted from an increase in the severity of some of the injuries that occurred; requiring more time off work to rehabilitate and return to work.

Key Initiatives

Initiatives and Key Achievements

Some of the key initiatives that GMW achieved in line with our corporate strategy in 2014/15 were as follows:

Fundamental Commitment 1: 'Partnering with our customers'

- **Release of reviewed Customer Charter:** A comprehensive review of our Customer Charter was undertaken in consultation with our Water Services Committee customer service representatives. The review resulted in a number of changes being made to the Charter to ensure alignment with our Fundamental Commitments, Strategic Outcomes and debt management provisions. During 2014 all Water Service Committees had an opportunity to review and discuss the proposed changes with GMW staff members. Feedback was broadly supportive and a number of suggestions were incorporated into the final Charter. The final Charter was endorsed by the Essential Services Commission (ESC) and published in July 2014. A copy of the Charter is available via GMW's website.
- **Diverters' Tariff Strategy:** Our Diverters' Tariff Strategy, which formed part of our 2013 Blueprint, aims to make our pricing and billing easy for customers to understand, and reflect the true cost of providing services to surface water and groundwater diverters. It also ensures the cost of providing services to diverters is shared proportionately and fairly across all our surface water and groundwater diverters. Implemented in stages to minimise the impact on customers and enable them to budget effectively, the Diverters Tariff Strategy will be fully implemented by 2017/18.
- **Simplified communications:** GMW's research told us that our communication wasn't hitting the mark so we have made a number of changes, including:
 - » adoption of a plain English approach to all customer communications aimed at reducing complexity and jargon, and
 - » developed targeted and timely communication campaigns based on our customer insights and

to support critical events and knowledge gaps such as carryover and end of season and billing.

- **Strengthened our Customer Relations team:** GMW now has mobile Customer Relationship Consultants (CRCs) located in all regional areas serving local customers. Our CRCs work to resolve customer pain points and knowledge gaps such as carryover, account issues and complex transactions. They also proactively identify options and opportunities for customers to improve their ease of doing business with us.
- **Better management of customer calls:** GMW has significantly improved the service provided by our central contact centres, by:
 - » receiving and tracking the content of approximately 8,000 calls per month into our contact centre and WaterLINE service across a broad range of topics
 - » delivering staff training and technology improvements which have resulted in us maintaining a 90% service level for answering all calls inside 30 seconds, and
 - » implemented voice recording technology allowing us to identify and address areas where there is a need for additional coaching and development.

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

- **Water Plan 4 drafting and consultation:** Water Plan 4 covers the period from 2016 to 2020 and provides our customers, and the ESC, with a clear understanding of the proposed capital and operating expenditure required to meet agreed service standards and obligations, and the resulting tariffs required to meet these costs. Water Plan 4 justifies and explains these proposals and provides detailed information for our customers, stakeholders and ultimately the ESC to use in coming to its determination of appropriate tariffs for the Water Plan period. These proposals have been developed in consultation with our customers and stakeholders.
- **Investment Appraisal Framework:** The purpose of the Investment

Appraisal Framework is to empower staff to make better decisions that support the financial sustainability of GMW. The framework allows for consistency in calculations to be made across the business as well as understanding the whole of life costs of capital projects.

- **Online water allocation trading and broker portal:** In order to make it easier for GMW's customers to deal with us we worked with the Water Register on the introduction of an online broker portal which offers instant approval for allocation trades. This portal allows for water to be traded and ordered the same day and we have reduced the application fee by half to \$42.80. Approximately 5,000 (60% of total) applications have been lodged online, saving customers more than \$200,000.00 in application fees per annum.
- **Simplified transactions and reduced fees:** GMW has simplified a range of transactions and reduced fees across multiple areas, including:
 - » streamlined bore construction license applications, reduced turnaround time by three weeks and reduced fees from \$600.00 to \$386.00
 - » license transfer fees have been reduced from \$500.00 to \$191.00
 - » the change of address process for customers has been simplified and the requirement for approval by the Water Registrar has been removed, and
 - » timeframes have been reduced in relation to the process to include new land in the GMID by more than three months.

Fundamental Commitment 3: A high performing organisation'

- **Business transformation program:** Our business transformation program will deliver a reduction in total operating expenditure of \$20 million recurrent expenditure by 2018. This is a business wide initiative and the savings will be delivered from prescribed and non-prescribed services. From 2013/14 to 2015/16, \$8 million of total ongoing savings have been identified, of which \$7 million relate to prescribed services and are built into future

expenditure. The remainder will be identified between now and 2018. Key aspects of the business transformation program that led to lower operational expenditure include:

- » an organisational restructure and reduction in full time staff
- » a rationalisation of information and communications technology as well as greater use of automated systems, and
- » a review and rationalisation of fleet (with a view of reducing both the number of vehicles and the shared funding arrangement) and depot facilities to match current and future needs.

- **Implementation of a new Learning Management System (LMS):** Implementation of a new LMS and outsourcing certified training is allowing GMW to increase our emphasis on a training service delivery model that is operationally efficient and at a lower cost. Our new LMS system allows for us to:
 - » standardise and improve training across the organisation
 - » introduce eLearning programs in accordance with our rapidly changing training needs
 - » automate the process of measuring, storing, tracking and maintaining training records, and
 - » provide a variety of reports and statistics.

Future Initiatives

The nature and scope of activities to be undertaken in 2015/16 remain in service of achieving our Corporate Strategy. The following initiatives are to be undertaken in 2015/16 and beyond.

FC1: 'Partnering with our customers'

- continue to deliver on our core services in line with agreed service standards, with some revised and new standards being proposed whilst holding operating expenditures constant
- delivery of a Recreation and Land Strategy
- customer Relationship Management systems to be upgraded to deliver greater process efficiencies resulting in reduced transaction fees and an enhanced customer experience
- undertake collaborative research with both Environmental Water Holders and Water Corporations service expectations to deliver mandatory obligations and expose opportunity for business improvement, and
- continue researching what influences customer demand, looking at the macro, regional and local factors that impact on customer needs now and into the future to ensure that our services support prosperous agriculture.

FC2: 'Creating the opportunity to increase production in Northern Victoria over the next 20 years'

- implementation of technology to automate a high volume of customer transactions over the next two years resulting in faster, paperless transactions and further fee reductions for customers of up to \$1.5 million over the next two years
- minor increases in average annual capital expenditure required to address high risk retail assets and undertake large dam safety projects
- commence reform of the gravity and diversions tariffs and tariff reform for drainage and water districts
- continuation of the Connections Project

which will have an impact on service standards and demands (but is not expected to impact on expenditures)

- contract negotiations to realise savings
- rationalise estates, depots and facilities through sale or lease
- reduce cost of management of Natural Resource services functions including water quality salinity mitigation
- 1,350 new meters to be installed, and
- investigation of potential partnering arrangements.

FC3: 'A high performing organisation'

- implementation of a corporate mentoring and coaching, succession planning, and performance management program across the business
- implementation of graduate and trainee programs
- implementation of an automated integrated Human Resources Information System, and
- the business transformation program will continue, allowing more effective and efficient service delivery in a dynamic environment.

Departmental Objectives, Indicators and Outputs

The Department of Environment and Primary Industries' objectives, indicators and linked outputs as set out in the 2014/15 State Budget Paper No. 3 Service Delivery, as relevant to GMW are as follows:

	Departmental Objectives	Indicators	Outputs
1	Effective environmental and adaptation policy, investment and regulation	Participation in community based environmental programs Level of support from key stakeholders for environmental and adaptation policy development and implementation	Environmental Programs Environmental Policy Statutory Activities and Environmental Protection
2	Effective management of water resources to meet future urban, rural and environmental needs	Proportion of properties directly connected to the modernised irrigation delivery system (in the Goulburn-Murray and Macalister Irrigation Districts)	Effective Water Management and Supply

Source: Department of Environment and Primary Industries

Key Initiatives

1. Effective environmental and adaptation policy, investment and regulation

The GMW storage network provides for significant social and economic benefit across rural Victoria due to its recreational and tourism opportunities. GMW recognises the potential for these activities to adversely impact on storage environmental and operational attributes if they are not effectively managed.

The waterways and adjacent parcels of perimeter land are used for a variety of recreational and commercial purposes and it is GMW's responsibility to ensure sustainable environmental management of these public and community assets.

GMW's core environmental values and actions are:

- protect and enhance water quality
- provide safe public access to all legitimate users where possible and practicable
- protect and enhance the ecological health and biodiversity of storage land and waterways
- to ensure the provision of efficient and effective water services in a sustainable manner with consideration to the environment
- establish clear arrangements with agencies and stakeholders where responsibilities for activities are shared with GMW or undertaken on GMW managed land
- optimise internal and external stakeholder networks and partnerships to deal with current environmental practice and to anticipate and prepare for future environmental changes that will impact on our sustainable delivery of water services
- target stakeholder engagement to influence catchment outcomes of benefit to GMW activities and increase stakeholder confidence
- capitalise on our expertise to deliver programs that contribute to reducing the region's storage and irrigation environmental footprint, and
- seek expert advice and external funding to provide for best practice sustainable catchment management.

GMW has completed projects across the network ranging from erosion control and foreshore revegetation in conjunction with private landholders, agencies and the federal government from regulating the treatment of grey-water from houseboats on Lake Eildon to proving for fish habitat at Lake Mulwala and Nagambie lakes.

GMW is committed to providing environmental assessments on all project deliverables as well as partnering with agencies, the community, and stakeholders in order to deliver sustainable environmental outcomes.

Some examples of environmental work completed by GMW throughout 2014/15 are as follows:

Lake Eildon, Eppalock and Goulburn Weir:

- fencing works at Eildon, Eppalock & Goulburn Weir to control unauthorised use of GMW foreshore land and improve and protect environmental values (ongoing), and
- implementation of controls for direct discharge of greywater from houseboats at Lake Eildon. All discharges to be managed by 1 July 2020.

Lake Hume:

- revegetating and rock armouring of high water mark/stormwater outfalls as part of Bellbridge Master Plan (joint project between GMW & Towong Shire Council)
- revegetation and rock armouring of boat ramps and associated eroded lands (joint project between GMW, Albury City Council & Wodonga City Council)
- extensive Noogoora Burr Control Program
- implementation of recycling waste program (joint project between GMW & Wodonga City Council)
- revegetation of foreshore land complementing North East Catchment Management Authority revegetation of gullies and ridges
- woody weed control
- realigning fence boundaries with a view to revegetate foreshore areas, and
- planning for 20 Million Trees Federal Government Grant.

Lake Mulwala:

- woody weed removal (willows) at Pyke Street Boat Ramp
- protection of native grass lands and rush zones, revegetation and creation of nature reserve at Bundalong
- Installation of 'Fish Hotels' in Bundalong
- salvaging and utilising fallen Eucalypts for log revetment (erosion) projects at Botts Road foreshore environment (joint project with Silverwoods Development, Moira Shire and GMW)
- timber realignment on lake bed to protect abiotic habitat values (performed by GMW supported by NSW Fisheries)
- arrowhead control program inclusive of commitment to biological control trial
- egeria densa Dense Waterweed monitoring and subsequent drawdown to control spread
- erosion protection and riparian plantings of rush zones associated with new jetty applications (implemented by GMW supported by MDBA)
- declaration of 'Powered Boat Exclusion Zone' in environmentally sensitive areas of Bundalong notably adjacent to new development
- revision of Jetty & Mooring Zone Plans, review of where jetties are allowed enabling adequate protection of areas of high environmental areas (implemented by GMW with support and input of Lake Mulwala Community Reference Group)
- implementation of soft engineer solutions to manage foreshore erosion (joint projects with Moira Shire, Corowa Shire and GMW), and
- planning for 20 Million Trees Federal Government Grant.

Lake Nillahcootie:

- revegetation within the Recreation Reserve utilising Goulburn Broken Catchment Management Authority (GBCMA) 'Orchard Relief Program'.

Lake Buffalo:

- installation of bollards to limit vehicular access to vulnerable foreshore environments within the main recreation areas, and
- extensive spray programs focusing on English Broom and Blackberry.

2. Effective management of water resources to meet future urban, rural and environmental needs

GMW Connections is the country's largest irrigation modernisation project. We're investing more than \$2 billion to create a world class irrigation network in the GMID.

The project is funded by the State and Commonwealth governments and Melbourne Water and is the most significant upgrade to the region's irrigation infrastructure in its 100-year history.

The network will be transformed in a 11,000 square kilometre area - stretching from past Swan Hill in the west to Cobram in the east and encompassing Victoria's Food Bowl.

In doing this we are supporting some of Australia's most innovative farmers to leverage smarter on-farm irrigation systems and technology.

For farmers this means we are automating water delivery across the GMID. Dethridge Wheels and manual gate and channel systems are being replaced with automatic systems that allow irrigators to get water when and where it is needed.

For environmental and urban water users the project brings opportunities and benefits through water savings.

A key metric to record the project's progress is the number of customers directly connected to the modernised irrigation delivery system. As the project progresses and additional sections of the system are modernised, the number of customers connected to the modernised system will increase. At the end of 2014/15, 71% of the customers within the GMID were connected to the modernised system, up from 66% in 2013/14. This is expected to continue to grow as the project continues to modernise the GMID.

Progress towards objective			
Indicator	Unit of measure	2013 14	2014/15
Proportion of properties directly connected to the modernised irrigation delivery system in the GMID	Percentage	66%	71%

Our Customers

Our Customers

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

Understanding and Responding to Customer Needs

Throughout 2014/15 we continued to implement our customer experience improvement program and delivered a range of enhanced outcomes relating to customer service. These included improvements to simplify customer bills, streamlining a range of water trading, licensing and water entitlement transactions and continuing to remove red tape across the business.

We continued to improve our understanding of our customers evolving needs by combining existing customer insight gathering methods such as our regular engagement with Water Services Committees and annual Customer Satisfaction Survey, with some new research techniques. We implemented call recording technology in both our general call centre and into our water planning contact centre. The content of more than 90,000 calls this year will provide us with valuable insights into the issues and concerns customers have in relation to their accounts, water entitlement and water delivery management. This information will be used to design and implement further improvement strategies over the coming year. In addition to this we conducted in-depth research with some of our largest water users. The information gathered through the research will be used to ensure our services are appropriate both now and into the future.

Customers	Category	Number of customers		
		2012/13	2013/14	2014/15
Irrigation, rural and groundwater	Gravity irrigation (channels)	14,296	14,165	14,131
	Pumped irrigation systems	679	675	676
	Regulated surface water diversions	3,649	3,661	3,648
	Unregulated surface water diversions	7,373	7,473	7,423
	Domestic and stock supply	1,188	1,189	1,269
	Groundwater	7,939	8,364	8,786
	Flood Protection – Loch Garry	120	120	122
	Urban Water Corporations	6	6	6
	Environmental Water Holders	2	2	1
Non water users	Customers with water share not associated with a water use licence or registration	1,169	1,927	1,735
Commercial operators	Agricultural, tourism and recreational leases and licences	774	773	784
	Houseboat licences	723	717	724
	Hydroelectric companies	2	2	2
	Plantation operators	1	1	1
TOTAL:		37,921	39,075	39,308

Note: Increase in Domestic & Stock supply customers with the development of the Cosgrove portion of the Tungamah Water District. These numbers include both rateable and non-rateable customers.

Our Customer Service - Performance

Water Deliveries

During the 2014/15 irrigation season a total of 1,583,000 ML was delivered to GMW irrigation customers in the irrigation areas and regulated river systems, 143,000 ML more than the previous season in 2013/14.

Of the 147,000 irrigation orders received, 91.6% were delivered on the day requested by the customer. Over half (57.6%) of the irrigation orders received were lodged via the internet demonstrating our customers' appetite for self service and online convenience.

Percentage of orders delivered on day (regardless of notice)		
	Actual	Target
Gravity	92%	92%
Pumped	99%	98%

Water Trading

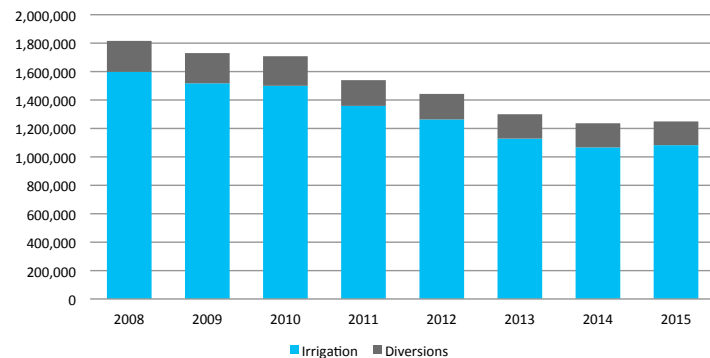
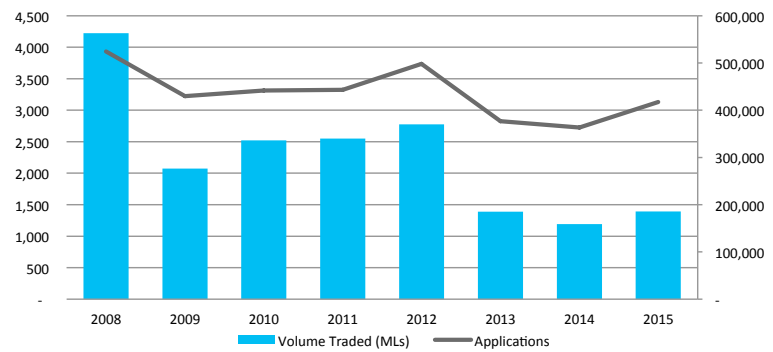
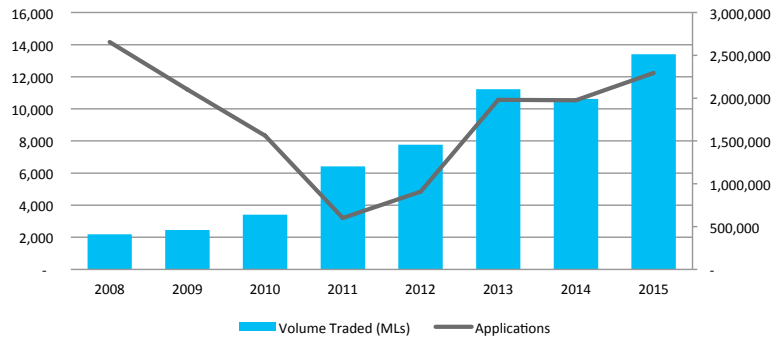
During the 2014/15 irrigation year GMW processed 12,231 trades involving 2,513 gigalitres (GL) of allocation. Demand for allocation was quite strong, with customers looking to the water market to support high deliveries across the retail regulated system.

Customers managing allocation now have unprecedented access to the water market through online tools supplying up to date information as well as the ability to transact online.

Customers can also trade allocation with one of the many water brokers enabled to transact online through the Broker Portal. This has resulted in a highly active water market allowing customers to secure allocation when required or quickly on sell when use is not required.

GMW continues to support the development water market working closely with the Department of Environment, Land, Water & Planning (DELWP) in providing trading solutions through the Water Register platform.

GMW received 3,131 applications to transfer 185,602 MLs of Water Share throughout the 2014/15 irrigation year representing a small increase in activity over recent years. The increased activity is indicative of irrigation customers purchasing water shares to secure future allocation during a sustained period of low interest rates. Additionally, the removal of the 4% trading restriction has had a limited effect on gravity irrigation districts where the amount of associated water share has remained around the same for the past few years.



Our Customers

Customer Satisfaction

The annual Customer Satisfaction Survey was conducted in June 2014. Survey participants were representative of our various service types with approximately 750 out of our 39,073 customer base taking part. Survey respondents were asked a series of questions in relation to our performance in the areas of service provision, communication and consultation. They were also asked to provide an overall assessment of their satisfaction with GMW by rating us between 0/10 and 10/10.

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

This year 84% of survey respondents were 'at least satisfied' with our service as indicated by rating us at 5/10 or above, while 60% were highly satisfied as indicated by a rating of 7/10 or above.

Our Connections Project

GMW Connections is tasked with generating 429 GL in water savings across the 10 years of the project. These water savings will be annual – that means that when the modernisation project ends in 2018, it must have reached the 429 GL water savings, and each year the 429 GL of water savings will be provided.

To meet these targets we are:

- upgrading backbone channels and reducing the network from 6300km of channel to 3500km
- reconnecting properties to the upgraded backbone channel and in many cases creating individual and shared connections rather than the inefficient local spur channel
- returning delivery share from non-backbone to backbone channels to contribute to water savings, and
- investigating and delivering special projects including the East Loddon Pipeline, Kerang Lakes, Gunbower Lagoons, Swan Hill and Shepparton East modernisation projects.

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

The project is not only a win for irrigators and the environment; it's creating hundreds of jobs for local contractors, designers, manufacturers and other water-related industries - with more farmers wanting to be part of the modernised future than ever before.

For further Information on the Connections Project, see the 'Financial Operations' section of this Annual Report.

Connections Implementation Process				
	Pre 2013/14	2013/14	2014/15	TOTAL to date
Number of Landowner Schedules approved*	30.5	12.5	21	64
Number of Landowners in Schedules	987	373	682	2,042
Number of Landowners with Executed Legal Agreements**	1607	368	1,476	3,451
Total channel decommissioned (km)	387.9	154.7	248.4	791

* 14/15 includes only full landowner schedule approvals

** includes customers dealt with that do not need a legal agreement which has only been captured since 2014/15

Our Customers

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%
2013/14	100	0	100	100	100	0	100	46	100	0	100	100
2014/15	100	0	100	100	100	0	100	0	100	0	100	100

Our Wholesale Catchment Services

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

Reserves established in 2013/14 and inflows early in the 2014/15 season enabled seasonal determinations of 100% high-reliability water share (HRWS) on all systems and 100% low-reliability water share (LRWS) in the Broken and Bullarook systems. There was no seasonal determination against LRWS in the Goulburn, Murray, Campaspe or Loddon systems.

Carryover

Northern Victorian water entitlement holders carried over 924 GL into the 2014/15 season, approximately 410 GL less than what was carried over into the 2013/14 season.

In its role as Resource Manager, GMW declared a low risk of spill on 10 October 2014 for the Campaspe system, on 10 November 2014 for the Goulburn system and 10 December 2014 for the Murray system. These declarations allowed customers to trade or use allocation held in spillable water accounts. The volume returned from spillable water accounts totaled 276 GL. The total volume of allocation available to entitlement holders, after reductions for spills, was 3,538 GL.

Groundwater

Despite low rainfall conditions persisting during the Spring and Summer season, groundwater recovery levels remained relatively steady in most Groundwater Management Units (GMUs). Other than a 75% allocation in the Newlyn Zone of the Loddon Highlands Water Supply Protection Area, all other GMUs received a maximum allocation in 2014/15¹.

Dams

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

- roll out of an accredited training programme to our dams operations staff, which will promote staff skills, competency and efficiency
- targeted maintenance and upgrade works on GMW bridges across the Cattinach and Stuart Murray Canals, thereby extending their economic life and reducing public safety risk
- securing over \$450K in grant funding to improve public use facilities and vegetation values around our storages
- developing an Asset Management system for dams assets, which will better inform future strategies and expenditure
- Welshman's Reef Caravan Park was closed down as a non-core business with significant liabilities. A group of stakeholders have subsequently been managing the assets under a club lease agreement with GMW. This initiative has considerably reduced GMW's current and future risks and liabilities at the site, and
- the SCADA upgrade at Yarrawonga Weir was successfully completed and commissioned, which promotes efficient service delivery and operations along the Murray River.

GMW did very well in a state-wide audit on dam safety management, coming top in many of the key criteria. This provides confidence in the structural integrity and safety of our dams, as well as the processes and systems in place for monitoring and rectifying any emerging issues.

The Murray Darling Basin Authority (MDBA) commissioned an Efficiency Review and

Benchmarking Study during 2014/15, which reported that MDBA River Murray Operations is efficient, as are the State Constructing Authorities (SCA), of which GMW is one. The benchmarking between SCAs found no significant discrepancies, which perform well with positive comments and findings on processes and competency of staff.

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

Our Environment

Our Environment

GMW fulfilled its obligations under the *Safe Drinking Water Act 2003* and *Safe Drinking Water Regulations 2005*.

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 controls measures to mitigate against future occurrences. As required, breaches are reported to the relevant regulatory authorities. During the 2014/15 reporting period GMW made every endeavour to comply with its obligations and implemented appropriate controls in the instances where deficiencies were identified.

GMW undertook blue-green algae and water quality monitoring at key locations to ensure effective management of risks to the 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 2014/15. Performance against this standard was assessed through the completion of external audits.

System efficiency

Modernisation in GMW's Irrigation Areas is seeking to improve the operational efficiency of GMW's channel delivery networks. The following table shows system efficiencies for 2014/15 compared with 2013/14. System efficiency reflects the percentage of water diverted into an Irrigation Area that is recorded through customers' outlets.

A number of different factors influence the 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.

GMW System Efficiency within Irrigation Areas 2014/15		
	2013/14	2014/15
Total	80%	80%
Shepparton	83.3%	87.9%
Central Goulburn	80.6%	82.5%
Rochester	79.6%	79.2%
Loddon Valley	82.8%	84.6%
Murray Valley	83.2%	79.2%
Torrumbarry	74.7%	69.6%

Sustainable Resource Management

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

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

Management plans support sustainable use of groundwater resources by providing clear and practical rules and guidance to our customers. During 2014/15 the Mid Goulburn Groundwater Management Area (GMA) local management plan was approved and implemented. A local management plan for the Shepparton Irrigation Region (SIR) was also completed and approved. This new SIR plan is a significant shift to more adaptive and flexible management arrangements and importantly means lower costs for SIR customers.

Additionally, new local management plans for both Eildon and Broken GMAs were drafted, and will be consulted and implemented in early 2015/16.

Finally, a process to amend the Katunga Water Supply Protection Area groundwater management plan commenced in late 2014/15, with an amended plan expected by mid-2016.

Energy Consumption										
	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Electricity (kwh)	7823236	6678982	6810979	7592955	7132755	7303202	6827702	7359946	7359946	7559441
Natural Gas (GJ)	-	-	-	734	570	360	514	496	452	127
Fuel (L) inc Diesel, Unleaded, LPG	2358254	2009130	2030308	1868892	2223823	1786442	1876141	1842506	1644474	1481997

Greenhouse Emissions by Source						
T CO2e by source	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Energy ¹	8,702	9,001	8,356	9,753	8,634	8,851
Vehicle Fleet ²	5,306	4,416	4,698	4,636	4,223	3,822
Temporary Pumping ³	-	-	-	-	-	-
Total	14,008	13,417	13,054	14,579	12,858	12,673

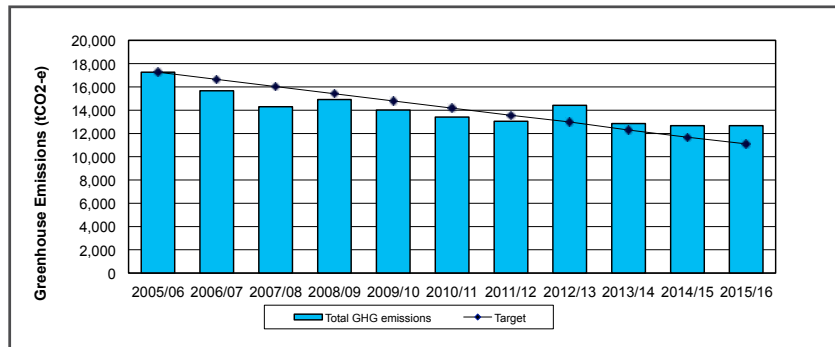
1 - Electricity and gas to run offices and depot and deliver water to customers.

2 - Fuel consumed by the vehicle fleet.

3 - In some years temporary drought pumping can make a significant contribution to greenhouse emissions. This was not the case in 2014/15.

Greenhouse Gas Emissions

GMW recorded a 185 tonne reduction in Greenhouse Gas Emissions over the 2014/15 period compared to 2013/14. This reduction is attributed to a continuing decrease in energy use through implementation of Emission Reduction Initiatives.



Corporate Water Consumption

Corporate Water Consumption at GMW's 15 major office locations was 19,704 kilolitres (KL) in 2014/15. Based on full time equivalent employees (FTE) at major offices, this equates to an office water consumption of 26kL per FTE per year.

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

Our Environment

Victorian Waterway Management Strategy

The Victorian Waterway Management Strategy aims to maintain or improve the condition of waterways so they can support environmental, social, cultural and economic values that are important to communities.

Regional Waterway Strategies are a single planning document 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 has actively participated in the development of the Regional Waterway Strategies for the North East, Goulburn Broken and North Central catchment management regions, which all fall within GMW's region. GMW is now involved in various implementation activities for each of these strategies, such as facilitating delivery of environmental water and developing action plans. GMW also carries out activities complementary to waterway health at its storages, such as improving traffic management at boat ramps, fencing to protect vegetation and toilet upgrades.

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. GMW continues to be involved in the implementation of various sub-strategies, in particular salinity and waterway management.

Victorian Biodiversity Strategy

GMW respects the intent of the Victorian Biodiversity Strategy and works with government departments, local government and the catchment management authorities to support biodiversity conservation and protection activities across its region.

Victorian Biodiversity Strategy

GMW continued to work with Irrigation Drainage Memorandum of Understanding partners including Environment Protection Authority, DELWP, DEDJTR, North Central Catchment Management Authority (NCCMA) and GBCMA, met reporting requirements against established Key Performance Indicators and commenced a risk assessment of drainage.

GMW is participating in the review of SEPP Waters of Victoria and SEPP Groundwaters of Victoria.

Our People

Complying with Our Employment Obligations

GMW has complied with all employment obligations relevant to its business including obligations contained 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 our commitment to be a high performing organisation, a number of initiatives are being rolled out across the business, including:

- **People Capability Framework:** The framework has been created to help develop the capabilities our people

need to be successful now and in the future. It is designed to support the full range of people management and development activities including recruitment and selection, performance management, learning and development, career planning and strategic workforce planning.

- **Learning Management System:** The system delivers electronic learning specifically designed for GMW to ensure all compliance and development is achieved.
- **Succession Planning framework:** This is designed to identify roles that are critical to the effectiveness of our service delivery and ensures we have a replacement pipeline in place.

- **Mentoring Program:** The program has provided an opportunity to build the potential of employees and has helped foster professional relationships across the organisation.

Our Employees

GMW employs a total of 777 staff (figures exclude Directors and Chairman) equivalent to 754.5 FTE.

The demographics of GMW's workforce are outlined in the following table.

Employees						
Ongoing employees (WSD only)					Fixed term and casual (WSD & CP)	
	Number (headcount)	Full time (headcount)	Part time (headcount)	FTE (of total ongoing emps)	Total (headcount)	Total (headcount)
June 2015	587	557	30	578.36	190	176.14
June 2014	757	-	-	741	-	-

Employee demographics							
	Jun-15				Jun-14		
	Ongoing (WSD only)		Fixed term and casual (WSD & CP)		Ongoing		Fixed term and casual
	Number (headcount)	FTE	Total (headcount)	Total (FTE)	Number (headcount)	FTE	FTE
Gender							
Male	465	463.26	108	100.42	76%	-	-
Female	122	115.09	82	75.72	24%	-	-
Age							
< 25	13	12.02	6	4.84	34	-	-
25 – 34	132	129.78	56	55.26	186	-	-
35 – 44	158	154.62	51	49.83	189	-	-
45 – 54	144	142.48	42	37.36	185	-	-
55 – 64	128	127.43	28	26.64	145	-	-
65>	12	12.00	7	2.21	10	-	-
Classification							
Band A	126.0	126.00	10	9.21	136	135	1
Band B	186.0	183.14	22	20.89	203	200	3
Band C	127.0	124.61	66	64.26	200	195	5
Band D	82.0	79.93	39	38.53	114	112	2
Band E	43.0	42.64	16	16	56	55	1
Band F	23.0	22.02	19	16.45	31	31	0
Executives*	0.0	0.00	9	9	9	9	0
Directors	0.0	0.00	9	1.80	-	-	-

*Whilst 9 persons are classified as Executives, in terms of reporting lines, 6 of those sit on GMW's Executive Team.

Workforce Inclusion

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

- **Diversity Strategy:** The purpose of this strategy is to build accountability for diversity and inclusion throughout the organisation by creating awareness through education and action. This in turn will create a culture that values employees which will assist us in recruiting, retaining and developing talented people.
- **Equal Employment Opportunity Procedure:** The purpose of this procedure is to actively endorse the principles of equal employment opportunity and promotes strategies that encourage diversity, anti-discrimination and anti-harassment initiatives in the workplace.
- **Equal Employment Opportunity Operational Policy:** The purpose of this operational policy is to set out principles in relation to equal employment opportunity to ensure that all employees are treated equitably and work in an environment free from discrimination. The operational policy applies to the treatment of individuals in relation to recruitment, training, employment opportunities and benefits as well as organisational arrangements and policies.
- **Reasonable Adjustment Procedure:** The objective of this procedure is to provide guidance on GMW's organisational and legislative responsibilities in relation to reasonable adjustment and the employment of people with a disability at GMW.
- **Disability Action Plan:** The objectives of this plan are to:
 - » reduce barriers to persons with a disability accessing GMW's goods, services and facilities
 - » reduce barriers to persons with a disability obtaining and maintaining employment with GMW

- » promote inclusion and participation in the community of persons with a disability, and
- » achieve tangible changes in attitudes and practices which discriminates against persons with a disability.
- **Code of Conduct:** The objective of the Code of Conduct is to provide clear guidelines regarding the expected standard of behaviour of all officers employed by GMW.

Whilst GMW does not adopt specific metrics in relation to its workforce demographic, it ensures that 100% of recruitment decisions are based on merit, and that the above strategies, policies and procedures apply at all times.

For a breakdown on GMW's current workforce demographic, see the 'Employee demographics' table on previous page in this Annual Report.

Compliance with the Disability Act 2006

In 2006 the Victoria parliament passed the *Disability Act 2006* (as amended). This Act included a provision to make it mandatory for all government departments, statutory authorities and statutory corporations to develop a Disability Action Plan.

As mentioned above, GMW has implemented its Disability Action Plan. The Disability Action Plan will be evaluated on an annual basis as well as undergo a complete review each three years to ensure that it remains relevant and appropriate to the needs of GMW and the community.

GMW will continue to consult with relevant stakeholders including people with disabilities and advisory organisations, to follow best practice principles in recruiting and retaining employees with disabilities and to encourage similar undertakings within the community.

Compliance with the Carers Recognition Act 2012

Goulburn-Murray Water has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012*. These include:

- considering the carer relationships principles set out in the Act when setting policies and providing services, for example when reviewing our employment policies such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act, and
- ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act. Considerations to the Carers Recognition Act are included in GMW's Corporate Induction program when advising staff of current carers leave entitlements and principles in line with the Act.

Our Obligations

National Competition Policy

GMW aims to comply with Victorian Government policies and timeframes for National Competition Policy including competitive neutrality.

Freedom of Information (FOI)

GMW is subject to the *Freedom of Information Act 1982*. Requests for access to GMW documents under the 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 \$27.20 application fee. If payment of the application fee would cause hardship it may be waived or reduced. Additional access charges may also apply.

In 2014/15 GMW received 38 new FOI requests. Requests were received from various sections of the community including individuals, community groups, solicitors and organisations.

During this time 34 requests were finalised. The outcomes were:

- full access granted – 18
- partial access granted – 10
- access denied – 4, and
- no documents – 2.

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

- FOI Commissioner made same decision – 0
- FOI Commissioner made different decision – 0
- application for review withdrawn by applicant – 2, and
- review not finalised – 2.

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

No complaints were received from the FOI Commissioner concerning FOI requests handled by GMW.

Enquiries concerning FOI can be made by contacting GMW on (03) 5826 3500 or via email at foi@gmwwater.com.au

Information Available

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

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

- i. details of all consultancies and contractors including:
 - i. consultants/contractors engaged, and
 - ii. services provided; and
 - iii. expenditure committed to for each engagement.

Energy and Water Ombudsman (Victoria) Limited

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

During the 2014/15 financial year, the Energy and Water Ombudsman referred 48 matters to GMW. The nature of these referrals is outlined below.

- enquiries – 2
- unassisted Referrals – 4
- assisted Referrals – 33
- Real Time Resolution – 2
- Stage 1 Complaints – 0
- Stage 2 Complaints – 7, and
- Stage 3 Complaints – 0.

As at 30 June 2015, there was one complaint against GMW being investigated by the Ombudsman office.

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

**The Energy and Water Ombudsman (Victoria)
Replay Paid 469
Melbourne VIC 8060**

Our Obligations

Compliance with the Protected Disclosures Act 2012

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

GMW does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. GMW:

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

Under the *Protected Disclosure Act 2012*, State government agencies such as GMW can no longer directly receive disclosures about improper or corrupt conduct. Disclosures about improper or corrupt conduct about GMW or its employees must now be made to the Independent Broad based Anti-Corruption Commission (IBAC) on:

Phone: 1300 735 135

Fax: (03) 8635 6444

Postal address: GPO Box 24234,
Melbourne, VIC 3001

During the period 1 July 2014 to 30 June 2015 no disclosures were received and no referrals were made to IBAC.

Compliance with the Building Act 1993

GMW has complied with the building and maintenance provisions of the *Building Act 1993*.

Statutory Planning

Approximately 1400 planning applications were referred in 2014/15 and a further 49 Planning Scheme Amendments received submissions. Under the *Planning and Environment Act 1987* GMW is required to respond to matters referred to it within 28 days or within the time period determined by the relevant Council. During 2014/15 GMW fulfilled these requirements for all referrals.

Under the *Planning & Environment Act* GMW is a determining referral authority for developments within Special Water Supply Catchments in each of the 18 local government areas that contain 43 Special Water Supply Catchments in total. The GMW planning section is also involved in the Development of Domestic Wastewater Management Plans for the 18 Councils that contain Special Water Supply Catchments.

GMW also receives referrals for drainage and water supply issues for subdivisions and developments within the GMID.

Financial Operations

Capital Projects

GMW manages a number of capital projects. For information on recent capital projects for GMW and the broader Victorian public sector, please refer to the most recent Budget Paper No. 4 State Capital Program (BP4) available on the Department of Treasury and Finance's website. This publication also contains information on the Department's and its related portfolio agencies' asset investment programs.

Capital works were delivered in two main areas, being our water storage and delivery business and the Connections Project.

Water Storage and Delivery

During 2014/15 GMW delivered \$24.7 million dollars of capital projects. GMW delivers its works through a mix of direct management with internal resources and by outsourcing to contractors. The mix is determined through competitive tendering of works and ensures GMW continuously compares costs and demonstrates efficient delivery. Works within GMW's Irrigation Areas were targeted to irrigation backbone assets ensuring the investment was consistent with the roll out of modernisation.

Some of the projects undertaken were:

- completion of Lake Nillahcootie spillway bridge refurbishment
- delivery of Central Goulburn No.1 pump and pipeline project
- ICT system, server and network upgrades
- painting of Cairn Curran spillway gates (ongoing)
- completion of the detailed design phase of the Tullaroop Dam Safety Upgrade Project, and
- programme of channel remediation across the GMID (ongoing).

As the construction authority for the MDBA, GMW:

- replaced electrical control cabinets at Yarrowonga Weir, and
- completed further mechanisation of Mildura Weir trestles, carried out further repairs to the weir trestleway and major refurbishment works were undertaken on Lock 11.

The following table details the major capital projects delivered during the period (% complete represents the 2014/15 program):

Water Storage and Delivery Capital Projects	
Project	2014/15 Expenditure
Bridge and Culvert Replacements	\$3.5 million
Linear Programme (Remodelling, Access & Fencing)	\$6.4 million
Central Goulburn Channels 1 to 4 Program	\$2.2 million
Information Technology – Completion of new Primary Data Centre, Server and Network upgrades and Desktop renewals	\$1.5 million
Information Technology – New Systems and Upgrades including; Business Process Automation and Customer Management	\$2.6 million
Upgrade and renewals on dams infrastructure	\$5.0 million
Upgrade and renewals of meters, pumps and electrics, plant and equipment for irrigation and drainage services.	\$2.2 million

Connections Project

In addition to the GMW Capital Works Program outlined above, the Connections Project delivered \$68 million of capital works.

The intensive construction period occurs in the winter works period between May and August when the channel systems are dewatered.

Some of the infrastructure projects undertaken were:

- Channel automation including the automation of structures of varying types and sizes
- Channel remediation, consisting of remediation types HDPE plastic, clay lining and some outer bank remodelling
- Backbone extension pipeline program, that commenced in 2014 and significantly increased during the year. 23 GMW owned pipelines of varying lengths and dimensions were under construction and scheduled for completion early in the new financial year, with a number of additional pipelines to begin construction shortly.
- A number of other discrete capital projects were also in progress during the year.

The table on the following page details the major programs delivered by the Connections Project during the period:

Financial Operations

Connections Project Capital Projects		
Capital Projects	2013/14 Expenditure	2014/15 Expenditure
Channel automation program – Stage 1	\$3.5 million	\$3.7 million
Channel automation program – Stage 2	\$1.3 million	\$4.7 million
Channel remediation program	\$10.7 million	\$11.6 million
Meter installation program	\$28.8 million	\$20.8 million
Backbone extension pipelines program	\$2.3 million	\$8.6 million

Significant Changes or Factors Affecting Performance

There were no significant changes or factors which affected our performance during the reporting period.

Victorian Industry Participation Policy (VIPP)

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

The Department of State Development, Business and Innovation (DSDBI) is responsible for implementing the VIPP across the Victorian Government on behalf of the Minister for Manufacturing and the Minister for State Development. DSDBI also prepares the Whole-of-Government annual report on VIPP compliance, which is tabled in Parliament.

Project	Department	Tender #	Value (incl gst)
Design & Construct Cosgrove Pipeline	Connections	CON-1251	\$6,130,000.00
Replacement of Box Creek Weir	Connections	CON-1087	\$6,739,414.00
Electrical-Mechanical Project Management	CIA	GMWC-1090	\$1,980,000.00
Replace Protective Coating on Spillway Gates at Cairn-Curran	CIA	CGM-277060	\$1,171,000.00

Disclosure of Major Contracts

During 2014/15 GMW commenced 4 contracts totaling \$16,020,414 (inclusive of GST), to which the VIPP was applied. All contracts were for regional projects.

During 2014/15 GMW completed no contracts to which the VIPP was applied.

Consultancy Expenditure

Consultants were engaged by GMW during 2014/15 to provide expert analysis, specialist and technical advice to facilitate best practice commercial decision making.

In 2014/15 GMW engaged eight consultancies where the total fees payable were less than \$10,000 with a total expenditure of \$43,955.21 (exclusive of GST).

The following consultants were engaged where the total fees payable were more than \$10,000:

Consultant	Purpose of Consultancy	Total Fees Approved \$	Expenditure for reporting Period \$	Future Commitments	Start date	End date
AAM PTY LTD	GMW Capture & Process Aerial Imagery	\$68,026.40	\$39,246.00	\$28,780.40	3/03/2015	
ACUTEL CONSULTING	Professional Services for GMW Dam Safety	\$14,012.34	\$9,876.65	\$4,135.69	3/06/2014	
ALL TERRAIN WEED CONTROL	Weed Control Services for Area 2	\$474,159.65	\$66,039.90	\$350,506.11	2/09/2013	
BUSINESS ASPECT PTY LTD	ITSM Assessment, Roadmap & Remediation	\$72,600.00	\$61,600.00	\$11,000.00	13/03/2015	28/05/2015
CHRIS SMITH & ASSOCIATES	Water Reticulation Extension, Reedy Swamp	\$26,795.50	\$9,970.00	\$0.00	15/04/2013	29/07/2014
CTI CONSULTANTS PTY LTD	Paint Condition assessment & recommendation	\$23,226.42	\$3,560.80	\$19,665.62	30/01/2015	
DAVID MORRIS CONSULTING P/L	EGMO Bridge Deck Replacement	\$10,515.24	\$9,036.00	\$1.74	19/03/2014	
DEPARTMENT OF SUSTAINABILITY & ENVIRONME	State GW Monitoring - Jul, Aug & Sept 2011	\$272,200.33	\$25,356.39	\$14,469.53	24/08/2011	
DG CONSULTING (AUST) PTY LTD	Conns P/Lines Design Criteria	\$54,133.00	\$25,170.00	\$28,963.00	20/02/2015	
ENVIRONMENTAL SYSTEMS & SERVICES PTY LTD	Seimological Services by Environmental	\$173,975.86	\$33,412.87	\$55,174.42	23/11/2012	
ENVIROTECH WATER SOLUTIONS PTY LTD	Site Inspection, Design & Specification	\$12,495.00	\$5,950.00	\$6,545.00	10/12/2014	
EPM PARTNERS PTY LTD	Egment for upgrade of EPM to 2013	\$62,700.00	\$11,000.00	\$51,700.00	30/04/2015	
FEEHAN CONSULTING PTY LTD	FFL Irrigation Risk Support	\$10,412.00	\$5,110.00	\$4,532.00	7/05/2014	
FEEHAN CONSULTING PTY LTD	Strategic and Technical Advice to DEPI	\$23,656.00	\$13,440.00	\$10,216.00	10/06/2014	
FEEHAN CONSULTING PTY LTD	Technical Input to Salinity Programs	\$23,887.00	\$11,130.00	\$12,757.00	10/06/2014	
FEEHAN CONSULTING PTY LTD	Kow Swamp Land & On-Water Mgmt Plan	\$18,642.00	\$5,880.00	\$5,062.00	18/06/2014	
FEEHAN CONSULTING PTY LTD	Provision of Technical & Strategic	\$23,432.00	\$15,680.00	\$7,752.00	30/07/2014	
FLANAGAN BROWN GREAVES PTY LTD	Peer Support Development Session	\$10,486.36	\$1,500.00	\$5,350.00	28/05/2013	
GHD PTY LTD	DAR Comprehensive Dam Safety Inspection	\$68,760.00	\$21,178.00	\$0.00	16/04/2014	20/08/2014
GHD PTY LTD	SIR Salt & Water Bal Proj STMIS	\$42,215.00	\$42,214.99	\$0.01	5/06/2014	
GHD PTY LTD	Mildura Weir Mechanised Trestle -	\$35,308.03	\$28,919.64	\$6,388.39	5/06/2014	
GHD PTY LTD	GSMP Support 14/15]	\$53,780.50	\$12,195.00	\$41,585.50	30/09/2014	
HYDRONUMERICS PTY LTD	Aquatic Real Time Management System	\$51,972.00	\$30,280.00	\$21,692.00	4/06/2014	

Financial Operations

Consultant	Purpose of Consultancy	Total Fees Approved \$	Expenditure for reporting Period \$	Future Commitments	Start date	End date
INFRACORR CONSULTING PTY LTD	Provision of Technical Specification	\$49,473.67	\$21,623.30	\$4,210.37	5/02/2014	
INXURE STRATEGY GROUP	Executive Mentoring Services	\$16,500	\$0.00	\$16,500.00	9/06/2015	
JACOBS GROUP AUSTRALIA PTY LTD	GIAT Stage 1	\$64,173.91	\$58,260.91	\$5,913.00	26/05/2014	
JACOBS GROUP AUSTRALIA PTY LTD	Consulting Services Dartmouth Dam	\$153,771.46	\$138,768.99	\$15,002.47	18/06/2014	
JACOBS GROUP AUSTRALIA PTY LTD	Provision of Support 2014/15	\$50,601.31	\$43,986.75	\$6,614.56	25/07/2014	
JACOBS GROUP AUSTRALIA PTY LTD	Jerusalem Creek Sewerage Upgrade Design	\$566,784.86	\$446,171.39	\$120,613.47	26/09/2014	
JACOBS GROUP AUSTRALIA PTY LTD	Support for Salinity "Special Projects"	\$53,769.10	\$12,309.00	\$41,460.10	10/11/2014	
JACOBS GROUP AUSTRALIA PTY LTD	Jacobs disposal assessment DM#3881690	\$47,987.20	\$15,128.00	\$32,859.20	11/12/2014	
JACOBS GROUP AUSTRALIA PTY LTD	Groundwater Interference Assessment Tool	\$14,090.91	\$9,090.91	\$5,000.00	3/02/2015	
JACOBS GROUP AUSTRALIA PTY LTD	Professional Services	\$6,062.65	\$5,813.50	\$249.15	22/03/2015	
JACOBS GROUP AUSTRALIA PTY LTD	Pump Station ACMP	\$32,835.00	\$0.00	\$32,835.00	26/05/2015	
JACOBS GROUP AUSTRALIA PTY LTD	Drains ACMP	\$27,473.60	\$0.00	\$27,473.60	26/05/2015	
JMW CONSULTANTS AUSTRALIA PTY LTD	Executive Coaching Support	\$72,000.00	\$0.00	\$72,000.00	9/06/2015	
KTA-TATOR AUSTRALIA PTY LTD	Cairn Curran Paint Inspection Service	\$14,263.60	\$7,364.00	\$6,899.60	14/01/2015	
NIETVELT CONTRACTING SERVICES PTY LTD	Weed Control Services for Area 3	\$327,266.04	\$118,722.73	\$57,176.42	2/09/2013	
NIETVELT CONTRACTING SERVICES PTY LTD	Weed Control Services for Area 4	\$54,010.00	\$41,400.00	\$12,610.00	2/09/2013	
PATON AIR PTY LTD	Weed Control Services for Area 5-Aerial	\$75,044.25	\$44,887.50	\$30,156.75	2/09/2013	
PHOENIX CONTINUITY SERVICES PTY LTD	Development of GMW's Business Continuity	\$31,234.57	\$17,654.28	\$13,580.29	21/05/2015	
PITCHER PARTNERS CONSULTING PTY LTD	Internal Audit 2013/14 for GMW WS&D only	\$148,560.40	\$2,475.00	\$0.00	28/08/2013	28/08/2014
RM CONSULTING GROUP	Shepp Irrigation Region Drainage Review	\$98,336.36	\$98,336.36	\$0.00	9/12/2014	26/05/2015
RM CONSULTING GROUP	RMCG to Provide Macro-Economic Analysis	\$22,727.27	\$22,727.27	\$0.00	15/12/2014	17/04/2015
RPS AQUATERRA PTY LTD	CG13/6/4 Channel/Pipe Design	\$22,903.86	\$10,761.36	\$12,142.50	16/07/2014	
RPS AQUATERRA PTY LTD	CG7/4 channel/pipe design	\$18,310.00	\$900.00	\$17,410.00	16/07/2014	
RPS AQUATERRA PTY LTD	CG9/4 channel/pipe design	\$15,400.00	\$15,400.00	\$0.00	16/07/2014	4/03/2015
RPS AQUATERRA PTY LTD	CG13/6/4 Design & Consult	\$10,890.00	\$0.00	\$10,890.00	16/04/2015	
RURAL WORKS PTY LTD	Waranga Basin & Lake Buffalo Level 2	\$12,088.18	\$5,088.18	\$7,000.00	22/08/2014	
RURAL WORKS PTY LTD	Cattanach Canal Road Bridges -	\$49,693.75	\$2,662.50	\$47,031.25	13/02/2015	

Consultant	Purpose of Consultancy	Total Fees Approved \$	Expenditure for reporting Period \$	Future Commitments	Start date	End date
SCD TECH PTY LTD ATF DUNNE FAMILY TRUST	Electrical & Mechanical Project	\$1,779,233.35	\$164,577.45	\$257.12	13/10/2011	
SCD TECH PTY LTD ATF DUNNE FAMILY TRUST	Torrumbarry Weir Control System Upgrade	\$53,812.00	\$11,880.00	\$41,932.00	5/11/2014	
SCD TECH PTY LTD ATF DUNNE FAMILY TRUST	Yarrowonga Weir Electrical Upgrade	\$50,842.00	\$41,580.00	\$9,262.00	5/11/2014	
SCD TECH PTY LTD ATF DUNNE FAMILY TRUST	Electrical_Mechanical Prof_Invoice 1423	\$1,978,073.99	\$128,660.09	\$1,849,413.90	4/03/2015	
SGM CONSULTING (AUS) PTY LTD	Tullaroop Upgrade Project - Review Panel	\$16,433.61	\$10,663.92	\$5,769.69	27/06/2014	
SINCLAIR KNIGHT MERZ - MELBOURNE	Preparation of O & M Manuals, Gunbower	\$44,233.87	\$15,714.00	\$19,064.87	12/12/2013	
SINCLAIR KNIGHT MERZ - TATURA	Hipwell Road Project - Statutory	\$994,724.63	\$1,210.00	\$579,822.18	2/08/2010	
SNP CONSULTING	Payroll / HR Review	\$57,211.19	\$49,388.14	\$7,823.05	5/03/2015	
SSEF PTY LTD	Weed Control Services for Area 1	\$82,268.64	\$17,763.64	\$49,005.00	2/09/2013	
TEAM PROBLEM SOLVING	Continuous Improvement & Tech Support	\$22,610.00	\$22,610.00	\$0.00	19/09/2014	18/12/2014
TEAM PROBLEM SOLVING	Continuous Improvement Support	\$23,453.55	\$14,174.55	\$9,279.00	2/02/2015	
THE REGIONAL DEVELOPMENT COMPANY PTY LTD	Kow Swamp Land & On-Water Management	\$19,976.00	\$19,976.00	\$0.00	23/05/2014	10/11/2014
THIESS SERVICES PTY LIMITED	Engagement ofThiess Consultant Techn	\$60,545.00	\$44,550.00	\$15,995.00	19/08/2014	
UNSW GLOBAL PTY LIMITED	Tullaroop Dam Upgrade Project-Review	\$32,538.90	\$24,611.00	\$7,927.90	27/06/2014	
URS AUSTRALIA PTY LTD	SIR Salt & Water Bal Proj Tech Sup	\$50,016.37	\$41,583.77	\$180.10	11/02/2014	
URS AUSTRALIA PTY LTD	Provision of Support 2014/15	\$43,660.60	\$42,240.51	\$1,420.09	25/07/2014	
URS AUSTRALIA PTY LTD	Planning & Design of Cohuna Weir Fishlad	\$161,227.27	\$98,645.20	\$62,582.07	29/07/2014	
URS AUSTRALIA PTY LTD	SIR Bore Review DM# 3847963	\$51,082.34	\$39,176.51	\$11,905.83	7/10/2014	
URS AUSTRALIA PTY LTD	URS pump disposal assessment DM#3881690	\$30,871.24	\$21,287.61	\$9,583.63	11/12/2014	
URS AUSTRALIA PTY LTD	URS Tech Support to Connections Project	\$21,513.60	\$4,864.01	\$16,649.59	30/01/2015	
URS AUSTRALIA PTY LTD	GW Data Management Support	\$54,196.92	\$8,030.75	\$46,166.17	3/02/2015	
URS AUSTRALIA PTY LTD	Salinity Threat Man System Support	\$53,016.97	\$19,830.25	\$33,186.72	27/02/2015	
URS AUSTRALIA PTY LTD	Corop Lakes Support	\$54,678.70	\$3,213.00	\$51,465.70	30/04/2015	
UXC CONSULTING PTY LTD	Professional Services - G-MW Customer	\$77,995.85	\$31,841.50	\$46,154.35	6/02/2015	

Each year GMW publishes its Annual Report on its website allowing public access to the above information.

Disclosure of Advertising Expenditure over \$150,000

Nil reported during the 2014/15 period.

Value of Community Service Obligations

During 2014/15, GMW granted \$217,684.43 in pension concessions compared to \$192,611.05 of pension concessions granted in 2013/14, and \$200,398.84 of pension concessions granted in 2012/13.

Risk Management

Risk Management

GMW's Corporate Risk approach in relation to risk management is to ensure the practice is embedded into and maintained as part of GMW's culture. GMW have reviewed its risk management framework in the 2014/15 year to ensure it remains consistent with industry best practice and supports the effective oversight and management of risk by the business.

GMW's risk management framework is based on AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines.

Risk Attestation

Risk Attestation

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



Sarah Scales
Chairman
Goulburn-Murray Water
19 August 2015

Financial Statements 2014/15

GMW Financial Commentary

Financial Highlights

- Strong operational performance of GMW's core services of Water Storage & Delivery provided operational earnings (earnings before interest, tax, depreciation and amortisation (EBITDA)) of \$36.9m which was well ahead of budget. A significant contribution to this favourable result has been through sound expenditure control.
- The government funded Connections Project received less funding than expenditure in 2014-15 given the strong balance sheet and cash position. Cash flows for the Connections Project will vary over the life of the project reflecting the different timing of expenditure and funding.
- This strong operational performance resulted in:
 - » Positive cash flows from operations of \$71.4m.
 - » GMW's net cash position (cash and cash equivalents less borrowings) was \$54.3m compared to a net cash position of \$49.7m for the prior year.
 - » GMW's gross debt balance of \$117.3m decreased \$22.1m over the prior year due to the repayment of debt with no additional borrowings taken out during the year.
- Depreciation (and amortisation) of \$70.4m on GMW's \$4b infrastructure asset base continues to drive after tax losses for the business. The Total Comprehensive loss for 2014-15 of \$12.6m is the outcome of the regulatory environment GMW operates in and not reflective of the underlying operational and financial sustainability of the business.

GMW Financial Structure

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

1. Water Storage & Delivery – These are the core operating activities of GMW which include harvesting, storing and delivering water to customers.

2. Connections Project – These are the activities relating to the delivery of the \$2 billion State and Federal Governments' irrigation modernisation and renewal program in Northern Victoria. This annual report represents the third year of the Connections Project operating as a business unit of GMW.

The operations of the Connections Project are accounted for separately from Water Storage & Delivery operations to assist in delivering governance, financial and operational accountability for the business. Financial transactions between the Water Storage & Delivery business and the Connections Project are eliminated in producing GMW's financial statements, so as to avoid double counting of revenue and expenses.

Water Storage & Delivery – Operational Result

The 2014-15 financial year for Water Storage & Delivery was one where water deliveries were ahead of expectations and with a continued focus on expenditure control ensured another strong financial performance. This year's operating result was higher than the prior year due to higher water deliveries and spillable water revenue.

The main drivers of the positive operating result for 2014-15 were strong retail revenue combined with lower operating costs. The Water Storage & Delivery business also provides a number of contracting services which supported the strong result.

The Water Storage & Delivery business achieved an EBITDA result of \$36.9m compared to 2013-14 of \$19.7m and \$42.9m in 2012-13. Positive operational cash flows of \$25.7m were achieved compared to 2013-14 of \$24.5m and \$30.9m in 2012-13 and were also well ahead of budget.

Connections Project Result

The Connections Project has reported government funding received/receivable of \$95m for the year which has been recognised as revenue. A further \$82m of funding received to date will be recognised as revenue as the project progresses and the funds are expended.

Overall the Connections Project enters into the 2015-16 year in a strong cash position due to the funding received which has not yet been spent. Cash holdings at 30 June 2015 were \$120.7m with no debt as an \$18.0m debt was repaid during the 2014-15 year.

GMW Before Tax Position

GMW's 2014-15 loss before tax of \$17.8m is better than budget and lower than the previous years' losses (\$55.5m in 2013/14 and \$44.0m for the 2012-13 year).

GMW incurred \$70.4m of pre-tax depreciation and amortisation expense during 2014-15 which is consistent with prior years. Under the economic regulatory framework, GMW is unable to recover the majority of its statutory depreciation through customer charges which drives the before tax losses.

GMW's before tax losses are not reflective of the underlying sustainability of GMW.

Assets and Borrowings

Assets continue to be decommissioned by the Connections Project as a result of the reconfiguration of parts of the delivery network. It is anticipated that this will continue throughout the remainder of the project. The decommissioning of assets should lead to lower maintenance costs in future years in addition to the water savings which it will generate.

GMW's net cash position (cash on hand less borrowings) at 30 June 2015 was \$54.3m, which is a \$4.6m improvement on the \$49.7m net cash position at 30 June 2014. As noted above borrowings were reduced by \$22.1m and no additional debt was required during the 2014-15 year. This reflects the strong operational performance of the business over the last four years and strong net cash position with funding receipts of the Connections Project exceeding expenditure.

Net borrowings associated with Water Storage & Delivery at 30 June 2015 were \$61.4m which is a decrease of \$4m from the prior year.

Financial Statements 2014/15

GMW Financial Commentary

Summary of Financial Results - Water Storage & Delivery and Connections Project (before internal adjustments)					
	2014/15	2013/14	2012/13	2011/12	2010/11
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Water Storage & Delivery					
Profit & Loss					
Total revenue	169,982	170,294	185,545	160,257	134,020
Expenses excluding interest, depreciation and amortisation	133,048	150,563	142,623	135,243	139,097
Earnings before interest, tax, depreciation and amortisation (EBITDA)	36,934	19,731	42,922	25,014	(5,077)
Depreciation and amortisation	69,691	69,535	68,775	70,301	41,209
Interest expense	7,942	8,140	8,286	6,897	6,650
Net result before tax - Water Storage & Delivery	(40,699)	(57,944)	(34,139)	(52,184)	(52,936)
Cash Flow					
Net cash flow from operations	25,749	24,471	30,870	24,795	(10,838)
Payments for property, plant, equipment and infrastructure	21,938	14,202	24,408	36,129	52,053
Self-Generating Cash Flow	3,811	10,269	6,462	(11,334)	(62,891)
Connections Project (Integrated into GMW on 1 July 2012)					
Profit & Loss					
Funding revenue	94,189	78,066	83,748	-	-
Project Expenditure					
Project costs	50,919	57,778	80,167	-	-
Other project costs (1)	20,345	17,832	13,486	-	-
Total Project Expenditure	71,264	75,610	93,653	-	-
Net result before tax - Connections Project	22,924	2,456	(9,905)	-	-
Cash Flow					
Net cash flow from operations	45,631	93,266	(36,218)	-	-
Payments for property, plant, equipment and infrastructure	61,143	64,077	62,933	-	-
(1) Includes employee expenses, other operating costs, depreciation and interest					
Summary of Financial Results - Total GMW (after internal adjustments)					
Profit & Loss					
Total revenue	249,683	231,824	256,972	160,257	134,020
Total expenses	267,459	287,310	301,016	212,441	186,956
Net result before tax - GMW	(17,776)	(55,486)	(44,044)	(52,184)	(52,936)
Balance Sheet					
Assets					
Current	199,815	231,000	147,212	61,584	34,536
Non-current	4,185,516	4,170,281	4,181,685	4,108,918	4,066,984
Total assets	4,385,330	4,401,281	4,328,897	4,170,502	4,101,520
Liabilities					
Current	150,672	135,597	74,130	73,824	59,710
Non-current	557,251	587,196	607,222	588,932	570,118
Total liabilities	707,923	722,793	681,352	662,756	629,828
Cash Flow					
Net cash flow from operations	71,380	117,737	(5,348)	24,795	(10,838)
Payments for property, plant, equipment and infrastructure	(83,081)	(78,279)	(87,341)	(36,129)	(52,053)

Statement of Comprehensive Income

Statement of Comprehensive Income for the Year ended 30 June 2015

	Notes	2014/15 \$000	2013/14 \$000
Revenue from operating activities			
Water storage and delivery		128,537	121,049
Government grants		2,385	3,664
Government funding - Connections Project		91,103	76,420
Contracting services		15,129	19,806
Other revenue		12,529	10,885
Total revenue	2	249,683	231,824
Expenses from operating activities			
Operating, maintenance and administration expenses	3(a)	61,400	69,155
Connections Project costs	3(b)	50,919	57,788
Employee expenses	3(c)	69,233	67,374
Depreciation and amortisation	3(d)	70,429	70,333
Other expenses	3(e)	15,478	22,660
Total expenses		267,459	287,310
Profit / (Loss) before tax		(17,776)	(55,486)
Income tax expense/(benefit)	4 (a)	(5,138)	(16,859)
Net Profit / (Loss) for the Year		(12,638)	(38,628)
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		(12,638)	(38,628)

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

Balance Sheet

Balance Sheet as at 30 June 2014

	Notes	2014/15 \$000	2013/14 \$000
ASSETS			
Current assets			
Cash and cash equivalents	5	171,606	189,147
Receivables	6	25,071	36,403
Inventories		3,021	3,224
Assets classified as held for sale	7	117	2,226
Total current assets		199,815	231,000
Non-current assets			
Receivables	6	59	77
Intangible assets	8	10,154	11,553
Infrastructure assets, property, plant and equipment	9	4,175,302	4,158,651
Total non-current assets		4,185,516	4,170,281
Total assets		4,385,330	4,401,281
LIABILITIES			
Current liabilities			
Payables	10	39,865	34,496
Employee benefits	11	18,580	16,727
Borrowings	12	6,695	4,095
Other liabilities	13	85,532	80,279
Total current liabilities		150,672	135,597
Non-current liabilities			
Employee benefits	11	2,830	2,942
Borrowings	12	110,660	135,355
Deferred tax liabilities	4(c)	443,761	448,899
Total non-current liabilities		557,251	587,196
Total liabilities		707,923	722,793
Net assets		3,677,407	3,678,488
EQUITY			
Contributed capital	14(a)	2,539,458	2,527,901
Asset revaluation reserve	14(b)	1,215,516	1,215,516
Accumulated surplus / (deficit)	14(c)	(77,567)	(64,929)
Total equity		3,677,407	3,678,488
Funding commitments (Connections Project)	15		
Other commitments	16		
Contingent assets and liabilities	17		

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

Statement of Changes in Equity

Statement of Changes in Equity for the Year ended 30 June 2015

	Notes	Contributed Capital \$000	Asset Revaluation Reserve \$000	Accumulated Surplus / (Deficit) \$000	Total \$000
Balance at 1 July 2013		2,458,330	1,215,516	(26,301)	3,647,545
Total comprehensive income/(loss) for the year	14(c)	-	-	(38,628)	(38,628)
Transactions with State in its capacity as Owner					
Contributions by owner	14(a)	69,571	-	-	69,571
Balance at 30 June 2014		2,527,901	1,215,516	(64,929)	3,678,488
Total comprehensive income/(loss) for the year	14(c)	-	-	(12,638)	(12,638)
Transactions with State in its capacity as Owner					
Contributions by owner	14(a)	11,557	-	-	11,557
Balance at 30 June 2015	14 (a)(c)	2,539,458	1,215,516	(77,567)	3,677,407

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

Cash Flow Statement

Cash Flow Statement for the Year ended 30 June 2015

	Notes	2014/15 \$000	2013/14 \$000
Cash flows from operating activities			
Receipts			
Receipts from customers		156,508	162,823
Receipts from government		110,955	160,370
Interest received		2,415	2,723
GST received from ATO		16,192	16,321
Payments			
Payments to suppliers and employees		(204,078)	(214,068)
Interest and other costs of finance paid		(8,926)	(8,746)
Environmental contribution levy		(1,686)	(1,686)
Net cash inflow from operating activities	20 (b)	71,380	117,737
Cash flows from investing activities			
Payment for intangible assets, infrastructure assets, property, plant and equipment		(83,081)	(78,279)
Payment for assets held for sale		268	(31)
Proceeds from assets held for sale		2,229	2,749
Proceeds from sale of property, plant & equipment		597	522
Net cash (outflow) from investing activities		(79,987)	(75,039)
Cash flows from financing activities			
Capital contributions from Victorian Government		13,161	80,746
Repayment of borrowings		(22,095)	(1,501)
Net cash inflow/(outflow) from financing activities		(8,934)	79,245
Net increase in cash and cash equivalents		(17,541)	121,943
Cash and cash equivalents at the beginning of the year		189,147	67,204
Cash and cash equivalents at the end of the year	5 / 20(a)	171,606	189,147

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

Notes to the Financial Statements

Year Ended 30 June 2015

1. Significant Accounting Policies

(a) Reporting Entity

The financial report covers Goulburn Murray Rural Water Corporation (the Corporation or GMW) as an individual reporting entity.

Its principal address is:
40 Casey Street
Tatura Vic 3616

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

The financial report at 30 June 2015 comprises the Corporation and was authorised for issue by the Board on 18 August 2015.

(b) Statement of Compliance

This general purpose financial report has been prepared in accordance with the Financial Management Act 1994 (FMA), Financial Reporting Directions issued by the Minister for Finance and applicable Australian Accounting Standards (AAS) which include Interpretations and other pronouncements issued by the Australian Accounting Standards Board (AASB).

Where appropriate, Australian Accounting Standards applicable to not-for-profit entities have been applied.

(c) Basis of Accounting Preparation and Measurement

The financial report includes separate financial statements for Goulburn Murray Rural Water Corporation (the Corporation) as an individual reporting entity. This financial report is a general purpose financial report, that consists of a Statement of Comprehensive Income Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements for the period ending 30 June 2015. In accordance with Note 1 (d) the wholly owned subsidiary company Watermove Pty Ltd ceased operations during the financial 2012-13 year and had no assets or liabilities as at 30 June 2015.

Accrual Basis of Accounting

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

Presentation Currency

All amounts are presented in Australian dollars, unless otherwise noted, which is also the functional currency of the Corporation.

Historical Cost Convention

The financial report has been prepared on the basis of historical cost, except for certain non-current assets that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Notes to the Financial Statements

Year Ended 30 June 2015

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 realised or paid within the next twelve months. See 1(k) for a variation in relation to employee benefits.

Rounding

Unless otherwise stated, amounts shown in the financial report are rounded to the nearest thousand dollars. Immaterial discrepancies in tables between totals and sums of components reflect rounding.

Critical Accounting Estimates

The preparation of the financial report in conformity with AASBs and FRDs requires the use of certain accounting estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. It also requires management to exercise its judgement in the process of applying the entity's accounting policies. Estimates and judgements 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. The most significant accounting estimates undertaken in the preparation of this financial report relate to:

- (i) Fair value and the impairment of assets (refer Note 1(j)).
- (ii) Unearned revenue (refer Note 1(k)).
- (iii) Construction Work In Progress (refer Note 1(j)).
- (iv) Contingent Liabilities (refer Note 17).
- (v) Estimation of useful lives (refer Note 1(j)).
- (vi) Deferred tax assets & liabilities (refer Note 1(l)).
- (vii) Valuation of financial instruments (refer Note 22 (f))
- (viii) Provision for employee benefits (refer Note 1(k))
- (ix) Estimation of accrued expenses (refer Note 10).

Consistent with AASB 13 Fair Value Measurement, the Corporation determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment and financial instruments, and for non recurring fair value measurements such as non financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

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

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

Notes to the Financial Statements

Year Ended 30 June 2015

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

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

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

The Corporation, in conjunction with VGV and other external valuers, monitors 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 valuations movements in relevant indices, market factors and asset use.

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.

The accounting policies set out below have been applied in preparing the financial report for the period ended 30 June 2015 and the comparative information presented for the year ended 30 June 2014.

Changes in Accounting Policies

Subsequent to the 2014-15 reporting period, the following new and revised Standards have been adopted in the current period with their financial impact detailed as below.

AASB 10 Consolidated Financial Statements

AASB 10 provides a new approach to determine whether an entity has control over an entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of all three criteria for control to exist over an entity for financial reporting purposes:

- (a) The investor has power over the investee;
- (b) The investor has exposure, or rights to variable returns from its involvement with the investee; and
- (c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the new criteria prescribed in AASB 10, the Corporation has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group. The Corporation has concluded that an additional entity has met the control criteria.

The Corporation has considered AASB 10 *Consolidated Financial Statements* and in accordance with Note 1(d) has not prepared the 2014-15 financial reports on a consolidated basis for wholly owned subsidiary company Watermove Pty Ltd.

Notes to the Financial Statements

Year Ended 30 June 2015

AASB 12 Disclosure of Interests in Other Entities

AASB 12 *Disclosure of Interests in Other Entities* prescribes the disclosure requirements for an entity's interests in subsidiaries, associates, joint arrangements and extends to the entity's association with unconsolidated structured entities.

The Corporation has considered AASB 12 *Disclosure of Interests in Other Entities* in respect to the subsidiary company Watermove and has concluded the disclosure requirements are not material to the financial report.

AASB 2015-7 Amendments to Australian Accounting Standards

The Australian Accounting Standards Board issued an amending accounting standard AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value disclosures of Not-for-Profit Public Sector Entities on 13 July 2015. In accordance with FRD 7A "Early Adoption of Authoritative Accounting Pronouncements", the Minister for Finance has approved the option for Victorian not-for-profit public sector entities to early adopt the amending accounting standard to enable them to benefit from some limited exemption in relation to fair value disclosures for the 2014-15 reporting period. The limited exemption is available to those entities whose assets are held primarily for their current service potential rather than to generate net cash inflows.

GMW meets the criteria specified in AASB 2015-7 to benefit from the reduced disclosure requirements, so it has chosen to early adopt the amendments to the Fair Value disclosure applicable to the Victorian not-for-profit-public sector.

(d) Basis of Consolidation

A wholly owned subsidiary company Watermove Pty Ltd operated as a water broker prior to ceasing operations during the financial 2012-13 year. The Corporation has not prepared either the 2014-15 or the 2013-14 financial reports on a consolidated basis as the impact of the transactions and year end balances of Watermove are not material. At 30 June 2015 Watermove Pty Ltd had no assets or liabilities. Watermove Pty Ltd was deregistered on 1 July 2015.

(e) Objectives and Funding for the Connections Project

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

The objectives of the Connections Project is to plan, design and deliver the program for modernisation of the irrigation system throughout the Goulburn Murray Irrigation District (GMID).

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

Notes to the Financial Statements

Year Ended 30 June 2015

Stage 2 of the Project commenced during 2011-12 and will cost up to \$1.059 billion.

(f) Revenue Recognition

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

Water Storage and Delivery Revenue

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

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

Government Grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and the Corporation has complied with the attached conditions. Such grants are treated as non-reciprocal transfers in accordance with AASB 1004 *Contributions*.

Government grants which have outstanding performance or return conditions are recognised in accordance with AASB 118 *Revenue* with reference to the percentage of completion method. The stage of completion is measured by reference to 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 *Revenue* requires revenue to be recognised in the reporting periods in which the services are rendered.

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

Contracting Services

The Corporation is the Victorian constructing authority for the 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.

Interest

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

Notes to the Financial Statements

Year Ended 30 June 2015

Other Income

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.

(g) Expenses

Operations, Maintenance and Administration Expenses

Expenses from transactions are recognised in the period that they are incurred.

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Interest Expense

Interest expenses are recognised in the Statement of Comprehensive Income in the period in which they are incurred. Interest expenses relate to interest on bank overdrafts and short and long term borrowings including the Financial Accommodation Levy.

Disposal of Non-Financial Assets

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

Each year the Corporation negotiates with customers to rationalise parts of the irrigation infrastructure where reconfiguration works permit the realignment of channels and structures. Where assets are assessed as being no longer in use, the book value of these assets is written off. The write off is recognised in the Statement of Comprehensive Income as a loss on disposal.

Depreciation and Amortisation

All non-current physical assets (excluding items under operating leases, assets and land held-for-sale) that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and work in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 financial year.

During 2014-15 an assessment of the useful lives of assets identified some assets which had useful lives outside the range previously reported for that asset category. As a result, the estimate of the useful life range of asset categories has been revised below. The change in useful lives ranges had no impact on the current period result and will not have an impact on future period results.

Notes to the Financial Statements

Year Ended 30 June 2015

Class of Assets	Previously	Revised
	Estimated Life (years)	Estimated Life (years)
Buildings	40	5 to 50
Plant, equipment, furniture and fittings	2 to 10	2 to 20
Intangibles	3 to 10	3 to 10
Infrastructure – electronic equipment	5 to 20	5 to 40
Infrastructure – channels and structures	30 to 120	5 to 250
Infrastructure – drains and dams	25 to 200	5 to 250

The component of channels and drains which are under water are considered to have an indefinite life and are therefore not depreciated. The fair value of these components is \$895million (2014: \$896m). 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 whenever there is an indication that the intangible asset may be impaired. 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.

Employee Expenses

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

Connections Project - Project Costs

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

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

(h) Financial Instruments

Recognition

Financial instruments, incorporating financial assets (excluding statutory receivables – refer note 1(i)) and financial liabilities, are recognised when the Corporation becomes a party to the contractual provisions of the instrument.

Notes to the Financial Statements

Year Ended 30 June 2015

When a financial asset or financial liability is recognised initially, it is measured at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, the financial instruments are measured as set out below.

Cash and Cash Equivalents

Cash, bank balances and deposits are measured at nominal value. Interest income is recognised by applying the effective interest rate.

Receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'receivables'. Receivables are measured at amortised cost, less any impairment.

Refer to Note 1(i) Receivables.

Payables

Payables consist of:

- Contractual payables, such as accounts payable. Accounts payable represents liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid, and 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 similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Refer to Note 1(k) Payables.

Borrowings

Borrowings are initially recognised at fair value of the consideration received, net of transaction costs incurred. 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.

Refer to Note 1(k) Borrowings.

(i) Financial Assets

Cash and Cash Equivalents

Cash and deposits, including cash equivalents, 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

Notes to the Financial Statements

Year Ended 30 June 2015

for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Cash and deposits are measured at nominal value.

Receivables

Receivables consist of:

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

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

Impairment of Financial Assets

At the end of each financial year, the Corporation assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(j) Non-Financial Assets

Inventories

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

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

Work In Progress

Connections Project

Costs associated with the delivery of a modernised irrigation system which result in a new asset or enhance an existing asset are recorded as construction work in progress. The balance of construction work in progress represents the costs incurred to date less the value

Notes to the Financial Statements

Year Ended 30 June 2015

of assets or asset enhancements transferred to infrastructure, property plant and equipment during the period when assets are in the location and condition necessary for them to be capable of operating in the manner intended by management. Direct labour costs are capitalised to the assets.

Water Storage and Delivery

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

Infrastructure, Property, Plant and Equipment

Measurement and Recognition

All non-current physical assets (with the exception of plant, equipment, furniture and fittings) are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

In estimating the fair value of an asset GMW uses market-observable data to the extent it is available. Information about the valuation techniques and inputs used in determining the fair value of property, plant and equipment is disclosed in Note 9.

Items with a cost in excess of \$2,000 (2013/14: \$2,000) and a useful life of more than one year are recognised as an asset. 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.

Plant, equipment, furniture and fittings are recognised at fair value less accumulated depreciation as the carrying amount is considered to be a reasonable approximation of fair value.

Revaluations of Non-Financial Assets

Non-financial physical assets are measured at fair value on a cyclical basis, in accordance with the Financial Reporting Directions (FRDs) issued by the Minister for Finance. An independent fair value assessment is undertaken every 5 years in accordance with the requirements of Financial Reporting Direction 103F "Non-Current Physical Assets" but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are generally used to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised valuers. Any intervening revaluations are determined in accordance with the requirements of FRD103F.

Any revaluation increase arising on revaluation is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset class previously recognised in the Statement of Comprehensive Income, in which case the increase is credited to the Statement of Comprehensive Income to the extent of the decrease previously expensed. A decrease in the carrying amount arising on revaluation is recognised in the Statement of Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation.

Notes to the Financial Statements

Year Ended 30 June 2015

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

Non-Financial Assets Classified as Held for Sale

Non-financial assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell, and are not subject to depreciation. They are classified as current assets and as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as having been met only when the sale is highly probable and is expected to be completed within 12 months from the date of the classification.

In estimating the fair value of an asset GMW uses market-observable data to the extent it is available. Where Level 1 inputs are not available, GMW engages third party qualified valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of non-financial assets held for sale is disclosed in Note 7.

Impairment of Assets

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

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

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

Intangible Assets

Intangible assets acquired separately are recognised initially at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

Refer to Note 1(g) Depreciation and Amortisation.

Notes to the Financial Statements

Year Ended 30 June 2015

Water Shares

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

- (i) Water shares are held by the Water Storage & Delivery business. They are held as bulk entitlements and water shares for operational use and are classified as Intangible assets.
- (ii) Water shares are acquired by the Connections Project during the course of the project. They are accounted for as assets in the reporting period in which they are acquired and an assessment made as to their carrying value based on their expected ultimate disposition. If it is expected that the water shares will ultimately be transferred as part of the project's obligations rather than sold, then they are treated as a cost of the project. Water shares held at year end for future sale are recorded as assets classified as held for sale. Where a decision has not been made regarding sale they are classified as Intangible Assets.

Native Vegetation Offsets

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

(k) Liabilities

Payables

Payables consist predominantly of goods and services provided to the Corporation prior to the end of the financial year, which are unpaid at year end. Payables are initially recognised at fair value, being the cost of the goods and services. The amounts are unsecured.

Refer to Note 1(h) Payables.

Connections Project - Unearned Revenue

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

Refer to Note 1(f) Government Grants.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. 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.

Notes to the Financial Statements

Year Ended 30 June 2015

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.

Refer to Note 1(h) Borrowings.

Employee Benefits

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

Annual Leave and Other Entitlements

Employee entitlements relating to wages and salaries, annual leave and other relevant entitlements expected to be wholly settled within twelve months of the reporting date are recognised in employee benefit liabilities in respect of employees services up to the reporting date and measured at the amounts expected to be paid when the liabilities are settled, at their nominal values.

Employee entitlements which are not expected to be wholly settled within twelve months are measured as the present value of the estimated future cash outflows to be made by the entity, in respect of services rendered by employees up to the reporting date. Regardless of the expected timing of settlements, provisions made in respect of employee entitlements are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date, in which case it would be classified as a non-current liability.

Long Service Leave

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

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

The components of this current LSL liability are measured at:

- undiscounted value- if the Corporation expects to wholly settle within 12 months; and
- present value-if the Corporation does not expect to wholly settle within 12 months.

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

Employee Benefit On-Costs

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

Performance Payments

Performance payments to eligible employees are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the term of the contracts to

Notes to the Financial Statements

Year Ended 30 June 2015

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.

(l) Taxation

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

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

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

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

(m) Leased Assets

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

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

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

Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

GMW enters into operating leases as lessee.

GMW does not have any finance leases.

Notes to the Financial Statements

Year Ended 30 June 2015

(n) Equity

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

(o) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer Note 16) at their nominal value and inclusive of the goods and services tax (GST) payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(p) Contingent Assets and Liabilities

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

(q) Goods and Services Tax

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

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

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

(r) Events after the reporting period

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 reporting period. As at 30 June 2015, the following

Notes to the Financial Statements

Year Ended 30 June 2015

applicable standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2015. The Corporation has not and does not intend to adopt these standards early. New accounting standards and interpretations that are not compulsory for this reporting period have been assessed for their likely impact on the Corporation.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial report
AASB 9 <i>Financial instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	<p>The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
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.	<p>1 Jan 2017</p> <p>(Exposure Draft 263 – potential deferral to 1 Jan 2018)</p>	<p>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.</p> <p>A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p> <p>This amendment is not expected to have a significant impact on the Corporation's financial report.</p>

Notes to the Financial Statements

Year Ended 30 June 2015

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial report
AASB 2014 1 <i>Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements. This amendment is not expected to have a significant impact on the Corporation's financial report.
AASB 2014 4 <i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]</i>	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation. This amendment is not expected to have a significant impact on the Corporation's financial report.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2014-15 reporting period (applicable standards listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*.
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*
- AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*
- AASB 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]*

Notes to the Financial Statements

Year Ended 30 June 2015

- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

Notes to the Financial Statements

Year Ended 30 June 2015

Note 2: Revenue from operating activities

	2014/15 \$000	2013/14 \$000
Water storage & delivery		
Fixed charges	97,358	95,985
Variable charges	16,322	14,681
Bulk water sales	14,857	10,383
Total Water storage & delivery	128,537	121,049
Government grants		
Salinity works	1,071	1,071
Other	1,314	2,593
Total Government grants	2,385	3,664
Government funding - Connections Project	91,103	76,420
Contracting services		
Murray-Darling Basin Authority	14,683	19,450
Other external clients	447	356
Total Contracting services	15,129	19,806
Other revenue		
Interest	2,970	2,268
Leasing and licences	1,592	1,967
Boating licences	1,359	1,182
Power generation	483	862
Termination fees	283	116
Connections Project - sale of water	2,069	1,108
Fees for services	855	826
Sale of water shares and water allocation	1,170	1,498
Other	1,749	1,058
Total Other revenue	12,529	10,885
Total Revenue	249,683	231,824

Notes to the Financial Statements

Year Ended 30 June 2015

Note 3. Expenses from operating activities

	2014/15	2013/14
	\$000	\$000
(a) Operations maintenance and administration expenses		
Connections Project	3,056	1,795
Contracted services	14,948	16,180
Contributions to Victorian Government re Murray-Darling Basin Authority	10,457	13,545
Electricity	1,702	1,745
Insurances	1,792	1,635
Labour hire	1,453	1,415
Materials	5,818	5,074
Murray-Darling Basin Authority and Government Services Contract	10,691	14,905
Plant and motor vehicles	5,094	5,631
Plant hire	2,256	1,712
Property & legal expenses	1,302	2,278
Other (i)	2,831	3,240
Total Operations maintenance and administration expenses	61,400	69,155
(i) Other expenses includes ex-gratia expenses. Refer Note 25.		
(b) Connections Project costs		
Connections Project	50,919	57,642
Impairment loss on land held for resale	-	146
Total Connections Project costs	50,919	57,788
(c) Employee expenses		
Post employment benefits		
<i>- Defined contribution plans</i>		
Water Storage & Delivery	3,723	3,648
Connections Project	961	604
<i>- Defined benefit plans</i>		
Water Storage & Delivery	1,026	1,039
Connections Project	54	34
Termination benefits		
Water Storage & Delivery	(289)	1,628
Connections Project	-	258
Salary, wages and other costs		
Water Storage & Delivery	55,676	56,318
Connections Project	8,081	3,844
Total Employee expenses	69,233	67,374
(d) Depreciation and amortisation		
Depreciation of buildings	1,024	1,058
Depreciation of plant, equipment, furniture & fittings	1,876	1,585
Depreciation of infrastructure assets	64,893	64,611
Amortisation of intangibles	2,636	3,081
Total Depreciation and amortisation	70,429	70,333
(e) Other expenses		
Interest expense	7,545	7,499
Financial accommodation levy	1,359	1,491
Loss on disposal of infrastructure assets, property, plant and equipment	6,052	12,888
Impairment loss on land held for resale - Water Storage & Delivery	-	782
Impairment loss on intangible assets - computer software	522	-
Total Other expenses	15,478	22,660
Total Expenses	267,459	287,310

Notes to the Financial Statements

Year Ended 30 June 2015

Note 4: Income tax relating to continuing operations

	2014/15 \$000	2013/14 \$000
a) Income tax recognised in profit or loss		
Current tax		
Current tax expense/(benefit) in respect of current year	(22,488)	(32,452)
Adjustments recognised in the current year in relation to the current tax of prior years	3	7
	(22,484)	(32,445)
Deferred tax		
Deferred tax expense recognised in the current year	17,346	15,586
Total income tax expense/(benefit) recognised in the current year relating to continuing operations	(5,138)	(16,859)

	2014/15 \$000	2013/14 \$000
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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	(17,776)	(55,486)
Income tax calculated at 30% (2014: 30%)	(5,332)	(16,646)
Non assessable income	-	-
Provision for impairment of receivables	(2)	121
Impairment of assets held for sale	(338)	354
Prepayments	-	216
Accrued expenses	978	458
Employee benefits	522	226
Infrastructure assets, property, plant & equipment	(18,316)	(17,181)
Tax effect of current year losses	(22,487)	(32,452)
Deferred income tax expense	17,346	15,586
Adjustments recognised in the current year in relation to the current tax of prior years	3	7
Total income tax expense/(benefit)	(5,138)	(16,859)

The tax rate used for the 2015 and 2014 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

	2014/15 \$000	2013/14 \$000
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c) Deferred tax balances

Deferred tax asset / (liability) comprising:

Infrastructure assets, property, plant and equipment	(887,453)	(869,004)
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Offset by deferred tax asset comprising:

Tax losses	426,384	403,956
Provision for impairment of receivables	211	214
Impairment of assets held for sale	16	354
Accrued expenses	10,658	9,680
Employee benefits	6,423	5,901
Net deferred tax asset / (liability)	(443,761)	(448,899)

Movement in net deferred tax asset / (liability)

Opening balance	(448,899)	(465,758)
Tax effect of current year tax losses	22,488	32,452
Movement charged to operating profit / (loss)	(17,346)	(15,586)
Under / (over) provision for income tax	(3)	(7)
Closing balance	(443,761)	(448,899)

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

Notes to the Financial Statements

Year Ended 30 June 2015

Note 5: Cash and cash equivalents

	2014/15	2013/14
	\$000	\$000
Cash, bank balances and deposits		
Connections Project	120,685	139,609
Water Storage & Delivery	50,920	49,538
Total Cash and cash equivalents	171,606	189,147

Note 6: Receivables

	2014/15	2013/14
	\$000	\$000
Current		
Trade debtors - Water Storage & Delivery	18,864	18,816
Government funding - Connections Project	711	13,187
Other receivables (i)	6,200	5,110
	25,775	37,113
Less provision for impairment	(704)	(710)
Total Current receivables	25,071	36,403
Non-current receivables		
Trade debtors - Water Storage & Delivery	59	77
Total Non-current receivables	59	77

(i) Other receivables includes statutory receivables of \$5.3m (2013/14 \$4.4m) and prepayments of \$0.9m (2013/14: \$0.7m).

a) Movement in provision for impairment of receivables

Balance at the beginning of the year	710	307
Increase / (decrease) in provision recognised in the net profit/(loss) for the year	(6)	403
Balance at end of year	704	710

b) Ageing analysis of contractual receivables

	<i>Past due but not impaired</i>					
	<i>Carrying amount</i>	<i>Not past due and not impaired</i>	<i>1-2 Months</i>	<i>2-3 Months</i>	<i>3-4 Months</i>	<i>>4 Months</i>
	\$000	\$000	\$000	\$000	\$000	\$000
2015						
Receivables:						
Trade debtors - Water storage & delivery	18,923	7,501	1,150	224	1,657	8,391
Government funding - Connections Project	711	696	11	-	-	4
Other receivables	934	934	-	-	-	-
Total	20,569	9,132	1,161	224	1,657	8,395
2014						
Receivables:						
Trade debtors - Water storage & delivery	18,892	4,418	3,485	236	1,562	9,191
Government funding - Connections Project	13,187	12,049	-	3	-	1,135
Other receivables	731	731	-	-	-	-
Total	32,810	17,198	3,485	239	1,562	10,326

c) Nature and extent of risk arising from contractual receivables

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

Notes to the Financial Statements

Year Ended 30 June 2015

Note 7: Assets classified as held for sale

	2014/15	2013/14
	\$000	\$000
Land - at fair value - Connections Project (i)	170	1,413
Less Provision for impairment	(53)	(397)
	117	1,016
Land - at fair value - Water Storage & Delivery (ii)	-	1,992
Less Provision for impairment	-	(782)
	-	1,210
Total Assets classified as held for sale	117	2,226

(i) Land held for sale by the Connections Project represents purchases of land undertaken by Rural Finance Corporation of Victoria (RFC) on behalf of the Connections Project as part of the on farm works program. Valuations are performed by RFC annually. RFC has been marketing these parcels of land on behalf of GMW and is expecting the remaining holdings will be sold within the next 12 months. RFC has complied with all the necessary obligations in relation to land purchases and sales by government related entities.

(ii) Land held for sale by Water Storage & Delivery has been valued by GMW's Property Management Group based on recent sales and estimated market value.

Details of GMW's Assets classified as held for sale in respect of the fair value hierarchy as at 30 June 2015 are as follows:

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

2013/14	Level 1	Level 2	Level 3	Fair Value at 30 June 2014
	\$000	\$000	\$000	\$000
Land - Connections Project	-	1,016	-	1,016
Land - Water Storage & Delivery	-	1,210	-	1,210

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

Note 8: Intangible assets

	2014/15	2013/14
	\$000	\$000
Computer software - at cost	22,408	23,092
Native vegetation offsets - at cost (a)	746	840
Water shares - at cost (b)	4,309	3,816
	27,464	27,748
Accumulated amortisation	(17,310)	(16,195)
Total Intangible assets	10,154	11,553

Movements during the reporting period

	Computer Software	Native Vegetation Offsets (a)	Water Shares (b)	Total
	\$000	\$000	\$000	\$000
2014/15				
Opening WDV	6,897	840	3,816	11,553
Additions	1,360	54	493	1,907
Disposals	-	-	-	-
Impairment	(522)	-	-	(522)
Consumption	-	(148)	-	(148)
Amortisation	(2,636)	-	-	(2,636)
Closing WDV	5,099	746	4,309	10,154
2013/14				
Opening WDV	5,731	1,166	5,205	12,102
Additions	4,247	20	-	4,267
Impairment	-	-	(1,682)	(1,682)
Consumption	-	(346)	293	(53)
Amortisation	(3,081)	-	-	(3,081)
Closing WDV	6,897	840	3,816	11,553

(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 2015 represents the credits purchased which have not been formally offset against these obligations. These credits are not amortised but are expensed as the offset is established and the consumption is then recorded.

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

Notes to the Financial Statements

Year Ended 30 June 2015

Note 9: Infrastructure assets, property, plant and equipment

	2014/15 \$000	2013/14 \$000
Land		
At fair value	48,887	48,887
Total Land	48,887	48,887
Buildings		
At fair value	25,503	25,713
Accumulated depreciation	(3,941)	(3,030)
Total Buildings	21,561	22,683
Plant, equipment, furniture & fittings		
At fair value	22,431	19,462
Accumulated depreciation	(14,026)	(12,550)
Total Plant, equipment, furniture & fittings	8,404	6,912
Infrastructure		
At fair value	4,191,177	4,175,392
Accumulated depreciation	(258,109)	(194,670)
	3,933,068	3,980,722
Work in progress - at cost	163,380	99,447
Total Infrastructure	4,096,449	4,080,169
Total Infrastructure assets, property, plant and equipment	4,175,302	4,158,651

Movements during the reporting period

	Opening WDV	Additions	Transfers in/(out) of Work in Progress	Other Transfers	Disposals	Depreciation	Closing WDV
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2014/15							
Land	48,887	-	-	-	-	-	48,887
Buildings	22,683	-	-	-	(97)	(1,024)	21,561
Plant, equipment, furniture and fittings	6,912	103	3,291	-	(26)	(1,876)	8,404
Infrastructure	3,980,722	-	24,279	-	(7,039)	(64,893)	3,933,068
Work in progress (a)	99,447	93,028	(27,570)	(1,360)	(165)	-	163,380
Total Infrastructure assets, property, plant & equipment	4,158,651	93,131	-	(1,360)	(7,327)	(67,793)	4,175,302
2013/14							
Land	49,622	-	-	-	(735)	-	48,887
Buildings	23,454	-	552	-	(265)	(1,058)	22,683
Plant, equipment, furniture and fittings	5,546	515	2,444	-	(8)	(1,585)	6,912
Infrastructure	3,986,295	-	70,402	-	(11,364)	(64,611)	3,980,722
Work in progress (a)	104,579	73,641	(73,398)	(4,245)	(1,130)	-	99,447
Total Infrastructure assets, property, plant & equipment	4,169,496	74,156	-	(4,245)	(13,502)	(67,254)	4,158,651

(a) Work in progress

	Connections Project	Water Storage & Delivery	Total
	\$000	\$000	\$000
Balance at 1 July 2014	82,997	16,450	99,447
Movement 2014/15			
Additions	68,111	24,917	93,028
Transfers	(12,596)	(16,334)	(28,930)
Disposals	-	(165)	(165)
Total movement 2014/15	55,515	8,418	63,933
Balance at 30 June 2015	138,512	24,868	163,380

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

(b) Infrastructure assets, land and buildings, and plant, equipment, furniture & fittings carried at fair value (i) 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 2011. Annually management consider a range of indicators to assess the fair value of the assets against carrying value. Management are satisfied that the carrying value is not materially different to the fair value of the assets at 30 June 2015.

Notes to the Financial Statements

Year Ended 30 June 2015

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

(ii) 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 AECOM 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 2011. 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.

The Corporation conducted an assessment at 30 June 2015 with no material movement identified since the 2011 valuation.

(iii) 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.

There were no changes in valuation techniques throughout the period to 30 June 2015.

For all assets measured at fair value, the current use is considered the highest and best use.

(c) Details of GMW's land, buildings and infrastructure assets and plant, equipment, furniture & fittings in respect of the fair value hierarchy as at 30 June 2015 are as follows:

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

Reconciliation of Level 3 fair value

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

	Level 1	Level 2	Level 3	Fair value at 30/6/14
	\$000	\$000	\$000	\$000
2013/14				
Land	-	-	48,887	48,887
Buildings	-	-	22,683	22,683
Infrastructure	-	-	3,980,722	3,980,722
Plant, equipment, furniture & fittings	-	-	6,912	6,912
Total Infrastructure assets, property, plant & equipment	-	-	4,059,204	4,059,204

Reconciliation of Level 3 fair value

	Land	Buildings	Infrastructure	Plant, equipment, furniture & fittings
	\$000	\$000	\$000	\$000
2013/14				
Opening Balance	49,622	23,454	3,986,295	5,546
Purchases/(sales)	(735)	(265)	(11,364)	507
Transfers in/(out) of Level 3	-	552	70,402	2,444
Gains/(losses) recognised in net result	-	-	-	-
Depreciation	-	(1,058)	(64,611)	(1,585)
Total	48,887	22,683	3,980,722	6,912

Notes to the Financial Statements

Year Ended 30 June 2015

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

Description of significant unobservable inputs to Level 3 valuations

Asset Type	Valuation technique	Significant unobservable inputs
Specialised land		
Land	Market Evidence (Based on Egan Valuers Valuation 2011)	Community Service Obligation (CSO) \$ per hectare
Specialised buildings		
Buildings	Depreciated replacement cost (Based on Egan Valuers Valuation 2011)	\$ per m2
		Useful life of specialised buildings
Infrastructure Assets		
Dams •Foundation Works •Embankments •Spillways •Outlet Works	Depreciated replacement cost (Based on AECOM Valuation 2011)	\$ 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 AECOM Valuation 2011). 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 AECOM Valuation 2011)	\$ per m2 \$ per metre
		Useful life of the Infrastructure
Meters	Depreciated replacement cost (Based on AECOM Valuation 2011)	Cost per unit
		Useful life of the Infrastructure
Pipelines	Depreciated replacement cost (Based on AECOM Valuation 2011)	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

Notes to the Financial Statements

Year Ended 30 June 2015

Note 10: Payables

	2014/15	2013/14
	\$000	\$000
Current payables		
Trade creditors - Water Storage & Delivery	3,719	4,838
Trade creditors - Connections Project	6,889	2,302
Accrued expenses (i)	29,256	27,356
Total Payables	39,864	34,496

(i) Accrued expenses includes non-contractual amounts

a) Ageing analysis of contractual payables

	Carrying Amount	Less than 1 month	1-2 Months	2-3 Months	>3 Months
	\$000	\$000	\$000	\$000	\$000
2015					
Payables:					
Trade creditors - Water Storage & Delivery	3,862	3,742	33	23	64
Trade creditors - Connections Project	6,889	6,003	242	59	585
Total	10,751	9,745	275	82	649
2014					
Payables:					
Trade creditors - Water Storage & Delivery	4,838	4,742	79	1	16
Trade creditors - Connections Project	2,302	1,016	414	171	701
Total	7,140	5,758	493	172	717

b) Nature and extent of risk arising from contractual payables

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

Note 11: Employee benefits

	2014/15	2013/14
	\$000	\$000
Current		
Annual leave		
Unconditional and expected to be settled wholly within 12 months	6,102	5,664
Long service leave		
Unconditional and expected to be settled wholly within 12 months	12,478	11,063
Total current employee benefits	18,580	16,727
Non-current		
Conditional long service leave	2,830	2,942
Total employee benefits	21,410	19,669

a) Connections Project

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

	2014/15	2013/14
	\$000	\$000
Current		
Annual leave		
Unconditional and expected to settle within 12 months	782	560
Long service leave		
Unconditional and expected to settle within 12 months	937	125
Total current employee benefits	1,719	685
Non-current		
Conditional long service leave	409	627
Total employee benefits - Connections Project	2,128	1,312

(i) Employee benefits consist of annual leave, long service leave and other entitlements accrued by employees.

(ii) Annual leave amounts are measured at nominal values and Long service leave amounts are measured at both nominal and present values.

Notes to the Financial Statements

Year Ended 30 June 2015

Note 12: Borrowings

	2014/15 \$000	2013/14 \$000
Current		
Water Storage & Delivery	6,695	4,095
Total current borrowings	6,695	4,095
Non-current		
Water Storage & Delivery	110,660	117,355
Connections Project	-	18,000
Total Non-current borrowings	110,660	135,355
Total Borrowings	117,355	139,450

Borrowings maturity analysis	Carrying amount \$000	Less than 1 year \$000	1-2 years \$000	2-3 years \$000	3-4 years \$000	4-5 years \$000	> 5 years \$000
2014/15							
Borrowings							
Loans from TCV	117,355	6,695	1,802	11,915	2,035	2,163	92,745
2013/14							
Borrowings							
Loans from TCV	139,450	4,095	6,695	19,802	11,915	2,035	94,908

Note 13: Other liabilities

	2014/15 \$000	2013/14 \$000
Current		
Funds held for government or governmental programs	3,575	9,127
Unearned revenue - Connections Project	81,957	70,268
Other provisions	-	883
Total Other liabilities	85,532	80,278

Note 14: Equity

	2014/15 \$000	2013/14 \$000
(a) Contributed capital		
Balance 1 July	2,527,901	2,458,330
Capital contributions - Connections Project	11,557	69,571
Balance 30 June	2,539,458	2,527,901

The treatment of capital contributions is set out in Allocation Statements signed by the Minister for Environment, Climate Change and Water.

(b) Asset revaluation reserve

	2014/15 \$000	2013/14 \$000
Land	24,308	24,308
Buildings	6,721	6,721
Infrastructure assets	1,184,487	1,184,487
Balance 30 June	1,215,516	1,215,516

There have been no movements in the asset revaluation reserve as assets are only formally revalued every 5 years in accordance with FRD 103F unless otherwise required.

(c) Accumulated surplus / (deficit)

	2014/15 \$000	2013/14 \$000
Accumulated surplus / (deficit) at beginning of the year	(64,929)	(26,301)
Net profit/(loss) for the year	(12,638)	(38,628)
Accumulated surplus / (deficit) at end of the year	(77,567)	(64,929)

Notes to the Financial Statements

Year Ended 30 June 2015

Note 15: Funding commitments - Connections Project

(a) Funding

The Connections Project has two discrete funding streams for Stage 1 and Stage 2 of the project.

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

(ii) Stage 2 funding of \$1,059m is being provided by the Federal Government (via the State Government) and the Department of Environment, Land, Water and Planning (DELWP).

(iii) Funding is received for each stage as follows:

Operational funding (Stage 1 & 2) to meet direct operating costs.

Project works funding (Stage 1 & 2) :

- Output – Funding which is received largely for connections, is recognised as revenue on a percentage of completion basis in accordance with AASB 118 (Revenue).

- Capital – which will predominantly fund the construction of assets or the enhancement of existing assets owned by GMW, is recognised as a transfer through contributed capital in accordance with FRD 119A Transfers Through Contributed Capital.

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

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

	Total committed at start of project	Received / Receivable	Balance
	\$000	\$000	\$000
As at 30 June 2015 the funding position is as follows:			
2015			
Operational funding			
Stage 1	52,482	51,469	1,013
Stage 2	69,117	22,344	46,773
Total Operational funding	121,599	73,813	47,786
Project works funding - Output			
Stage 1	352,556	274,307	78,249
Stage 2	661,493	211,991	449,502
Total Project works funding - Output	1,014,049	486,298	527,751
Project works funding - Capital			
Stage 1	495,539	488,326	7,213
Stage 2	328,414	68,154	260,260
Total Project works funding - Capital	823,953	556,480	267,473
Total Project works funding - Output & Capital	1,838,002	1,042,778	795,224
Total funding commitments	1,959,601	1,116,591	843,010
2014			
Operational funding			
Stage 1	52,482	50,416	2,066
Stage 2	69,117	18,050	51,067
Total Operational funding	121,599	68,466	53,133
Project works funding - Output			
Stage 1	352,556	251,571	100,985
Stage 2	661,493	146,369	515,124
Total Project works funding - Output	1,014,049	397,940	616,109
Project works funding - Capital			
Stage 1	495,539	484,254	11,285
Stage 2	328,414	60,670	267,744
Total Project works funding - Capital	823,953	544,924	279,029
Total Project works funding - Output & Capital	1,838,002	942,864	895,138
Total funding commitments	1,959,601	1,011,330	948,271

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

(b) Reconciliation of revenue - Connections Project

	2015
	\$'000
Revenue receivable at 1 July 2014	(70,268)

Notes to the Financial Statements

Year Ended 30 June 2015

Funding received/receivable during the year:		
Operational funding		(5,274)
Project works funding - Output		(97,513)
Total Project expenditure recognised as revenue during the year:		
Operational expenditure		16,384
Project works expenditure		74,713
Unearned revenue at 30 June 2015	Note 13	(81,957)

Capital Contributions received for the Connections Project during the year have been accounted for in accordance with the requirements of FRD 119A "Transfers Though Contributed Capital". Refer Note 14 for details.

Note 16: Other commitments

	2014/15	2013/14
	\$000	\$000
(a) Capital expenditure commitments		
Infrastructure assets, property, plant & equipment - Water Storage & Delivery		
Mildura Merbein Salt Interception Project	-	392
Dams and Dam Safety Projects	548	285
Bridge Renewal and Upgrade Projects	269	441
Channel, Pipeline & Drain Upgrades	175	2,131
Outlet and Meter Upgrades	186	218
Information Technology Hardware and Software Upgrades	961	247
Other	323	1,233
Total Property, plant and equipment (inclusive of GST)	2,462	4,947

Connections Project		
Project works	57,186	62,534
Total Connections Project (inclusive of GST)	57,186	62,534
Total Capital expenditure commitments (inclusive of GST)	59,648	67,481

These commitments are likely to fall within:

No later than 1 year	36,013	36,247
Later than 1 year and not later than 5 years	23,635	31,234
Later than 5 years	-	-
Total Property, plant and equipment (inclusive of GST)	59,648	67,481

	2014/15	2013/14
	\$000	\$000
(b) Lease commitments		
(i) Revenue commitments - lessor		
Nagambie Caravan Park		
No later than 1 year	396	392
Later than 1 year and not later than 5 years	1,706	1,689
Later than 5 years	27,756	28,760
Total Non-cancellable operating lease revenue commitments	29,858	30,841

	2014/15	2013/14
	\$000	\$000
(ii) Expenditure commitments - lessee		
Non-cancellable operating lease commitments		
No later than 1 year	4,548	4,847
Later than 1 year and not later than 5 years	4,493	6,521
Later than 5 years	263	386
Total Non-cancellable operating lease commitments	9,303	11,754

The Corporation does not hold any finance lease liabilities.

	2014/15	2013/14
	\$000	\$000
(c) Other expenditure commitments		
Environmental contribution (i)	1,686	3,372
Connections Project	42,537	34,955
Nagambie Caravan Park	14,929	15,421
Other	108	125
Total Other expenditure commitments (inclusive of GST)	59,260	53,872

These commitments are likely to fall within:

No later than 1 year	44,438	36,854
Later than 1 year and not later than 5 years	921	2,599
Later than 5 years	13,900	14,419
Total Other expenditure commitments (inclusive of GST)	59,260	53,872

(i) GMW is committed to Environmental Contribution payments of \$1.686m per year to 2015/16.

Notes to the Financial Statements

Year Ended 30 June 2015

Note 17: Contingent Assets and Liabilities

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

	2014/15	2013/14
	\$000	\$000
Connections Project		
Verbally agreed with irrigators (i)	63,019	41,255
Total Contingent Liabilities - Connections Project	63,019	41,255

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

No contingent assets exist at 30 June 2015 (2013/14: Nil)

Notes to the Financial Statements

Year Ended 30 June 2015

Note 18: Superannuation

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

Accumulation

The Fund's accumulation categories, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2015, this was 9.5% required under Superannuation Guarantee legislation (for 2013/14, this was 9.25%)).

Defined Benefit

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

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

Funding arrangements

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

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

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

Vision Super has advised that the estimated VBI at 31 March 2015 was 108.5%.

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

Employer contributions

Regular contributions

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 30 June 2014, GMW makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2015, this rate was 9.5% of members' salaries. This rate will increase in line with any increase to the Superannuation Guarantee (SG) contribution rate.

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

Funding calls

If the defined benefit category is in an unsatisfactory financial position at actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of Prudential Standard SP5160 "Defined Benefit Matters" and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including GMW) are required to make an employer contribution to cover the shortfall.

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

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

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

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

Latest actuarial investigation surplus amounts

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

- A VBI surplus of \$77.1 million; and

- A total service liability surplus of \$236 million.

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

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

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

(a) Superannuation contributions

Contributions by GMW (excluding any unfunded liability payments) to superannuation plans of 9.5% for the financial year ended 30 June 2015 are detailed below:

	Paid contribution for the year		Contribution outstanding at year end	
	2014/15 \$000	2013/14 \$000	2014/15 \$000	2013/14 \$000
Defined Benefit Plans				
State Employee Retirement Benefits Board	73	74	19	26
Vision Super	141	218	-	-
Emergency Services and State Superannuation Fund	888	987	38	34
Accumulation Funds				
Vision Super Saver & Other accumulation funds	4,874	4,378	258	241
Total	5,975	5,657	315	301

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.

Notes to the Financial Statements

Year Ended 30 June 2015

Note 19. Responsible persons and executive officers disclosures

Names

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

Minister:	Period of position held
The Hon Lisa Neville MLA, Minister for Environment, Climate Change and Water	4 December 2014 to 30 June 2015
The Hon Peter Walsh MLA, Minister for Water	1 July 2014 to 3 December 2014

Directors of GMW:

Sarah Scales (Chair)*	1 July 2014 to 30 June 2015
Llew Vale OAM (Chair)	1 July 2014 to 31 August 2014
John Calleja (Managing Director)^	19 December 2014 to 30 June 2015
Gavin Hanlon (Managing Director)	1 July 2014 to 02 January 2015
Ian Mansbridge	1 July 2014 to 30 June 2015
Peter McCamish	1 July 2014 to 30 June 2015
Dennis Moon	1 July 2014 to 30 June 2015
Margaret O'Rourke	1 September 2014 to 30 June 2015
Neil Pankhurst	1 July 2014 to 30 June 2015
Dick Ranken	1 July 2014 to 30 June 2015
Barry Steggall	1 July 2014 to 30 June 2015
Frank Whitford	1 July 2014 to 30 June 2015

* Appointed chair 1 September 2014, (previously director)

^ Appointed acting MD 19 December 2014 (previously CFO) , appointed MD 1 June 2015

Remuneration

Remuneration of responsible persons

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

Remuneration of Board Members:

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

Payments were made to individual directors within the following bands:

Remuneration Band	Number of Directors	
	2014/15	2013/14
\$20,000 to \$29,999	1	-
\$30,000 to \$39,999	1	-
\$40,000 to \$49,999	7	7
\$50,000 to \$59,999	-	1
\$60,000 to \$69,999	-	-
\$70,000 to \$79,999	-	-
\$80,000 to \$89,999	1	-
\$90,000 to \$99,999	-	-
\$100,000 to \$109,999	-	1
\$170,000 to \$179,999	1	-
\$240,000 to \$249,999	1	-
\$370,000 to \$379,999	-	1
Total amount (\$)	\$862,976	\$843,777
Total numbers	12	10

NB Two Board members resigned during the 2014/15 financial year

Transactions with directors:

There were no amounts paid by GMW in connection with the retirement of responsible persons during the 2014/15 financial year.

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

Notes to the Financial Statements

Year Ended 30 June 2015

Remuneration of executive officers and other personnel:

Executive officers

Remuneration received, or due and receivable from GMW in connection with the management of GMW (includes Where an termination payments and bonuses paid). The base remuneration is exclusive of bonus payments, termination payments and retirement benefits. Payments exceeding \$100,000 were made to executive officers within the following bands:

Income band	Total Remuneration		Base Remuneration	
	2014/15	2013/14	2014/15	2013/14
\$120,000 to \$129,999	-	-	1	-
\$150,000 to \$159,999	-	1	-	1
\$160,000 to \$169,999	-	1	-	-
\$170,000 to \$179,999	1	-	1	1
\$180,000 to \$189,999	-	-	1	-
\$190,000 to \$199,999	-	-	-	1
\$200,000 to \$209,999	2	1	1	-
\$210,000 to \$219,999	-	-	-	1
\$220,000 to \$229,999	-	-	-	1
\$230,000 to \$239,999	-	2	2	-
\$240,000 to \$249,999	1	-	-	2
\$260,000 to \$269,999	1	-	1	-
\$270,000 to \$279,999	-	2	-	-
\$280,000 to \$289,999	1	-	-	-
\$290,000 to \$299,999	1	-	-	-
\$320,000 to \$329,999	-	1	-	-
Total amount	\$1,675,572	\$1,868,899	\$1,425,861	\$1,444,599
Total numbers	7	8	7	7
Total annualised employee equivalent	7	8	7	7

NB Three executives were excluded from the above numbers due to their remuneration not exceeding \$100,000, including resignation, new appointment and pro rata acting executive position which had a significant impact on total remuneration figures due to exclusion of remuneration from these executives.

Payments to other personnel

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

Expense band	Total Expenses (GST excl)	
	2014/15	2013/14
\$180,000 to \$189,999(i)	-	1
Total expenses (GST excl)	-	\$187,687

(i) The lower amount in 2013/14 resulted from the contract ending during this year

Notes to the Financial Statements

Year Ended 30 June 2015

Note 20: Cash flow information

	2014/15	2013/14
	\$000	\$000
(a) Reconciliation of cash and cash equivalents		
Cash, bank balances and deposits	171,606	189,147
Balance per cash flow statement	171,606	189,147
(b) Reconciliation of net profit/(loss) for the year to net cash flows from operating activities		
	2014/15	2013/14
	\$000	\$000
Net profit/(loss) for the period before tax	(17,776)	(55,486)
Non-cash movements:		
(Gain)/loss on sale or disposal of non-current assets	6,052	12,888
Depreciation and amortisation of non-current assets	70,577	70,333
Impairment of non-current assets	575	928
Movements in assets and liabilities:		
(Increase)/decrease in receivables	8,990	24,332
(Increase)/decrease in inventories	202	(355)
(Increase)/decrease in assets classified as held for resale	(405)	2,725
Increase/(decrease) in payables	14,773	(7,440)
Increase/(decrease) in provisions	(108)	754
Increase/(decrease) in other liabilities	(11,499)	69,058
Net cash flows from/(used in) operating activities	71,380	117,737
(c) Cash balances with restrictions over their use		
Funds held to finance externally funded projects - Water Storage & Delivery	3,575	7,937
Funding received in advance - Connections Project	81,957	93,943
(d) Financing facilities		
Unused borrowings	85,000	53,100

Note 21: Auditor remuneration

	2014/15	2013/14
	\$000	\$000
External Audit - Victorian Auditor General's Office	170	185
Internal Audit	174	194
Total Audit fees	344	379

Notes to the Financial Statements

Year Ended 30 June 2015

Note 22: Financial risk management objectives and policies

The Corporation's principal financial instruments comprise:

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

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

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

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

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

	2014/15 \$000	2013/14 \$000
(a) Categorisation of financial instruments		
Contractual Financial Assets - Cash and Receivables		
Cash and cash equivalents	171,606	189,147
Receivables	20,569	32,810
Total	192,174	221,957
Financial Instruments - Amortised cost		
Contractual payables	(39,524)	(34,496)
Borrowings	(117,355)	(139,450)
Total	(156,879)	(173,946)

	Total interest income / (expense)	Impairment loss	Total
Net gain/(loss) on holding of financial instruments by category (i)			
2015			
Financial assets - cash and receivables	2,970	-	2,970
Financial liabilities at amortised cost	(8,904)	-	(8,904)
Total	(5,934)	-	(5,934)
2014			
Financial Assets - cash and receivables	2,268	-	2,268
Financial liabilities at amortised cost	(8,990)	-	(8,990)
Total	(6,722)	-	(6,722)

(i) Does not include statutory receivables or statutory payables

(b) Credit risk

Credit risk arises from the contractual financial assets of the Corporation, which comprise cash and deposits and non-statutory receivables. The Corporation's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Corporation. Credit risk is measured at fair value and is monitored on a regular basis. The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivables balance primarily consists of unpaid rates and variable charges from a large number of customers in the farming sector, predominantly dairy, horticulture, grazing and cropping. Levels of debt are closely managed with interest charged at above general overdraft rates and supply withheld if scheduled payments are not made. The Water Act 1989 fixes this debt as a charge on the property and gives GMW first call on the proceeds of sale. There is a small exposure to receivables due from rent of land for grazing and commercial purposes and other minor dealings which are not protected under the Act. There has been no material bad debt in this area in recent years. An analysis of the ageing of receivables at reporting date has been provided in Note 6.

(c) Liquidity risk

Liquidity risk is the risk that the Corporation would be unable to meet its obligations as and when they fall due. The Corporation operates under the Government fair payments policy of settling financial obligations in 30 days and in the event of dispute, making payments within 30 days of the date of resolution. The Corporation's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed on the face of the balance sheet. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. Refer Note 10 for the ageing analysis of payables. Given the above, liquidity risk is not considered a material risk.

(d) Market risk

Foreign currency risk

There is no exposure to foreign currency risk.

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. GMW does not hold any interest bearing financial instruments that are measured at fair value, therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. GMW has exposure to cash flow interest rate risks through its cash and deposits which are at a floating rate.

Notes to the Financial Statements

Year Ended 30 June 2015

Interest rate exposure of financial instruments						\$000					
	Weighted average % interest rate	Carrying Amount \$000	Fixed interest rate	Variable interest rate	Non-interest bearing \$000		Weighted average % interest rate	Carrying Amount \$000	Fixed interest rate	Variable interest rate	Non-interest bearing \$000
2015											
Cash	2.2%	171,606	-	2.2%	-						
Contractual receivables	7.6%	20,569	7.6%	-	9,968						
Contractual payables	0.0%	(39,524)	-	-	(39,524)						
Borrowings	6.7%	(117,355)	4.3% to 7.4%	-	-						
Total		35,295			(29,556)						
2014											
Cash	2.7%	189,147	-	2.7%	-						
Contractual receivables	7.6%	32,810	7.6%	-	22,640						
Contractual payables	0.0%	(34,496)	-	-	(34,496)						
Borrowings	6.4%	(139,450)	4.3% to 7.4%	-	-						
Total		48,011			(11,856)						

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

(e) Sensitivity disclosure analysis and assumptions

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

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

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

	Interest rate risk				
	Total	+50 basis points Net Result	Equity	-50 basis points Net Result	Equity
2015					
Financial Assets	\$000	\$000	\$000	\$000	\$000
Cash	171,606	858	858	(858)	(858)
Contractual receivables	20,569	-	-	-	-
Total Financial Assets	192,174	858	858	(858)	(858)
Financial Liabilities					
Contractual Payables	(39,524)	-	-	-	-
Borrowings	(117,355)	-	-	-	-
Total Financial Liabilities	(156,879)	-	-	-	-
Total increase and decrease	35,295	858	858	(858)	(858)
2014					
Financial Assets	\$000	\$000	\$000	\$000	\$000
Cash	189,147	946	946	(946)	(946)
Contractual receivables	32,810	-	-	-	-
Total Financial Assets	221,957	946	946	(946)	(946)
Financial Liabilities					
Contractual payables	(34,496)	-	-	-	-
Borrowings	(139,450)	-	-	-	-
Total Financial Liabilities	(173,946)	-	-	-	-
Total increase and decrease	48,011	946	946	(946)	(946)

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

(f) Fair value management

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying amounts and aggregate net fair values of financial assets and liabilities at balance date have been provided below.

Carrying amounts and fair value of financial assets and financial liabilities (i)	30 June 2015		30 June 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash and cash equivalents	171,606	171,606	189,147	189,147
Receivables	20,569	20,569	32,810	32,810
Total Financial assets	192,174	192,174	221,957	221,957
Financial liabilities				
Payables	(39,524)	(39,524)	(34,496)	(34,496)
Borrowings	(117,355)	(117,355)	(139,450)	(139,450)
Total Financial liabilities	(156,879)	(156,879)	(173,946)	(173,946)

(i) Does not include statutory receivables or statutory payables

Notes to the Financial Statements

Year Ended 30 June 2015

Note 23: Subsidiary

GMW had a wholly owned non operating subsidiary Watermove Pty Ltd at 30 June 2015, which has not been consolidated because it is immaterial to GMW's results. Watermove Pty Ltd ceased trading in August 2012 and had no assets or liabilities at 30 June 2014 and 30 June 2015 and was deregistered on 1 July 2015. The entity was not consolidated in previous years as its results were immaterial to GMW's results.

Note 24: Events after the reporting date

On the 8 April 2015, the Minister for Environment, Climate Change and Water, the Hon Lisa Neville MP, announced a review of all 135 Victorian water corporation board director positions. Expressions of interest were invited during April and May 2015 with new boards to be in place by 1 October 2015. Water corporations remain governed by a properly constituted board of directors and will do so following 1 October 2015 when any new appointments are due to commence.

Note 25: Ex-gratia expenses⁽ⁱ⁾

	2014/15	2013/14
	\$000	\$000
⁽ⁱⁱ⁾ Forgiveness or waiver of debt	93	26
⁽ⁱⁱⁱ⁾ Total ex gratia expenses	93	26

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

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

(iii) The total for ex-gratia expenses for the 2014/15 year is also reported in 'other operating expenses' in Note 3 Expenses from operating activities.

The total for ex-gratia expenses for the 2013/14 year was written off against revenue reported in Note 2.

Statutory Certification

The attached financial statements for Goulburn Murray Rural Water Corporation have been prepared in accordance with Standing Directions 4.2 of the *Financial Management Act* 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the statement of comprehensive income balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2015 and the financial position of the Corporation at 30 June 2015.

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 18 August 2015.



Sarah Scales
Chairman



John Calleja
Managing Director



Tony O'Driscoll
Acting Chief Financial Officer

18 August 2015

Independent Auditor's Report

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Goulburn-Murray Rural Water Corporation

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of the Goulburn-Murray Rural Water Corporation which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the statutory certification has been audited.

The Board Members' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Goulburn-Murray Rural Water Corporation as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
25 August 2015



John Doyle
Auditor-General

Performance Report

Financial Performance Indicators								
Number	Key Performance Indicator	2013-14 Result	2014-15 Result	2014/15 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	22.4	12.9	2.9	-42.4%	1	344.8%	8
F2	Gearing Ratio Total debt / total assets*100	3.0%	2.7%	3.1%	-10.0%	2	-12.9%	2
F3	Internal Financing Ratio Net operating cash flow less dividends/ net capital expenditure*100	157.0%	89.2%	8.6%	-43.2%	3	937.2%	9
F4	Current Ratio Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	5.1	3.8	1.5	-25.5%	4	153.3%	10
F5	Return on Assets Earnings before net interest and tax/ average assets*100	-1.0%	-0.3%	-1.5%	-70.0%	5	-80.0%	5
F6	Return on Equity Net profit after tax/average total equity*100	-1.0%	-0.3%	-1.3%	-70.0%	6	-76.9%	6
F7	EBITDA Margin Earnings before Interest, Tax, Depreciation and Amortisation/total revenue*100	10.0%	23.7%	5.1%	137.0%	7	364.7%	7

Notes:

- Cash Interest Cover is lower than the prior year due to the earlier receipt of funding for Stage 2 of the Connections Project than expected in 2013/14. While this has decreased it is still significantly better than target and generally accepted metrics.
- The Gearing Ratio has improved compared to the prior year due to lower debt as a result of stronger operating cash flows and lower capital expenditure.
- The Internal Financing Ratio is lower than prior year due to lower operating cash flows as per Note 1.
- The Current Ratio has decreased due to lower current assets at 30 June 2015 due mainly to decreased cash holdings as well as higher current liabilities due mainly to unearned Connections Project revenue.
- Improved Return on Assets is due to improved earnings compared to prior year and to target mainly due to higher variable revenue due to unbudgeted high water water deliveries and spillable water combined with lower expenditure. Return on Assets is negative as GMW reports a net loss before net interest and tax due to the annual depreciation expense which was \$70.6m in 2014-15.
- Return on Equity is higher than the prior year and to target due to improved earnings as per Note 5. Return on Equity is negative as GMW reports a net loss after tax due to the annual depreciation expense which was \$70.6m in 2014-15.
- EBITDA Margin is lower than the prior year and to budget due to improved earnings as per Note 5. GMW is continuing to explore opportunities to reduce costs so as to improve its EBITDA result.
- Cash Interest Cover is significantly better than target due to strong operating cash flows due to lower payments to landowners by the Connections Project reflecting timing of achievement of landholder agreements combined with positive operating cash flows from the Water Storage & Delivery business.
- The Internal Financing Ratio is better than target due to stronger operating cash flows as per Note 5.
- The Current Ratio has improved to target due to higher current assets at 30 June 2015 due mainly to increased cash holdings. This is a result of lower operational and capital expenditure during the year.

Water Service Performance Indicators								
KPI Number	Key Performance Indicator	2013-14 Result	2014/15 Result	2014/15 Target	Variance to prior year	Notes	Variance to target	Notes
WSR1	Rural water supply deliveries Number of orders delivered/total number of orders*100	97.1%	97.1%	92.0%	0.0%		5.5%	
WSR2	Unavailability of Domestic and Stock supply Duration that domestic and stock service is unavailable in excess of on-property storage	0.0%	0.0%	1.5%	0.0%		-100.0%	11
WSR3	Groundwater supply Number of transfers processed within target period/total number of transfers processed*100	100.0%	66.7%	95.0%	-33.3%	12	-29.8%	

Notes:

11. Despite being shown as a negative variance, the 2014-15 result is a positive result with no unavailability during 2014/15.
 12. Three transfers were processed during the year of which two were within the target period.

Customer Responsiveness Performance Indicators								
KPI Number	Key Performance Indicator	2013-14 Result	2014/15 Result	2014/15 Target	Variance to prior year	Notes	Variance to target	Notes
CR4	Billing Complaints No. of complaints per 100 customers	0.02	0.01	0.02	-50.0%	13	-50.0%	13

Notes:

13. GMW continues to engage with customers and improve services and processes to minimise customer complaints. The Call Centre being the first point of contact has been able to achieve resolutions resulting in less customer complaints.

Environmental Performance Indicators								
KPI Number	Key Performance Indicator	2013-14 Result	2014/15 Result	2014/15 Target	Variance to prior year	Notes	Variance to target	Notes
E2	Total net CO2 emissions Net tonnes CO2 equivalent	12,858 tonnes	12,673 tonnes	12,994 tonnes	-1.4%		-2.5%	

Certification of Performance Report for 2014/15

We certify that the accompanying Performance Report of Goulburn-Murray Rural Water Corporation in respect of the 2013-14 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 2014/15 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/or between the actual results in the current year and the previous year.

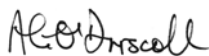
As at the date of signing, we are not aware of any circumstances which would render any particulars in the Performance Report to be misleading or inaccurate.



Sarah Scales
Chairman



John Calleja
Managing Director



Tony O'Driscoll
Acting Chief Financial Officer

18 August 2015

VAGO

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Goulburn-Murray Rural Water Corporation

The Performance Report

The accompanying performance report for the year ended 30 June 2015 of the Goulburn-Murray Rural Water Corporation which comprises the performance report, the related notes and the certification of performance report has been audited.

The Board Members' Responsibility for the Performance Report

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the performance report of the Goulburn-Murray Rural Water Corporation in respect of the 30 June 2015 financial year presents fairly, in all material respects, and in accordance with the *Financial Management Act 1994*.

MELBOURNE
25 August 2015



John Doyle
Auditor-General

Appendix A - Disclosure Index

The Annual Report of Goulburn-Murray Water is prepared in accordance with all relevant Victorian legislations. This index helps to identify our compliance with statutory disclosure requirements.

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FRD 22F	Nature and range of services provided	8
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Appendix A - Disclosure Index

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Appendix B1 Bulk Entitlement (Eildon - Goulburn Weir) Reporting

This appendix is included in the Goulburn-Murray Water 2014/15 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 2014 to 30 June 2015. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.

	Item	Report	Notes
17.1(d)	Annual volume taken from waterway at Goulburn Weir offtake channels		See Note 1
	Cattanach Canal	262,071 ML	
	Stuart Murray Canal	594,917 ML	
	East Goulburn Main Channel	209,000 ML	
	Total Goulburn Weir offtake diversion	1,065,987 ML	
17.1(da)	Distribution loss in Goulburn Irrigation Districts		
	Shepparton	27,128 ML	
	Central Goulburn	74,759 ML	
	Rochester/ Pyramid Hill/ Boort	84,490 ML	
	Total distribution loss	186,377 ML	
17.1(e)(i)	Diversion by primary entitlement holders taken directly from waterway		
	Private River Diverters	22,684 ML	
	Normanville WWD	343 ML	
	East Loddon WWD	821 ML	
	West Loddon WWD	324 ML	
	Tungamah WWD	313 ML	
17.1(e)(ii)	Diversion from Bulk Entitlement by other authorities	See Appendix B2	
17.1(g)	Storage contents		Volume at 30 June 2015
	Lake Eildon	1,852,944 ML	
	Goulburn Weir	25,308 ML	
	Waranga Basin	151,829 ML	
	Greens Lake	22,370 ML	
17.1(h)	Additional releases from Lake Eildon as per Schedule 5	0 ML	See Note 2
17.1(i)	Credits granted	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	217,810 ML	See Note 3
17.1(m)	Alterations to Schedule 1, 2A and 3 entitlements		
	Water Shares	see 17.1 (n) and (p)	
	Urban Bulk Entitlements	see 17.1 (p)	
	Environmental Bulk Entitlements	see 17.1 (p)	
17.1(n)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
17.1(o)	Supply to primary entitlements		See Note 4
	Water Shares in Irrigation Areas	853,143 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)(i) plus	
		281,327 ML	
	Normanville WWD	193 ML	
	East Loddon WWD	641 ML	
	West Loddon WWD	As for 17.1(e)(i)	
	Tungamah WWD	290 ML	
	Total supply to primary entitlements	1,235,758 ML	
17.1(p)	Amendments to this BE	Yes	See Note 5
17.1(q)	New BE granted for supply of primary entitlements in this BE	No	
17.1(r)	Environmental Management and Metering programs	Programs implemented	See Note 6
17.1(s)	BE compliance failures	No	
17.1(t)	BE compliance difficulties and responses	Yes	

Appendix B2 Bulk Entitlement (Eildon - Goulburn Weir) Reporting

Diversions by Other Authorities with Bulk Entitlements

Authority	Town	BE Volume (ML)	Diversion (ML)	Notes
Goulburn Valley Water	Channel System Zone 1A	7,191	5,588	
	River Supply Zone 1A	7,679	2,941	
	River Supply Zone 3	18,620	12,574	
	TOTAL	33,490	21,102	
Coliban Water	Channel system Zone 1A	1,980	1,434	
	Channel system Zone 1B	440	146	
	TOTAL	2,420	1,580	
Grampians Wimmera Mallee Water	Quambatook	100	121	
	TOTAL	100	121	
Melbourne Bulk Entitlements	City West Water, South East Water and Yarra Valley Water	NA	6	See Note 1
	TOTAL	0	6	
Victorian Environmental Water Holder	Snowy Environmental Reserve	16,812	0	See Note 2
	Living Murray Water - high-reliability	39,625	54,349	
	Living Murray Water - low-reliability	156,980	0	
	Goulburn River Environmental Entitlement	1,432	0	
	Environmental Entitlement NVIRP savings	NA	0	
	TOTAL	214,849	54,349	
TOTAL AUTHORITIES (ML)		250,859	77,157	

Notes to this table:

- Usage of the Melbourne Bulk Entitlement was to charge the Sugarloaf Pipeline for fire fighting/ emergency purposes.
- These figures only includes diversions from the waterway, in stream deliveries are included in Appendix A1 17.1(o).

Notes to Appendix B1 Bulk Intitlement table on opposite page:

- Volumes obtained from hydrographic data collected by Thiess Services.
Cattanach Canal SI No 405702
Stuart Murray Canal SI No 405700
East Goulburn Main Channel SI No 405704
- There were no releases made from Lake Eildon under target filling arrangements in season 2014/15.
- This is the release for delivery of the Goulburn Inter Valley Trade Account. There were no releases from the Goulburn Water Quality Reserve or for Murray supplement in season 2014/15.
- 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.
- There was an amendment made to this BE during season 2014/15.
- 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.
- There was difficulty calculating the East Loddon WWD loss due to some unknown volumes of delivery.

Appendix B3 Bulk Entitlement

(River Murray - Goulburn Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2014/15 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 2014 to 30 June 2015. 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)	Off-take points			
	Cobram pump station		4,670 ML	See Note 1
	Yarrowonga Main Channel		321,224 ML	See Note 1
	National Channel		733,515 ML	
	Ashwin's pump		0 ML	
	Pental Island pumps		0 ML	
	Swan Hill No 9 channel off-take from Little Murray (if Fish Point Weir open)		14,471 ML	See Note 2
	Swan Hill pumps		12,391 ML	
	Nyah pumps		6,169 ML	
	Woorinen pumps		14,919 ML	
	River Diversion Points			
	Private Pental Island diverters (if Fish Point Weir open)		2,977 ML	See Note 2
	Environmental diversion		0 ML	
	Urban River diversion		14,416 ML	
Private River diversion points		31,710 ML		
	Total diversions at off-take points		1,159,462 ML	
22.1(c)	New off-take points		No	
22.1(d)	Return points			
	Broken Creek		20,467 ML	
	Yarrowonga Main Channel outfall		27,538 ML	
	Koondrook spillway		97,106 ML	
	Loddon River at Kerang Weir		85,246 ML	
	Sheepwash Creek Weir		0 ML	
	Little Murray Weir (if Fish Point Weir closed)		3,373 ML	See Note 2
	6/7 channel outfall (if Fish Point Weir open)		1,210 ML	See Note 2
	Lake Boga outfall channel (if Fish Point Weir open)		3,127 ML	See Note 2
	Barr Creek at Capel's Crossing		10,442 ML	
	Lake Charm outfall channel		2,235 ML	
	Chinamans Bend		36,072 ML	
		Total returns		286,816 ML
22.1(e)	GMW supplies to bulk entitlements held by other authorities	BE Volume	Supplied	See Note 3
	Coliban Water	6,285 ML	4,389 ML	
	Lower Murray Water	30,971 ML	2,219 ML	
	Goulburn Valley Water	3,735 ML	4,505 ML	
	Melbourne Water Authorities		0 ML	
	North East Water	13,236 ML	8,429 ML	
	Victorian Environmental Water Holder			
	Snowy Environmental Reserve	29,794 ML	NA	
	Flora and Fauna	27,600 ML	7,147 ML	
	Living Murray	5,710 ML	9,156 ML	
	Other		24,444 ML	See Note 4
	Total supplies to Bulk Entitlements		60,289 ML	
22.1(f)	GMW supplies to primary entitlement holders excluding bulk entitlements in (e)			
	Murray Valley Irrigation Area		227,497 ML	
	Torrumbarry irrigation Area		346,312 ML	
	Nyah, Tresco and Woorinen		23,296 ML	
	Private River Diverters		As for 22.1(b)	
	Environmental Water Holder (non BE water)		0 ML	
	Total supplies to primary entitlement holders excluding bulk entitlements		634,792 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.	
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		Yes	See Note 6
22.1(k)	New BE granted to GMW for River Murray		No	
22.1(l)	BE compliance failures		Yes	See Note 7
22.1(m)	BE compliance difficulties and actions		No	
22.1(n)	Murray Valley Losses		56,543 ML	See Note 8
	Torrumbarry Losses		104,416 ML	
	Victoria Mid Murray Storage losses		39,357 ML	
22.1(o)	Victoria Mid Murray Storage annual operating plan		Implemented	See Note 9

Appendix B4 Bulk Entitlement

(Campaspe System - Goulburn Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2014/15 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 2014 to 30 June 2015. 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	21,895 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	9,988 ML	
	Supplement to Goulburn system	0 ML	
	Victorian Environmental Water Holder	0 ML	
	Coliban Water	57 ML	
	Total diversion	10,045 ML	
	Campaspe Inter Valley Trade Account delivery	20,290 ML	
18.1(g)	Annual evaporation losses to GMW share of Lake Eppalock	19,751 ML	See Note 2
18.1(h)	Internal spills from or to GMW's share of storage	0 ML	
18.1(i)	Minimum passing flows	Minimum passing flows not provided to the Campaspe River were recorded in the Passing Flow Account as required by clause 11 of the Bulk Entitlement	
18.1(j)	Credits granted	No	
18.1(k)	Temporary or permanent transfers of this BE	None	
18.1(l)	Transfer of entitlement or allocation under the Act	None	
18.1(m)	Seasonal determinations in any month	1 July 2014 - 100% HRWS	
18.1(n)	Alterations to Schedule 1 and 2 entitlements		
	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)	Supply to primary entitlements	As for 18.1 (f) excluding the supplement diversion plus	See Note 3
	Victorian Environmental Water Holder	27,361 ML	
	Living Murray	2,574 ML	
	Total supply to primary entitlements	39,980 ML	
18.1(q)	Amendments to this BE	No	
18.1(r)	New BE granted	No	
18.1(s)	Environmental Management and Metering programs	Programs implemented	See Note 4
18.1(t)	BE compliance failures	Minor	See Note 5
18.1(u)	BE compliance difficulties and response	Yes	See Note 6
18.1(v)	Details of interruptions to minimum passing flows	Yes	See Note 6

Notes to this table:

- This figure only includes diversions from the waterway, instream deliveries are included in 18.1(p).
- Gross evaporation based on measured evaporation at Lake Eppalock.
- As there are no irrigation areas or districts in the Campaspe system the volume of diversion and delivery are the same, with the exception of environmental water delivered instream and the supplement provided to the Goulburn System.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified). The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.
- In June 2015 the required flow downstream of the WWC was below the required flow by up to 2 ML/d for 2 days. Minimum passing flows not provided were credited to the passing flow account for later use.
- Due to maintenance works at Lake Eppalock, the flows was less than the required flow for four days in July downstream of Lake Eppalock and five days downstream of the Waranga Western Channel. Minimum passing flows not provided were credited to the passing flow account for later use. Due to unavailable data the minimum flow compliance is unknown for three days in September 2014 downstream of Lake Eppalock.

Notes to Appendix B3 Bulk Entitlement table on opposite page:

- Cobram pump station has been operational since August 2006, but is not yet recognised as a new off-take point in the BE.
- Recognition of off-take diversions and returns depends on status of Fish Point Weir (as indicated).
- 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).
- This volume includes water shares held by Victorian Environmental Water Holder and Commonwealth Environmental Water Office which were traded into ABAs linked to Environmental Bulk Entitlements. Some of the water used was credited as return flows for further use downstream.
- The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.
- There was an amendment made to this BE during season 2014/15.
- The loss allowances for Nyah and Tresco were exceeded by 270 ML and 166 ML respectively.
- 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 Torrumberry Irrigation Areas are based on water balance calculations of the irrigation areas, using diversions, deliveries and returns. The loss volume for Torrumberry includes the losses required to operate the Woorinen and Tresco Pumped Districts.
- The Victorian Mid-Murray Storages Annual Operating Plan was submitted in July 2014.

Appendix B5 Bulk Entitlement

(Broken System - Goulburn-Murray Water) Reporting

This appendix is included in the Goulburn-Murray Water 2014/15 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 2014 to 30 June 2015. 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)	5,159 ML	
	North East Water	122 ML	
	Supplement to Goulburn or Murray systems	0 ML	
	Diversions to Broken Creek	6,066 ML	
	Total diversions	11,347 ML	
	Broken Inter Valley Trade Account delivery	5,517 ML	
20.1(f)	Annual evaporation losses from Lake Nillahcootie	3,596 ML	See Note 1
20.1(g)	Environmental minimum flows	Environmental minimum flows were provided as specified in clause 12 of the Bulk Entitlement	See Note 2
20.1(h)	Credits granted	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		
	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)	Supply to primary entitlements	As for water shares and North East Water diversions in 20.1 (e) plus	See Note 2
	Broken Creek	724 ML	
	Other (environmental)	887 ML	
	Total supply to primary entitlements	6,892 ML	
20.1(n)	Amendments to this BE	No	
20.1(o)	New BE granted for supply of primary entitlements in this BE	No	
20.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 3
20.1(q)	BE compliance failures	Minor	See Note 4
20.1(r)	BE compliance difficulties and response	No	
20.1(s)	Details of interruptions to minimum passing flows	No	

Notes to this table:

- Gross evaporation based on measured evaporation at Lake Nillahcootie.
- The volume of diversion and delivery are the same, with the exception of diversions to Broken Creek from the Broken system which included environmental water delivered via Broken Creek.
- "The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified)
- Losses for Broken Creek were 2,605 ML above the annual average allowance 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 2013/14 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 2013 to 30 June 2014. 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 waterway for Schedule 1 and 2 primary entitlements		
	Water shares	7,377 ML	
	North East Water	3,381 ML	
19.1(f)	Annual evaporation losses		See Note 1
	Lake Buffalo	3,072 ML	
	Lake William Hovell	709 ML	
19.1(g)	Environmental minimum flows	Environmental minimum flows were provided and calculated in accordance with clause 12 and Schedule 5 of the Ovens Bulk Entitlement.	
19.1(h)	Credits granted	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		
	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)	Supply to primary entitlements	As for 19.1 (e) plus	See Note 2
	Commonwealth water shares	70 ML	
	Total supply to primary entitlements	10,828 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 to this table:

- 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 2014/15 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 2014 to 30 June 2015. 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)	9,368 ML	
	Supplement to Goulburn system	0 ML	
	Diversion to Serpentine Creek	4,053 ML	
	East Loddon Waterworks District	0 ML	
	Coliban Water	378 ML	
	Central Highlands Water	1,445 ML	
	Victorian Environmental Water Holder	2,000 ML	
	Total diversions	17,244 ML	
	Loddon Inter Valley Trade Account delivery	3,303 ML	
21.1(g)	Annual evaporation losses		See Note 2
	Cairn Curran	11,639 ML	
	Tullaroop	4,910 ML	
21.1(h)	Credits granted	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(k)	Alterations to Schedule 1 or 2 entitlements		
	Water shares	See 21.1 (l) and (n)	
	Other entitlements	see 21.1 (n)	
21.1(l)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
21.1(m)	Annual supply to primary entitlements	As for 21.1 (f) excluding the Goulburn supplement and Serpentine Creek diversion plus	See Note 3
	Serpentine creek	735 ML	
	Victorian Environmental Water Holder	10,675 ML	
	Total supply to primary entitlements	24,601 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 to this table:

- This is environmental diversion to Loddon wetlands, it excludes environmental water that has been delivered in stream (see 21.1(m)).
- Gross evaporation based on measured evaporation at Cairn Curran.
- As 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.
- "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 2014/15 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 2014 to 30 June 2015. 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	806 ML	
	Central Highlands Water	217 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	100 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 to this table:

- As there are no irrigation areas or districts in the Bullarook system the volumes taken and supplied are the same, with the exception of environmental water which is delivered in stream.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.
- Under the current arrangements the release was less than required by less than 1 ML/d due to fluctuating natural flow requirements for: 1 day in August, 2 days in October, 2 days in November, 1 day in January, 1 day in April, 2 days in May and 3 days in June. The release was less than required by up to 2 ML/d for 1 day in October and 1 day in April for the same reasons.
- An interim operating arrangement between all Bulk Entitlement holders is in place. Operating arrangements are yet to be finalised due to difficulties in developing a feasible methodology for determining natural flows using the limited available gauged data. The interim operating arrangements allowed minimum flows to be restricted to 1 ML/d while the seasonal determination was less than 20%. This occurred in July 2014. The interim operating arrangement also covers compliance difficulties at the Smeaton site (SI 407227).

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