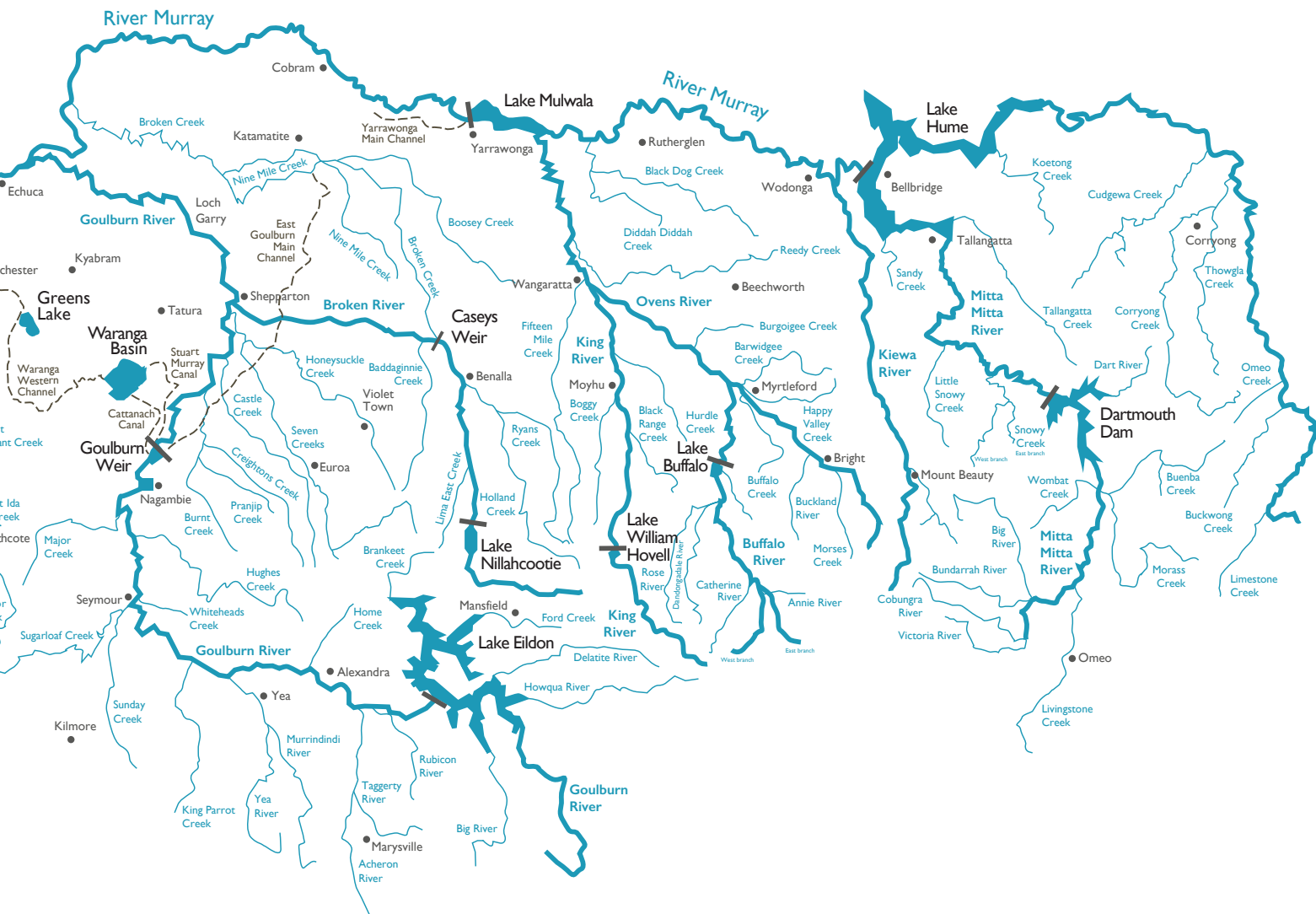




2018/19 Annual Report

Including the Financial Report



ISSN 2200-9469

Copyright – State of Victoria, Goulburn-Murray Water Rural Water Corporation trading as Goulburn-Murray Water, 2019. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the Copyright Act 1968.

Disclaimer:

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

Table of Contents

SECTION 1: YEAR IN REVIEW

6

Vision and Values	6
Chairman and Managing Director's Report	7
Purpose, Functions, Powers and Duties	8
Manner of Establishment and the Responsible Minister	10
Transformation Working Plan	11
Strategic Direction	11
Performance Reporting – Non-Financial	12
Performance Reporting – Financial	30

SECTION 2: GOVERNANCE AND ORGANISATIONAL STRUCTURE

40

Organisational Structure	40
Our Business Units	41
Board of Directors	42
Occupational Health and Safety	47

SECTION 3: WORKFORCE DATA

48

Public Administration Values and Employment Principles	48
Comparative Workforce Data	48
Workforce Inclusion Policy	49
Diversity Strategy	50
Executive Officer Data	51

SECTION 4: OTHER DISCLOSURES

52

FINANCIAL STATEMENTS

62

Financial Statements 2018/19	64
Notes to the Financial Statements	69

APPENDICES

108

Aboriginal Acknowledgement

Goulburn-Murray Water acknowledges the Australian Aboriginal and Torres Strait Islander people of this nation. We acknowledge the traditional custodians of the lands on which our services are provided, and we pay our respects to ancestors and Elders, past and present. GMW is committed to honouring Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

Responsible Body's Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Goulburn-Murray Rural Water Corporation's Annual Report for the year ending 30 June 2019.



Diane James AM
Chairman
Goulburn-Murray Water
28 August 2019

Vision and Values

Vision

GMW's vision of '*Delivering for our region and our future*' recognises the significant role we have in contributing to the prosperity of our region. We do this by providing essential rural water services to our customers at an affordable long-term cost. We take pride in knowing that we are custodians of the infrastructure and services that form such an integral component of economic activity in our region.

Values

Core values are essential and enduring principles of an organisation. The values of an organisation underpin its culture and provide a filter for employees to measure their actions and behaviours. Accordingly, GMW has committed to the following organisational values that will guide our culture.



Excellence

We pursue quality, innovation and continuous improvement in everything we do.



Honesty

We are truthful and transparent in all our dealings and communications.



Accountability

We take responsibility and ensure we follow through on all our commitments.



Courage

We take considered risks and step forward with conviction into a new future.



Caring

We look out for each other and demonstrate genuine empathy for our customers.

Strategic Outcomes

- Safe, skilled, engaged people
- Satisfied customers, trusting partners
- Innovation, data and technology driven services
- Sustainable business, viable customers
- Water security and other water values are recognised

Chairman and Managing Director's Report

New leadership and heightened customer engagement has been the foundation for commencing the transformation of Goulburn-Murray Water (GMW) throughout 2018/19. The focus on delivering meaningful change within GMW for the benefit of our region and our future will continue into 2019/20.

We understand that GMW must adapt and change to meet the various challenges affecting our region. This year the trend to drier conditions and hotter temperatures continued across south-east Australia, leading to a high demand for available water. Deliveries to our irrigation, environmental and urban customers, whilst higher than anticipated this year, remain below historic averages.

This Annual Report details how GMW met delivery demands and our performance against agreed customer service standards over the past year. We performed important construction and maintenance activities on our \$5 billion asset base, commenced the provision of our services to support the Victorian Murray Floodplain Restoration Project and delivered a wide range of other services in 2018/19, from managing recreation at Victoria's most popular lakes to licensing and regulatory duties.

We also made important advancements in delivering the Connections Project; a \$2 billion investment in automating much of the irrigation delivery network, improving system efficiency to achieve water recovery levels, ensuring equitable access to water and creating a more sustainable Goulburn Murray Irrigation District (GMID). The project, which has created hundreds of jobs for contractors, designers, manufacturers and more, is now in a critical period as its October 2020 completion deadline approaches.

While proud of our operating efficiency on behalf of customers this year, our corporate focus has been on transforming GMW - creating a new business model to meet the challenges now impacting our region.

Water availability and market driven increases in the price of 'temporary' water pose immediate challenges to the diverse range of industries reliant on GMW services. GMW is seeking to provide customers with as much pricing certainty as possible and we are actively reducing our operating costs through changes to our business. This will enable us to pass these benefits through to most customer groups in the form of reduced prices from 2020/21.

Much of the infrastructure we use daily to harvest, store and deliver that water - our dams, weirs and channels - continue to

reliably serve our region after many decades. On the other end of the scale, GMW is now receiving the benefit of new assets delivered as part of the Connections Project.

Old or new, our customers expect these assets to operate efficiently to provide the service they pay for - a substantial amount of our revenue and operating costs goes to managing and maintaining our assets.

Maintaining and investing in the assets our customers need, in a strategic and sustainable manner, presents continuing challenges for our future. Set against the backdrop of climate change and a continually changing customer base, GMW needs to be more agile, efficient and innovative than ever before. In short, we face the prospect of maintaining an asset base designed to deliver large volumes of water - and we are currently supplying less of it.

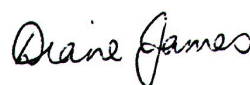
In 2018/19, we held a series of customer drop-in-days, forums and workshops to consult on Water Plan 5 (our Pricing Submission) which will determine our pricing and service standards from 2020 to 2024.

This engagement with up to 10 per cent of our 20,000 customers continues, with our final submission to go to the Essential Services Commission in late 2019. A clear message from this engagement is the need to deliver reliable, efficient services to our customers at an affordable price.

We, as Chairman and Managing Director, both commenced with GMW in this last financial year. We are committed to excellence in governance and creating a customer-centric business based on GMW's values of excellence, honesty, accountability, courage and caring.

We look forward to the opportunity to continue to engage with our customers and stakeholders on changes to our business that will allow GMW to contribute to the success and resilience of our region throughout 2019/20.

Our thanks to the Minister for Water for her support during this important period in GMW's history.



Diane James AM
Chairman
Goulburn-Murray Water
28 August 2019



Charmaine Quick
Managing Director
Goulburn-Murray Water
28 August 2019

Purpose, functions, powers and duties

About us

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 Water and the Treasurer.

We are ultimately accountable to the Minister for Water and have 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).

We are Australia's largest rural water corporation and manage Australia's largest irrigation delivery network. The irrigated agriculture sector in northern Victoria alone generates more than \$6 billion of production value annually and directly supports over 10,000 jobs in the Goulburn-Murray Irrigation District (GMID).

GMW manages water related services in a region of 68,000 square kilometres, bordered by the Great Dividing Range in the south and the River Murray in the north, stretching from Corryong in the east down river to Nyah. We have more than 20,000 customers using over 39,000 services in northern Victoria. We manage 24 water storages that can hold approximately 11 million ML of water and also have responsibility for managing more than 100,000 hectares of public land surrounding our storages.

GMW is the northern Victorian Resource Manager appointed by the Minister for Water and is responsible for making the seasonal determination for all northern Victorian declared water systems. GMW is a partner in the Victorian Water Register which manages more than \$7 billion of water entitlements and over \$300 million in water share and allocation trade for Victoria.

We are Victoria's largest inland boating authority and manage boating and recreational activities across the majority of our storages. In addition, we service and supply a diverse range of urban Water Authorities, Catchment Management Authorities (CMAs) and the Murray Darling Basin Authority (MDBA).

GMW maintains recreational infrastructure and services and manages safe boating access at 14 of its 24 storages. The non-prescribed management portfolio includes 722 houseboat

licences, 11 caravan park leases and 63 clubs. To varying degrees, all the dams managed by GMW are available to the public for recreational use such as boating, fishing and swimming. The 71 recreation reserves located around GMW and MDBA storages are funded by GMW, the MDBA and partly or fully by local Government.

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

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

Statutory Planning

In 2018/19 1,341 planning applications were referred to GMW and a further 10 Planning Scheme Amendment submissions were received. The *Planning and Environment Act 1987*, requires GMW to respond to matters referred within 28 days or within the time period determined by the relevant Council.

The GMW Statutory Planning division is also involved in development of Domestic Wastewater Management Plans (DWMP) for the 17 councils that contain Special Water Supply Catchments. During 2018/19 GMW continued to work with Councils to update the action plans within the relevant DWMP.

Functions and Powers

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

- irrigation districts
- water districts
- waterway management districts.

GMW also has responsibilities as a delegate or appointee of the Minister for Water and the Water Registrar pursuant to the *Water Act 1989* and the *Murray-Darling Basin Act 1993*:

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

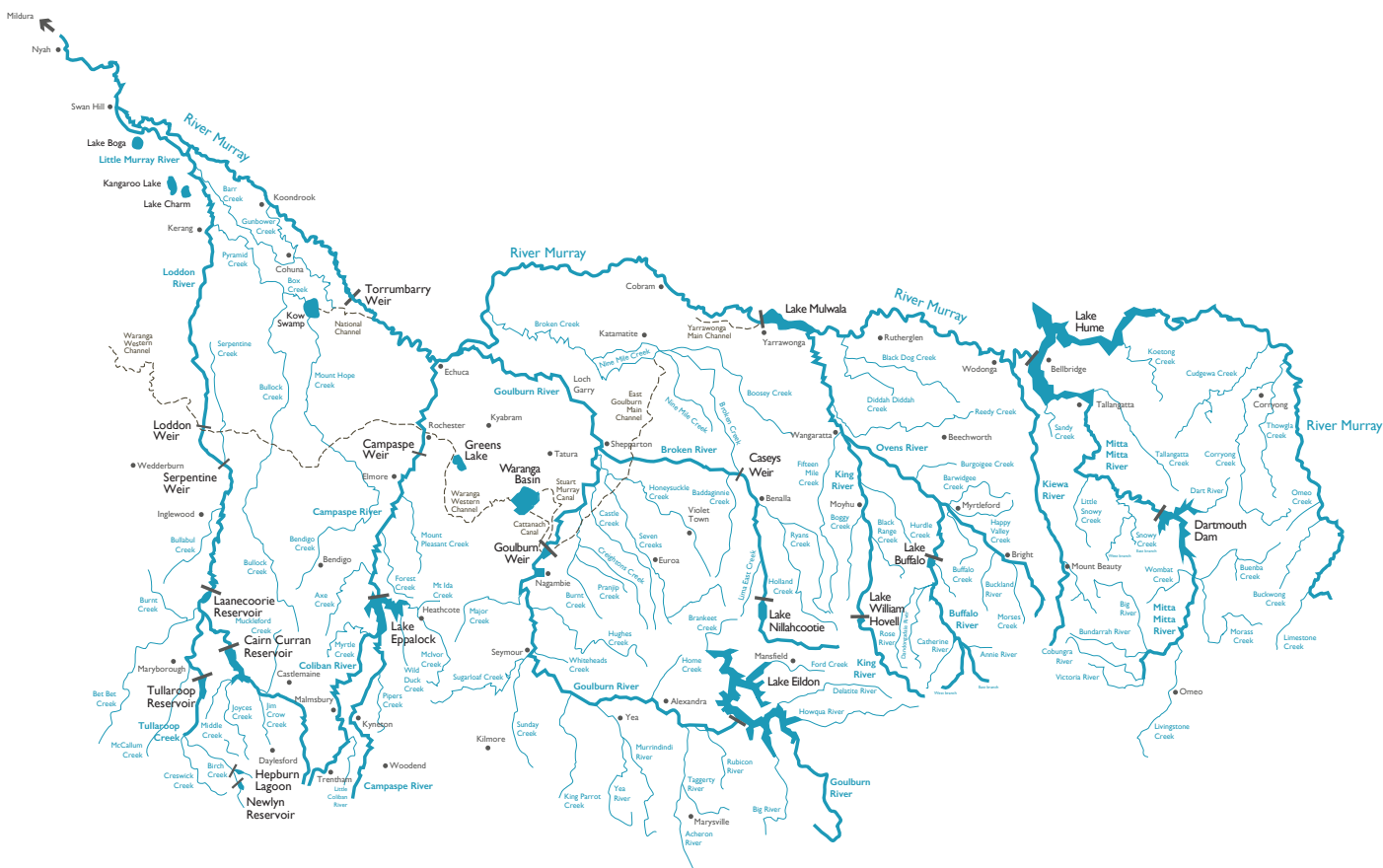


Diagram 1: GMW’s operational area

Manner of Establishment and the Responsible Minister

GMW is a statutory Corporation constituted by Ministerial Order under the provisions of the *Water Act 1989*. The relevant Minister for the period from 1 July 2018 to 30 June 2019 was The Hon. Lisa Neville MP, Minister for Water.

Nature and Range of Services Provided

Deliver water to our region:

- provide water storage and delivery services in northern Victoria
- provide water to our customers within agreed service standards
- manage customer accounts including fees and charges
- monitor compliance and appropriate usage of water allocation
- Minister's delegate for licensing groundwater and surface water diversions and private dams.

Monitor the quality of our water:

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

Build and maintain infrastructure:

- build, provide and maintain infrastructure to support water storage and delivery
- deliver on the Victorian and Commonwealth Governments' commitment to modernise and maintain water delivery infrastructure to improve water delivery efficiency
- provide drainage services with GMW drains to remove excess runoff.

Manage our water supply:

- allocate water to meet our region's needs within our delegation as the northern Victorian Resource Manager, making the seasonal determinations for all northern Victorian declared water systems
- provide water registry services for water trading
- plan for the future to safeguard and maximise the diminishing water resource
- support Government policy development and implementation regarding water resource management.

Support strong and vibrant communities:

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

Legislative and reporting requirements:

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

Transformation Working Plan

The key challenges which drive our business transformation include:

- adapting to the 'new reality' impacted by external factors and uncertainties (such as climate change and competition for water resources)
- the rapidly changing characteristics of the GMID 'footprint' driven by modernisation and agricultural preferences
- meeting short, medium and long term financial challenges
- improving business practices and efficiencies to support financial objectives (e.g. improved asset management, capital delivery performance and smarter technology)
- addressing governance and internal process issues
- improving regional confidence in GMW
- operating the business on a more commercial and transparent basis
- a need for more effective customer engagement.

GMW adopted its Transformation Working Plan (TWP) in February 2019, in response to the recommendations of the Strategic Advisory Panel (SAP) report accepted by the Minister for Water in January 2018. Development of the Transformation Working Plan included extensive external and internal analysis by GMW with a focus on delivering reliable water services to

our customers at efficient and affordable prices. At the core of our business challenges is the need to identify a financially sustainable pathway to finance the costs associated with replacing, maintaining and operating our extensive network of infrastructure.

GMW developed the Transformation Working Plan to provide our organisation with clarity on the actions we will undertake as part of transforming our business. Through establishing implementation plans for each action, we will provide confidence in our ability to implement enduring change that addresses not only the findings of the SAP report, but delivers our organisational aspirations for GMW's role in the community.

GMW recognises that transforming our organisation is a significant undertaking and requires appropriately sequenced actions. GMW will achieve this by:

- Preparing the organisation for transformational change. This includes delivering immediate cost reductions, improving various internal systems, data and processes and improved engagement practices.
- Delivering enduring transformational change. This includes exploring identified initiatives that proactively address our medium and long-term challenges, and build a strong organisational culture of continuous improvement and customer service.

Strategic Direction

Our corporate aspirations as set out in our Transformation Working Plan are set out in the five Strategic Outcomes listed below.

Safe, skilled, engaged people

- Our staff have a safe, respectful and inspiring workplace.

Satisfied customers, trusting partners

- Customers and investors have confidence and clarity in our future.
- We are trusted.
- We contribute to regional growth, resilience and environmental sustainability.

Innovation, data and technology driven services

- Our services are efficient and meet customer's needs.

Sustainable business, viable customers

- We are financially secure.

Water security and other water values are recognised

- We maximise the benefit of water in our region in a changing climate.
- We embrace recreational benefits.
- We partner with Traditional Owners to achieve mutually beneficial outcomes.

Performance Reporting Non-Financial

This Annual Report evaluates our performance against our corporate priorities and our progress towards the activities and deliverables of the organisation as per our 2018/19 Corporate Plan. This report describes how GMW is delivering on our commitments to Government and regulatory authorities, our customers, staff and communities.

Performance against the Minister's Letter of Expectations Key Performance Indicators

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

Climate Change

Climate change is a critical challenge that is affecting both our environment and our communities. GMW is committed to minimising its environmental impacts and mitigating climate change through implementing adaptation strategies and actions.

Emissions Reductions

GMW currently has very low emissions when compared to most other Victorian water corporations, due to a unique emissions profile where the majority of our water supplied is delivered through gravity irrigation systems. As we modify and upgrade our water delivery infrastructure we will monitor changes to emissions and identify the responses necessary to achieve our target.

GMW has a program to ensure the reduction of our emissions, and has pledged to reduce our CO2 emissions by 20 per cent below the five-year average up to 2015/16 to approximately 10,400 tonnes CO2 emissions by July 2025 inclusive of MDBA assets. GMW aspires to achieve zero Scope 2 emissions by the pledge target date of 2050 through continuous improvement and renewable energy initiatives. In 2018/19 GMW had a target reduction to 10,066 tonnes of CO2 emissions. The total CO2 emissions for the year reached 11,149 tonnes.

Initiatives to reduce our emissions include but are not limited to:

- review vehicle fleet to reduce number of vehicles and increase fuel efficiencies including the introduction of hybrid vehicles to fleet
- modernisation of water delivery infrastructure (remote operations to reduce travel)
- solar operated modernised customer service meters (with battery storage).

Climate Adaptation

GMW is applying the recommendations from the *Guidelines for Assessing the Impact of Climate Change on Water Supplies in Victoria* (DELWP, December 2016), to revise storage inflow statistics used in seasonal determination outlooks and for longer term resource planning with DELWP. During 2018/19, GMW (as appointed Resource Manager) issued seasonal determination outlooks based on historical and climate-adjusted data to provide customers with greater information on water availability under climate change. The climate-adjusted data comes from DELWP guidelines. Effective 15 February 2019, GMW will base all outlooks for 2019/20 and beyond on climate-adjusted data only.

GMW also contributed to developing the *Pilot Water Sector Climate Change Adaptation Plan*, overseen by DELWP and published in 2018. The Adaptation Action Plan (AAP) established Government and DELWP direction on climate change management in the water sector and enables GMW to define its own, consistent AAP.

Customer and Community

Customer Satisfaction

Customers and the community are centrally important at GMW, so we aim to deliver our services in a way that best meets and reflects our customers' needs. GMW supports the standardised Rural Water Corporation (RWC) Customer Satisfaction Survey as per the Minister for Water's Letter of Expectations. In June 2019, GMW provided customer data to assist in developing a proposed methodology. GMW will continue to support DELWP to develop and implement this survey.

Table 1 outlines additional customer satisfaction goals and GMW's achievement against these goals.

Minister's Letter of Expectation Key Performance Indicator	Performance ¹
C1.4 Orders delivered at time agreed (Number of orders delivered/total number of order*100)	Pumped Districts 99% as at 30/6/2019 Gravity Systems 93% as at 30/6/2019
C1.5 Percentage of applications completed within agreed timeframes (Number of applications completed/total number of applications)	97% as at 30/6/2019
C1.6 Rural Bills	
C1.6.1 Total rural bill gravity irrigation (50 ML irrigation customer)	Shepparton: \$9,336 Central Goulburn, Rochester and Loddon Valley: \$7,126 Murray Valley and Torrumbarry: \$7,354
C1.6.2 Total rural bill pumped irrigation (50 ML irrigation customer)	Nyah: \$8,490 Tresco: \$8,293 Woorinen: \$8,124
C1.6.3 Total rural bill domestic and stock supply (2ML stock and domestic customer)	Normanville: \$2,191 Tungamah: \$1,801 East Loddon (South): \$1,385 East Loddon (North): \$985 West Loddon: \$826

Table 1: 2018/19 Customer satisfaction performance

Customer and Community Engagement

In 2018/19 GMW increased its focus to build extensive and effective community engagement and partnerships to support planning and implementing service delivery. The GMW *Communications, Engagement and Partnerships Strategy 2018* ensures our communication and engagement with customers and stakeholders continually improves. It takes GMW's communications and engagement functions to the next level, building internal service delivery and staff confidence, in support of a high performing culture. Successful implementation will also develop a stronger social licence to operate, increase customer satisfaction and stakeholder confidence and help to confirm GMW's credentials as a valued, regional leader.

Additionally, GMW has implemented a 'Your Say' campaign conducting conversations with our customers, stakeholders and communities throughout our region, in order to gain feedback from all segments in our customer base. This consultation consists of a simple survey asking our customer what they would like us to keep, stop and start doing. Information gained from these campaigns is informing our Pricing Submission, which will guide the organisation's services and tariffs from 2020-2024. As at 30 June 2019, GMW had conducted approximately 590 conversations as part of the 'Your Say' campaign.

In line with the Transformation Working Plan, GMW has also commenced a review of the current Water Services Committee (WSC) operating rules in order to broaden our customer engagement. There is an opportunity to extend beyond reliance on the 'reference group' approach to engagement, and hence enable us to connect with all six demographics in the irrigation customer segment. These six demographics have been defined as traditionalist, progressive, big hitter, lifestyle, business to business (B2B) business and digital native. These demographics allow us to better understand the communication preferences of our customers, allowing for better tailored communication methods. GMW's new approach to customer engagement will see the customer segments and demographics play an increasing role as the basis for engagement, rather than relying solely on location based representative committees. This 'persona' based segmentation has been finalised, and the next step is to use this segmentation more effectively to tailor engagement and communications to our specific customer audiences.

1. Performance against the Minister's Letter of Expectations as described in Appendix C.

Water for Aboriginal Cultural, Spiritual and Economic Values

Engaging with Aboriginal Communities

GMW values the ongoing contribution of Traditional Owners to our region, and continues efforts to engage with these communities to achieve mutual benefits through recognising and supporting Aboriginal cultural values and economic inclusion in the water sector.

We recognise that the first step to engagement is awareness, so 322 staff have completed Cultural Awareness training, which will continue through 2019. GMW's engagement activities with Aboriginal Communities throughout the year included:

- engaged Yorta Yorta Nations Wokka Wolla team to complete fencing work at the Kanyapella Basin Native Vegetation Offset site
- provided letters of support for Dja Dja Wurrung's successful Aboriginal Water unit Economic Development Grant, allowing for a feasibility study on aquaculture and agricultural projects
- provided a letter of support for Dja Dja Wurrung's Federal Government Smart Funds Grant
- had discussions with Dja Dja Wurrung and Taungurung on a possible commercial lease at Lake Eppalock and Cairn Curran
- letter of support produced for Barapa Barapa through the North Central CMA for an economic development grant
- explored 'Jobs for Aboriginal People Alliance'
- attended the National Firestick Workshop-Dungala Barmah
- conducted Cultural Awareness Training for staff.

Engagement of Traditional Owners

GMW will continue to build capability and understanding through creating further engagement opportunities with Traditional Owner Groups on projects to support inclusion of Aboriginal values in water planning. GMW's engagement throughout 2018/19 included the below activities:

- attended a Dja Dja Wurrung Healthy Country Workshop
- attended a Dja Dja Wurrung annual Recognition and Settlement Agreement meeting
- our Managing Director met with the Yorta Yorta CEO
- our Board members met with Yorta Yorta at Kow (Ghow) Swamp
- Dhuduroa-Waywaru were consulted on the development of the Dartmouth Land and On-Water Management Plan (L&OWMP).

In addition, GMW will continue to provide support to Yorta Yorta in determining Kow (Ghow) Swamp as a Protection Declaration Area, and continue to liaise with Yorta Yorta and Aboriginal Victoria on implementing the Kow (Ghow) Swamp L&OWMP.

Aboriginal Inclusion Plan

GMW has developed and is implementing our Aboriginal Inclusion Plan, with a suite of initiatives identified in areas of employment, cultural water, procurement, natural resource management and training.

The overarching objectives for this Aboriginal inclusion plan are to:

- recognise and include Aboriginal values and traditional ecological knowledge in water planning
- support Aboriginal access to water for economic development
- build capacity to increase Aboriginal participation in water management
- support Aboriginal contractors to realise opportunities
- provide pathways into the water sector for Aboriginal people.

Actions in line with this plan have progressed, with GMW creating a position in our structure to employ an Aboriginal Liaison Officer to assist GMW in bridging the gap on effective inclusion. A recruitment process in 2018/19 resulted in an offer of employment, which was unfortunately declined by the successful applicant. We will recruit again in the first half of 2019/20. GMW is building further relationships with local community leaders to build our organisation as an Aboriginal peoples preferred place of employment, partnering in DEWLP's Hume regions Aboriginal Employment Group and working with Rumbalara to further develop working relationships.

Recognising Recreational Values

Whilst the majority of GMW's functions are essential rural water services, we also perform a number of non-prescribed functions such as providing recreational facilities. GMW provides recreational activities across our network of storages and waterways, for the economic and social benefit of Victorians. We continually engage with local communities, ensure consistent and reliable information is provided for our recreational sites and drive successful project deliveries to ensure the safety, functionality and sustainability of these sites.

In order to maximise the benefits of recreational use, GMW has delivered a number of site-based projects at our storages including:

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

- planning, design and procurement for Lake Mulwala are progressing with works to commence in August 2019
- in partnership with Fisheries Victoria, Tullaroop Reservoir was opened for fishing access to vessels with electric motors and kayaks, with additional funding agreements to extend and widen boat ramps at Lake Eildon and Lake Mulwala confirmed
- worked with partner organisations to increase public awareness and safety
- tenders awarded for \$600,000 worth of projects at Randall Cove at Lake Eppalock, and Jerusalem Creek at Lake Eildon, with funding assistance from the State Government 'Boosting Recreational Water Use Initiative'
- tender awarded for \$185,000 for a Greens Lake Amenity block rebuild, with the State Government 'Pick my Project' funding
- stage 3 of a large foreshore restoration project at Lake Mulwala is under construction from June to August 2019, after stages 1 and 2 were completed in 2015 and 2018. This project has been made possible with the assistance of the MDBA, Moira Shire Council, Lotus Living and Federal 'Jobs and Investment' funding
- working with regional stakeholders to implement the Activating Lake Eildon Project.

In 2018/19 and in line with Water for Victoria actions GMW has also:

- conducted sixteen Land and On Water Implementation Group (L&OWIG) meetings
- consulted with the public on the development of a L&OWMP for Lake Dartmouth
- issued forty-three event permits at our storages
- collaborated with the Victorian Fisheries Authority (VFA), Transport Safety Victoria, Central Highlands Water and local communities to open Tullaroop Reservoir and Hepburns Lagoon to boating and fishing
- liaised with the City of Greater Bendigo and the Lake Eppalock Advisory on the Lake Eppalock Region Tourism Strategy.

Through engagement with communities and stakeholders, GMW has established a number of L&OWMPs, which consider short, medium and long-term water resource management and define agreed future actions for GMW storages. GMW will continue to provide public progress reporting for these management plans. L&OWMPs are currently in place for Lake Boga, Lake Buffalo, Cairn Curran Reservoir, Lake Eildon, Lake Eppalock, Green's Lake, Lake Hume, Lake Mulwala, Kow (Ghow) Swamp, Lake Nillahcootie, Nagambie Waterways, Waranga Basin and

Lake William Hovell. GMW is also finalising a new L&OWMP for Dartmouth Dam and Pondage, with the assistance of a Project Control Group, Traditional Owner engagement, broad community engagement via on-site survey and online opportunities to provide comment via GMW 'Your Say'.

Resilient and Liveable Cities and Towns

Integrated Water Management

GMW is a vital part of life in northern Victoria. Our role in delivering reliable and affordable water drives a regional economy underpinning our collective prosperity and improving the wellbeing and daily lives of hundreds of thousands of people. We understand our role in contributing to healthy communities by supporting safe, affordable, high quality services and resilient environments. GMW is a partner in all the Integrated Water Management (IWM) Forums across our region including the Goulburn Broken, Coliban, and North East. Within the Coliban IWM Forum, GMW is the project sponsor for the Managed Aquifer Recharge Project. We are project partners for a range of projects across all forums. Our ongoing participation means that we provide expertise to optimise the outcomes of water cycle planning and management to achieve environmental, social and economic benefits for our communities.

GMW provides services to customers in peri-urban settings across the towns and cities in our region. Our engagement strategy for the Essential Services Commission (ESC) Pricing Submission for 2020-2024 seeks input from this customer group. Development of this pricing submission has included a range of customer-focused workshops, drop in days, online campaigns and a goal to complete 2100 conversations with our customers and stakeholders.

Payment Management and Hardship

GMW understands that the livelihoods of many customers depend on the water services that we provide, hence we want to ensure we maximise our customers' ability to pay in ways that best serve customer needs. GMW is striving to improve communication with our customers to reduce the number of accounts referred to collection agencies, improving negotiation outcomes, offering payment arrangements and offering early payment discounts.

We work with our customers on an individual basis to determine the nature of their financial hardship. This assessment includes consideration of whether a customer is in receipt of government payments, the expected period of the hardship, the information provided by financial counselling services and a range of

other matters. In addition to financial counselling service information, information on the Plan2Farm program coordinated by the North Central Catchment Management Authority (NCCMA) is also being advised. GMW is committed to ensuring transparent, fair and equitable debt management principles for our customers, and will continue to improve access to instalment plans and further understand hardship trends. The table below outlines our payment management and hardship figures.

Payment Management	Number of accounts
Number of instalment plans at the end of the reporting period	652 ¹
Number of customers awarded hardship grants	0

Table 2: GMW's payment management and hardship accounts for the year 2018/19

Leadership and Culture

The culture of an organisation begins with effective leadership across all levels of the organisation. GMW will continue to invest in our capability and facilities to ensure our people have the tools necessary to provide the transformational leadership and collaboration required to embed our values and achieve our strategic outcome of safe, skilled, engaged people. GMW is striving to reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.

Diversity and Inclusion

The GMW *Diversity & Inclusion Plan* outlines activities to achieve priority areas over the period up to 2020, through best practice policies and processes driven by leadership. Specific training programs delivered to our staff in 2018/19 included:

- Developing Positive Workplace Behaviour
- Victorian Public Sector Commission (VPSC) Code of Conduct refresher
- Family Violence Awareness Training.

GMW also partnered with Greater Shepparton Lighthouse Project, Rumbalara Aboriginal Co-operative, GV Pride, Shepparton Ethnic Council migrant/refugee groups, disability groups, universities, and GOTAFE throughout the year.

GMW's achievements towards our diversity targets during 2018/19 are on page 50.

Board Performance

GMW completes an annual Board performance review to monitor and improve the Board's effectiveness in leading our organisation. GMW submitted the review for the 2018/19 reporting period to the Minister for Water on 28 March 2019. The report not only conveyed how difficult the past 12 months have been for GMW, but also the opportunity this provided to reflect and improve. The report identified the strengths of the Board and actions for continuous improvement. Completion of the previous year's actions has had a positive result on the Board's ability to lead the organisation. Our Board remains committed to achieving successful outcomes for GMW, our customers and key stakeholders.

GMW's Board Performance Assessment includes:

- a review of actions from the last assessment
- a review of attendance figures
- a self-assessment questionnaire
- an independent assessment through a governance consultant.

Health and Safety

GMW considers the safety and wellbeing of all staff, contractors, customers and the general public to be our highest priority. In 2018/19 we continued to build on a culture of care and accountability, reinforcing the importance of safety to all staff through initiatives focused on improving health, safety and wellbeing outcomes for our staff, both at work and at home.

Senior Management and the Board implement and monitor a dedicated plan to improve Health and Safety performance on a monthly basis. Leadership Teams and Executive Management also establish and monitor Corporate Health, Safety and Environment (HSE) targets and objectives. These cascade into Business Unit Health, Safety and Wellbeing (HSW) plans, which are monitored by Senior Management and verified through an external annual audit.

Further information on GMW's performance against Health and Safety indicators is on page 47.

Financial Sustainability

At GMW, we understand that our organisational stability contributes to our customers' success, and that we must hence deliver safe and cost-effective water services in a financially sustainable manner. Our current regulated pricing regime has been approved by the ESC, which has a form of price control termed 'revenue cap'. This means there is an inherent incentive to continue to reduce costs to remain below the four-year revenue limit. The 2018/19 financial years marks the third out of

1. This represents 1.9% of our approximate 34,000 accounts.

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

four years of Water Plan 4. GMW is set to achieve the four-year revenue cap in line with completion of Water Plan 4 at the end of 2019/20.

Additionally, GMW is putting in place various actions to reduce our operating expenditure, including an innovation program and various actions identified in our Transformation Working Plan, which will secure further cost reductions by 2024. In line with our Transformation Working Plan, GMW's financial objective is to be financially sustainable in the short and long term. Financial sustainability will require that prices are; at a level that customers can afford, the revenue generated is sufficient to provide the services required by customers and GMW's current and forecast debt levels can be financed.

GMW's performance against the eight financial indicators (F1-F8) is within the Performance Report on page 35 and demonstrates our financial sustainability.

Performance against Corporate Plan Objectives

Our 2018/19 Corporate Plan included an array of actions to progress. Table 3 shows these actions in line with GMW's five new Strategic Goals, and outlines the progress made throughout 2018/19.

Key Objectives to be achieved in 2018/19	Achievements during 2018/19	Objective Met?
Safe, skilled, engaged people		
Our People Our Future - Develop a structured capability, succession and performance management framework	GMW is developing a revised Performance Management System to ensure that the activities of the organisation are clearly aligned to our strategic and operational imperatives.	Partially - this action has been realigned with our TWP and the deadline adjusted as per the plan
Diversity and Inclusiveness - Create a genuine culture of inclusiveness within GMW, through targeting recruitment, employee welfare and staff retention. Deliver statistical improvements in all key delivery statistics through to 2024. Targets in scope include gender, ATSI, LGBTI+, disabled, multicultural, flexible working and carers	GMW has achieved our gender target with a 40/60 split in female to male leaders within GMW, up significantly from last year's 25/75 split. We have increased flexibility in our workforce allowing every role to apply for flexible working arrangements and this is reflected in our EBA. We continue to work promoting a safe space for all employees and our Diversity and Inclusion Plan outlines priority areas of partnering with Aboriginal, migrant, accessibility and LGBTIQ groups, and actions to achieve relevant targets over the period up to 2020. Details on progress towards diversity targets are on page 50.	Yes
Staff Communication Engagement Review - Investigate new options to deliver improved engagement and communications to all GMW staff	One of the key outputs of the Communications, <i>Engagement and Partnerships Strategy</i> adopted in early 2019 is a staff-led strategic communications plan. This work will be completed in late 2019. GMW is additionally ensuring to keep staff informed and connected. Other initiatives have included the introduction of "BlueJeans" to help facilitate meetings, increased Transformation updates to inform staff of changes on a monthly basis and additional sources of information continually made available on our intranet.	Partially - this action has been realigned with our TWP and the deadline adjusted as per the plan
Satisfied customers, trusting partners		
Improving our Engagement - Ensure we're working with all of our customer segments, stakeholders and communities	GMW has developed an 'Engagement Lens' as a tool to guide engagement in a structured way. The <i>Communications, Engagement and Partnerships Strategy</i> established in 2018 will take GMW's communications and engagement functions to the next level, building internal service delivery and staff confidence, in support of a high performing culture. The Board has endorsed the strategy and it is being implemented throughout GMW.	Ongoing and on track
Water for Victoria Implementation Plan - Activities to improve performance towards the <i>Water for Victoria</i> key priority areas	GMW is actively progressing various actions in line with the Victorian Government's <i>Water for Victoria</i> Implementation Plan. While some actions are complete and transitioned to business as usual activities, others are still ongoing and the majority are within our timeframes.	Ongoing and on track

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

Key Objectives to be achieved in 2018/19	Achievements during 2018/19	Objective Met?
Satisfied customers, trusting partners		
Plan For All Dams - Develop a plan for all dams that will assist in future investment decision and long-term decision making	The Dam Portfolio Risk Assessment reviews the risks associated with our dams portfolio and develops and prioritises actions required to mitigate the risks. The Portfolio Risk Assessment does not ensure anything without follow up investment, and does not deal with service obligations. The Dam Strategy Project will allow GMW to evaluate cost profiles of GMW dams, to clarify beneficiaries and cost recovery options for each of the dams.	Ongoing and on track
Delivery Share Review - Contribute to the DELWP led review seeking outcomes to benefit the region, irrigated agriculture and GMW financial sustainability	GMW is addressing actions identified in the DELWP led review completed in late 2018, including actions that affect our pricing and tariffs, actions to help irrigators adjust delivery shares and actions to improve information on delivery shares.	Ongoing and on track
Corporate Social Responsibility Program - Develop initiatives to support our communities, provide education and employment opportunities and deliver on our emissions pledge	GMW did not develop a consolidated Corporate Social Responsibility (CSR) Program but did action CSR activities throughout the year. GMW again ran the Kick Start program, placing 10 university students needing paid work experience to complete their course. We are also part of the Hume Region Jobs for Aboriginal People Alliance, assisting Aboriginal people into employment in areas of natural resource management, and currently has a role approved to employ an Aboriginal Water Liaison Officer to assist with this process. Details on progress on emissions reductions are on page 36.	Partially - While GMW did not implement a directional program, it conducted various CSR activities throughout the year.
Contribute to Regional Growth - Demonstrate leadership in water matters in regional partnerships and other forums	GMW is active in a range of forums to promote regional growth and investment. One example is the contribution to the GMID Masterplan sponsored by the Goulburn Regional Partnership. We actively engage with and support investors seeking opportunities for irrigated agriculture and in the Tourism sector. In addition to irrigation customers, GMW services regional Urban Water Corporations and customers in peri-urban settings. GMW is also a partner in all Integrated Water Management (IWM) Forums across our region including the Goulburn Broken, Coliban, and North East. Within the Coliban IWM Forum, GMW is the project sponsor for the Managed Aquifer Recharge Project.	Ongoing and on track
Innovation, data and technology driven services		
Internal Process Optimisation - Streamline internal business processes using process optimisation methodologies, maximising the use of technology and automation	GMW is improving internal systems and processes through a suite of activities including development of a revised Decision Making Framework, a revised Data Management and Reporting Framework, a revised Performance Management Framework and improved financial and non-financial reporting.	Partially - this action has been realigned with our TWP and the deadline adjusted as per the plan
Capital Expenditure Innovation - Achieve improved asset functional outcomes and other 'earned value' from the fixed/planned total value of capital expenditure available through fees and approved borrowings	GMW trialled a spray on epoxy liner to refurbish an irrigation channel culvert under a major intersection. These works will prevent the culvert leaking into the road sub-base and provide a life extension to the culvert, deferring the need for costly road and structure works. GMW also developed, in conjunction with the manufacturer, a Compact Insertion Meter as a cost effective way of replacing failed buried closed conduit meters.	Ongoing and on track
Maintenance Innovation - Focus primarily on the gravity distribution channel network seeking to reduce our OPEX spend and improve reliability, life and service levels	GMW successfully trialled LiFePo batteries in pedestals. Implementing this technology will effectively halve the cost of replacing pedestal batteries.	Ongoing and on track

Key Objectives to be achieved in 2018/19	Achievements during 2018/19	Objective Met?
Innovation, data and technology driven services		
Research Program - Search for technology that may improve our operations, look globally for existing solutions. Commercialise select products and services to generate funding	GMW has been field testing Lithium batteries over two seasons and the outcomes have been positive. We are developing a program to begin integration of these batteries into our fleet of irrigation assets over the next few years. In conjunction with University of Melbourne, GMW conducted trials at three sites to look at the effects of microwaving on weeds within our channel and drain systems. This would replace chemical treatments if concluded it can provide us with longer term control. GMW contributed to the Intelligent Water Network (IWN) across the Victorian Water Sector, as an industry lead in Remote Technologies and represented the North Central Area team, prior to re-evaluating our ongoing commitment in 2019.	Ongoing and on track
Sustainable business, viable customers		
Finance Information Structure Review - Enhance the level of financial information detail for decision making, particularly in the non-prescribed segment (including recreation and land), and increase financial management capability across GMW	GMW has implemented a new Financial Management Framework, which has increased transparency and accountability. The reporting framework is a vital tool to measure and report on the delivery of efficiencies required from Transformation. GMW is preparing a financial distribution policy that defines how profit from non-regulated services will be distributed to parent prescribed services.	Partially - this action has been realigned with our TWP and the deadline adjusted as per the plan
Tariff and Pricing Review - A simple tariff which is accountable to customers, able to be understood and explained easily	GMW is engaging with customers and stakeholders to develop tariff and pricing options for evaluation in developing regulated price reviews due in November 2019 for the next regulatory period commencing July 2020.	Ongoing and on track
Land Parcel Strategy - Release value from our land assets through leasing opportunities and limited strategic sales. Ensure utilisation of land for social or recreational purposes	GMW released several parcels of freehold land through Expressions of Interest. Assessment and due diligence of submissions received are at various stages. The sale of surplus corporate land at 48 Casey Street, Tatura is pending. Using land for social or recreational purposes continues through implementing L&OWMPs.	Ongoing and on track
Grant and Partnership New Revenue - Look for external grant funds to leverage/support our capital and operation programs	GMW continues to work with partner organisations to seek funding for services that require improvement as part of business as usual activities. Successful in gaining grant funding from DELWP, the Victorian Fisheries Association (VFA), NSW Roads & Maritime Service, Department of Premier & Cabinet, and the Commonwealth Government to upgrade or install new assets to promote recreational access around our storages.	Yes
Controllable Cost Operational Expenditure Target - Achieve \$20m recurrent cost reduction by end of June 2020 (from the original 2014 base), which has already been built into prices by the ESC through to June 2020. Consistent with the SAP Report, a further stretch target towards 2024 is to be implemented	GMW achieved the recurrent \$20m savings goal set in 2018, two years ahead of the initial June 2020 timeframe (from the original 2014 base). In 2018/19 GMW achieved \$6m recurrent savings against the baseline operating expenditure set by the ESC in Water Plan 4.	Yes
Capital Expenditure Target - Value-for-money improvements of \$3m annually, or \$15m across five years by end of June 2022. This means producing more asset functionality or extended life asset for the planned expenditure, rather than a reduction in capital expenditure	GMW replaced the Campaspe River syphon using an innovative structural liner at approximately 25 per cent the cost of traditional replacement, saving approximately \$9m. Two bridge replacements delivered through competitive tendering resulted in savings in excess of \$0.2m. GMW also sleeved rather than replaced a number of road culverts saving approximately 20 per cent on each project.	Yes

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

Key Objectives to be achieved in 2018/19	Achievements during 2018/19	Objective Met?
Water security and other values recognised		
Connections Project Delivered - water savings for the environment secured and service benefits realised	The Connections Project is on track for delivery in October 2020 as per the Connections Project Reset Delivery Plan (RDP). The Project continues to secure water savings while providing customer service and asset renewal benefits to customers.	Ongoing and on track
Aboriginal Engagement Program - Improve engagement with Aboriginal communities in areas of employment, cultural competency, Aboriginal water, commercial and procurement opportunities and reconciliation	GMW is progressing implementation of the Aboriginal Inclusion Plan. GMW created a position for an Aboriginal Liaison Officer to assist GMW bridge the gap on effective inclusion. While recruitment was unsuccessful in 2018/19, we will recruit again in the first half of 2019/20. We continue to build relationships with local community leaders in water planning to derive economic benefits for the communities.	Ongoing and on track
Improved Recreational Access - programs developed to provide information about and enhance recreational opportunities at GMW storages in conjunction with community and stakeholders	GMW is developing a Recreation page on the external website, which will include User Guides, Things to Do and safety information. GMW will continue to work with L&OWIGs to develop Management Plans (L&OWMPs) to enhance recreational opportunities and the regional economy. In partnership with the Victorian Fisheries Authority and Transport Safety Victoria, on-water access was opened at Tullaroop Reservoir during the year. At Lake Eildon and Lake Mulwala, a number of boat ramps were extended and/or widened to allow increased access to the storage at low water levels.	Ongoing and on track
Asset Modelling - Improve asset modelling software	Through Transformation considerable resource was devoted to creating a Channel by Channel view of our gravity irrigation assets. This model links revenue, costs and asset condition to aid in asset intervention decisions. The model outcomes will better inform GMW's investment profile and prioritise asset treatments to provide best value solutions. Asset models are linked with a corporate view of the business to better ascertain revenue generation and prices within regulatory constraints. A first generation WoL model for GMW Dams was also developed incorporating major cyclical maintenance activities.	Ongoing and on track
GMID Strategy and River Assets - Establish a future vision and footprint for the GMID, Diversions, Pumped Districts, Water Districts and associated river assets. The strategy will include surface and sub-surface drainage infrastructure and consider known and forecast opportunities and threats within the identified areas	Work commenced, with the program modified to incorporate key outcomes from the Transformation Working Plan. Key activities included: <ul style="list-style-type: none"> developing a Channel by Channel asset investment framework for the GMID, and its deployment to develop GMID Water Plan 5 capital and maintenance programs a leading role in developing a vision for the GMID, in partnership with CMAs, RDV and other stakeholders intensive consultation with all Nyah and Tresco customers to understand their current and future service requirements service requirement review and development for surface and sub-surface drainage, in partnership with CMAs Stage 1 of the Dams Strategy involving a comprehensive review of benefits, uses and cost recovery of our dams 	Ongoing and on track

Key Objectives to be achieved in 2018/19	Achievements during 2018/19	Objective Met?
Water security and other values recognised		
Additional Water Savings - Confirm the potential volume of bulk entitlements conveyance losses that may result in potential new water sources beyond those water savings achieved through the Connections Project	GMW Water Resources worked with DELWP throughout 2018/19 to identify future loss entitlements expected after Connections Project completion. GMW did not confirm a potential volume, but continued to examine options to obtain savings, such as stricter operation within the GMID using intelligence obtained from modernised system data. An integrated water management pilot project shared with Coliban Water during 2019/20 will provide more information around the advantages of managed aquifer recharge as a savings and source tool. GMW will continue to support the Victorian Government to deliver the Murray-Darling Basin Plan and the <i>Water for Victoria Policy</i> .	Ongoing and on track
Water Management System Roadmap Project - Identify a future desired state for the Water Management System allowing key business decision to be made in service of that outcome	The Water Management System (WMS) Roadmap Project experienced commencement delays in the 2018/19 financial year. The project seeks to capture the current state of WMS systems and future requirements or issues for users before moving onto the next phase of the project.	Not met - Project has been reset to be completed in the 2019/20 financial year

Table 3: Progress against 2018/19 Corporate Plan Objectives

Performance in Operations

Water Delivery

GMW manages water related services in a region of 68,000 square kilometres, bordered by the Great Dividing Range in the south and the River Murray in the north, stretching from Corryong in the east down river to Nyah. We have more than 20,000 customers using over 39,000 services in northern Victoria. GMW manages both regulated and unregulated river systems that flow into the Murray and administers groundwater within this area.

Our Customers

Table 4 shows our diverse range of customers. GMW is currently developing a Communications Plan that recognises our various customer segments and demographics and more effectively tailors our messaging to those. This will further strengthen the improvements delivered through a suite of new engagement methods, enabling customers to better participate in GMW decisions.

Understanding and Responding to Customer Needs

Delivering what is important to our customers remains core business for GMW. We derive insights from our many customer touchpoints including our call centre, local customer service centres, Waterline users and our frontline staff.

The GMW website and mobile app have both been updated this year providing a better user interface and customer experience. The MyGMW platform on the GMW website continues to be refined, currently providing customers with online access to their information and accounts, the ability to make online payments and to update contact details as required.

Well-established customer working groups continue to provide GMW with an effective way to deliver customer engagement, providing the forum to listen and collaborate with our customer base on the key issues that affect them.

This year GMW has continued to work toward its next pricing submission to the ESC. To do this we have worked with strategic working groups, implemented a "Your Say" campaign, undertaken customer drop in sessions and held customer workshops and forums to determine fairness and equity in the prices we charge.

GMW is committed to providing our customers, stakeholders and community members with a meaningful way to have input into the future of the Goulburn Murray Region.

Example Customers ¹	Example Customers	Number of Customers ¹	Revenue	Annual Water Use ²
Irrigation	<ul style="list-style-type: none"> Horticulture, dairy, mixed farming 	11,413	\$93.1m	1,514 GL
Domestic and stock	<ul style="list-style-type: none"> Rural residential Mixed farming Intensive animal industries (e.g. piggeries) 	6,510	\$3.3m	12.6 GL
Environmental watering	<ul style="list-style-type: none"> Commonwealth and State environmental water holders 	2	\$10.4m	734 GL
Bulk water for urban and rural water supply	<ul style="list-style-type: none"> Urban water corporations 	12	\$10.2m	642 GL
Water investment	<ul style="list-style-type: none"> Investment funds Agriculture corporations 	975	\$3.0m	15.8 GL
Flood protection	<ul style="list-style-type: none"> Protection of land and property in flood protection districts 	31	\$0.009m	0.0 GL
Recreation	<ul style="list-style-type: none"> Houseboat operators Recreation clubs 	805	\$2.2m	0.2 GL
Commercial leasing	<ul style="list-style-type: none"> Livestock graziers Forestry corporations Caravan parks 	356	\$2.6m	22.4 GL
Contract services	<ul style="list-style-type: none"> MDBA Local government and catchment management authorities Commercial contracts 	10	\$21.0m	0.0 GL
Power generation	<ul style="list-style-type: none"> Hydroelectric power utilities 	18	\$2.9m	0.0 GL
Other	<ul style="list-style-type: none"> Sundry customers 	250	\$0.4m	0.0 GL
Total		20,382	\$149.1	2,941 GL

Table 4: Customer numbers by segment

Customer Complaints

The number of complaints received in the 2018/19 financial year decreased by 25 per cent to 50 complaints, in comparison to the 67 complaints received in 2017/18. GMW has improved our complaints recording process, including more categories to ensure a greater understanding of areas requiring attention and improvement. In 2018/19 GMW received the most complaints in relation to Fees and Charges (20%), Gravity Service/Supply (18%) and Administration (12%). Chart 1 shows the total number of complaints received by GMW since 2014/15.

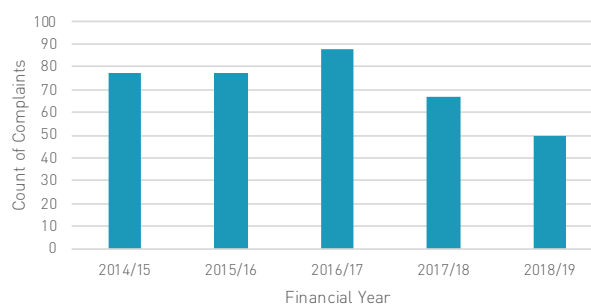


Chart 1: Water Storage & Delivery complaints since 2014/15

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

2. For the 2017/18 period, as at 30 June 2018.

Our management of complaints is consistent with the Australian Standard AS ISO 10002:2006, and the ESC's Customer Service Code. GMW ensures that we will:

- provide sufficient resources to adequately manage and investigate all complaints
- encourage and expect employees to actively listen to a customer making a complaint
- resolve the complaint, or make the complainant aware of the progress towards resolving their complaint, within 10 business days
- do our best to assist in a resolution that is to the satisfaction of all parties within the bounds of legislative and policy requirements.

Water Deliveries

During the 2018/19 irrigation season, GMW delivered a total of 1,174,084 ML to irrigation customers in the irrigation areas and regulated river systems, 261,747 ML less than in 2017/18.

Of the 118,573 irrigation orders received, 93 per cent were delivered on the day requested by the customer. Over half (65 per cent) of the irrigation orders received were lodged via electronic means, demonstrating our customers' appetite for self-service and online convenience.

Percentage of orders delivered on day (regardless of notice)

	Actual	Target
Gravity	93%	93%
Pumped	99%	98%

Table 5: Percentage of orders delivered on day regardless of notice

Water Trading

During the 2018/19 irrigation year, GMW processed 18,211 trades involving 2,795,006 ML of allocation. Water allocation trading was strong, with the price of traded water remaining high for the entire season due to irrigation requirements and dry

seasonal conditions. More customers are purchasing and trading water as the water trading market continues to mature. In addition, customers who are managing their 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 enabling them 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 not required.

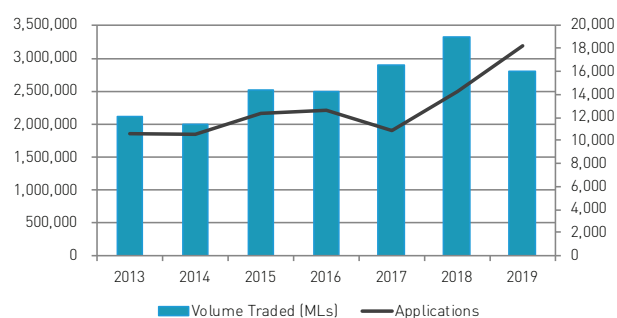


Chart 2: Retail and Environmental allocation trades and volumes since 1 July 2013

GMW received 3,859 applications to transfer 184,962 ML of Water Shares throughout the 2018/19 irrigation year representing an increase in volume over last year. GMW continues to support water market development, working closely with DELWP to provide trading solutions through the Water Register platform.

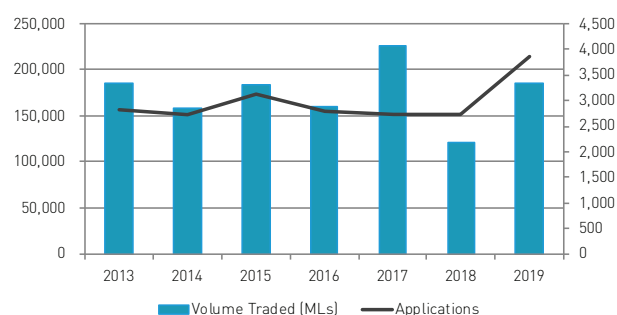


Chart 3: Water Share transfers and volumes since 1 July 2013

Water Share Transfers and Allocation Trades

		2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Water share transfers	Volume (ML)	158,110	184,591	160,545	225,855	120,352	184,962
	Number	2,724	3,130	2,777	2,741	2,739	3,859
Allocation trades	Volume (ML)	1,991,213	2,513,653	2,495,866	2,884,883	3,324,634	2,795,006
	Number	10,531	12,321	12,608	10,860	14,232	18,211

Table 6: Water Share transfers and allocation trades 1 July 2013

The Connections Project

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

The Project is investing more than \$2 billion to improve delivery of water to irrigation businesses across the GMID. The Project focuses on modernising infrastructure and improving service standards while generating water savings and works to provide long-term sustainability of irrigation in the region. The Project is key to providing water for the environment through infrastructure upgrades. Delivering such a complex project is not without its challenges, particularly given the many variables needing management throughout the project.

The Project is on-track for successful delivery by October 2020.

Project Background

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

Project Developments in 2018/19

Following September 2016 approval of the Connections Reset Delivery Plan, the Project continued implementing the Reset scope of works in 2018. The Project is on track for delivery on time and within budget by October 2020.

As at the end of June 2019, the Project has met or exceeded all required contractual milestones and achieved 88 per cent of required water savings (subject to audit and verification processes).

Key activities completed in the 2018/19 year included:

- delivering 342 GL of audited water savings as at 30 June 2018, with continued water savings achievements made since this date.
- continued delivery of solutions for GMID customers and as at June 2019 had installed 8,089 modernised meter outlets and decommissioned 1,325 km of channel.
- completing a significant annual program of works including 40 km of pipeline, 250 automation sites and 33 km of remediated channel.

- finalising the Swan Hill Modernisation Project. The Project has undertaken extensive works since 2012, including decommissioning the No. 9 Channel through Swan Hill, installing pump stations and pipelines, automating Fish Point Weir and lowering Little Murray Weir. The works are extensive and expected to provide future generations with significant environmental, operational and social benefits. The Project has also benefitted the environment through automating Fish Point Weir, resulting in an 80 km stretch of the Little Murray River able to receive flows closer to the river's natural watering regime. In the past, the Weir closed often but can now remain open to allow fish to move along the river.
- near completion of the Third Reedy Lake environmental project following almost five years of technical investigation and extensive community and stakeholder consultation. This project involves constructing a large 750ML/d regulator and 1.4km bypass channel including a fishway and a 1.5km pipeline and associated pump station. For completion in the second half of 2019, these infrastructure works will allow a new watering regime to improve the ecological condition of the lake.
- appointing a panel of on-farm works construction companies through a competitive tendering process to deliver on-farm construction to enable connection works through to completion of the Project.
- keeping safety as a key focus for delivery and successfully completing the intensive construction of the Winter Works period with a recorded a Lost Time Injury Frequency Rate (LTIFR) of 3.5 LTIs per million person-hours worked. This compares favourably to the heavy construction industry LTIFR of 13.7.
- further consolidating the complaints management process to provide customers with more timely and consistent resolutions to issues raised.
- continuing the Project's management systems certification to International and Australian Standards for Quality, Environment and Safety (ISO 9001:2015; ISO 14001:2015 and AS 4801:2001).
- continuing revised engagement model implementation using statutory reconfiguration powers, with remaining works delivered through Reconfiguration Plans (RPs). A total of 96 RPs were formally gazetted under the Water Act 1989 to the end of June 2019. The Project has finalised connections with over 6,500 landowners to the end of June 2019.
- provided a stimulus to the regional GMID economy through the Project's annual construction program creating an estimated 1,558 FTEs in the region (direct and indirect employment) and generating an estimated regional GDP increase of \$158 M for the 12-month reporting period.

Next Steps in 2019

The Project is on track for successful completion by October 2020.

The Project is entering a challenging period but has undertaken a robust works planning process to ensure it can deliver on the Project aims and milestones for 2020. Key activities to achieve these milestones include constructing works associated with Reconfiguration Plans together with a substantial 2019/2020 annual works construction program involving pipelining, channel automation, meter installations and asset rationalisation.

A large Winter Works program is scheduled for completion in 2019 to maximise construction during the irrigation shutdown period and achieve more than 20 GL of water savings towards project completion. These Winter Works include constructing over 60 km of pipeline, decommissioning 175 km of channel, installing 30 regulators and installing or decommissioning over 700 outlets.

The Project team is aiming to finalise the Reconfiguration Plan engagement process in late 2019, resulting in a refined construction scope to finalise Project delivery and construction through to project completion in 2020.

The Project team and GMW will also place increasing focus on implementing the Project Completion and Transition Plan to close out commitments and transition Project activities into GMW business as usual activities. The Project has identified a range of activities to deliver the remaining scope, meet contractual and reporting obligations through to the end of the contractual period and transfer knowledge and expertise into GMW business. Project and GMW staff will focus on delivering activities against this Plan in parallel to finalising construction through to Project completion in 2020.

Project Milestones

As at 30 June 2019, the project has achieved the following milestone targets:

- installed 8,089 service points
- decommissioned 1,325 km of channel
- made 342 GL of audited water savings
- remediated 307 km of channel.

Water Storage

GMW manages 24 storages (including four on behalf of the MDBA and four Mid-Murray storages) to harvest, store and supply water for irrigation, urban/rural and environmental use in northern Victoria. The 20 Victorian owned storages are of varying size, capacity, reliability and consequence category across northern Victoria, and aged between 35 and 145 years. GMW

operates these major storages in accordance with the Australian National Committee on Large Dams (ANCOLD) guidelines. GMW maximises harvesting opportunities, and manages stored water efficiently for our customers.

The storages provide additional benefits including flood mitigation, recreation and public use, support to local tourism, environment and economies, and hydropower generation. These are the non-prescribed services provided by GMW.

Bulk Water Operations and Maintenance

During the 2018/19 year, GMW delivered a number of initiatives to improve the operations and services provided at and around our storages. Some of the highlights of the year are summarised below.

- the MDBA awarded the prestigious Senator JS Collings Trophy for 2018 to Yarrowonga Weir. The Senator Collings trophy has been awarded annually since 1943 to the team with the most effectively maintained asset on the River Murray
- GMW's construction team undertook repairs and associated drainage and access works necessary to ensure the integrity of the storage in early 2018. A review of the embankment stability completed in March 2019 confirmed no ongoing dam safety concerns arising from this incident
- an electrical and control system upgrade for the Cairn Curran spillway gates and outlet replaced infrastructure over 60 years old. The new system is designed to improve operator safety and increase asset reliability
- at Lake Eppalock, a new CCTV system with a fully integrated digital system will enhance operational safety, surveillance and asset security
- new stairs and platforms installed in the Eppalock Outlet Tower will improve access for operations staff and reduce OH&S risks
- ladder access was replaced in the outlet tower at Lake Nillahcootie to address OH&S issues, with similar works planned at Lake William Hovell during 2019
- the Torrumbarry Weir Navigation Lock was refurbished in 2018 to promote its safe and reliable operation. The project included corrosion protection works, assessing and replacing seals, mechanical and metal components and drains, and repairs to the concrete chamber. Additional works in early 2019 replaced the upstream valves
- the Eildon Outlet Tower Trash Rack refurbishment project was successfully completed with the full 10 sets grit blasted and recoated
- the Eildon Outlet Tower Cylinder Gate Control System was upgraded during the year, promoting ongoing operational reliability of the asset

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

- comprehensive Dam Safety Inspections were undertaken at Hepburn's Lagoon (10 yearly) and at Lake William Hovell and Dartmouth (5 yearly), with no major issues identified
- a 10 yearly review and update of the Dams Portfolio Risk Assessment progressed during the year. The review was inclusive of 12 GMW owned dams and four dams managed on behalf of MDBA, and is now near completion. Dam-break modelling, inundation mapping, and consequence and risk assessments have been completed. The draft strategy report prepared will inform requirements for future dam safety related investments, including investigations, design reviews and upgrade projects
- desktop exercises testing Flood Incident Management Plans and Dam Safety Emergency Plans for all 16 dams were undertaken over the period May to June 2019
- deterioration of concrete joints in the floor of the Eildon Spillway Chute has prompted completion of detailed designs to address deficiencies in the existing joints. Major repair works are planned during 2019/20
- Stuart Murray Canal Offtake radial gate replacement commenced in May 2019 and will be completed by the end of July to allow time to refill the canal prior to the 2019/20 irrigation season
- a bridge on the Benjeroop-Lake Charm Road providing a road crossing over the Barr Creek Salt Interception Scheme was replaced with a culvert. Further bridge replacements are planned during 2019/20
- an extensive feature survey and site plan was completed for Lake Dartmouth and associated assets. While the output data and 3D scanned models accurately capture asset location and condition, they will also assist to design future refurbishment, enhancement and upgrade works
- GMW developed a L&OWMP for Lake Dartmouth and the Regulating Pondage in consultation with stakeholders, interest groups and the local community
- Moirra Shire, GMW and Lotus Living received \$2.7 million from the Commonwealth Government's Regional Jobs and Investment Packages to extend the erosion protection works, walking path and landscaping a further 800 m along the Lake Mulwala foreshore. The project is continuing with completion due in 2019/20
- Victorian Fisheries Authority (VFA) and New South Wales Roads and Maritime Services have provided \$93,000 and \$150,000 respectively to improve and extend the boat ramps on Lake Mulwala at Majors Creek and Paisley Road, Bundalong. This will cater for larger vessels and improve on-shore access and parking. Work commenced in 2018/19 and will be completed in 2019/20
- GMW is partnering with Regional Development Victoria and the Murrindindi Shire Council to upgrade boat ramp access to the Lake Eildon Marina. The upgrade will provide safer

facilities to launch and retrieve larger houseboats built since size limits increased in 2013. Planning and design is complete and construction will take place over the next 12 months

- GMW and the Connections Project are currently decommissioning Green's Lake for operational use. Increased and improved recreational facilities are planned for the location with funding from the Victorian Government through Pick my Project. A Recreational Masterplan is currently being finalised following public consultation, which will also feed into the five-yearly review of the L&OWMP
- following Premier Andrews' announcement during last year's election that several storages would be opened up for recreational boating, GMW has worked closely with the VFA and DELWP to open Tullaroop Reservoir to non-powered boating in May 2019. GMW is currently preparing to provide similar opportunities at Hepburn's Lagoon in August. Coliban Water has asked GMW to help prepare four of its storages for recreational boating, which is also scheduled for August 2019
- GMW completed Stage 1 of the Dams Strategy during the year, which documented the benefits of each dam to our customers, the local communities and the State of Victoria, while also reviewing their financial viability. The outcomes of this study are currently under consideration to develop a future strategy for the dams
- GMW staff made three presentations on dams projects, challenges and learnings at the ANCOLD National Conference in Melbourne, and a further three presentations at the ANCOLD Dams Operations Forum held in Adelaide.

Water Management

GMW is the northern Victorian Resource Manager appointed by the Minister for Water with responsibility for making the seasonal determination for all northern Victorian declared water systems.

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

GMW released the first outlook on water availability for 2018/19 in December 2017 when the Annual Water Outlook was published. This document indicated there would be lower seasonal determinations in 2018/19 if inflows were low. Further seasonal determination outlooks for 2018/19 were published on 15 February 2018 and 15 May 2018 which provided an indication of water availability under various inflow scenarios.

Seasonal determinations in 2018/19 reached 100 per cent of high-reliability water shares (HRWS) in all systems except the Broken system which had a final seasonal determination of 37

per cent HRWS. Inflows to the Broken system during 2018/19 were just 11 per cent of the long term average and was the primary reason seasonal determinations did not reach 100 per cent HRWS. Entitlement holders in the Bullarook system also received a 100 per cent low-reliability water share (LRWS) seasonal determination.

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%
2017/18	100	0	100	100	100	0	100	59	100	0	100	100
2018/19	100	0	37	0	100	0	100	0	100	0	100	100

Table 7: Seasonal Determinations for Northern Victorian Water Systems since 1 July 2017

While 2018/19 was a low inflow year and generally considered to be a dry year, water availability in the northern Victorian regulated systems was considered to be a relatively normal year. The first outlook on water availability for 2019/20 was released in December 2018 when the Annual Water Outlook was published (www.g-mwater.com.au/water-resources/water-resource-update). This initial outlook flagged the lower reserves and lower water availability in 2019/20 if inflow conditions remained low.

Recognising there could be supply issues in 2019/20, GMW commenced dry inflow contingency planning activities in April 2019. This included reaching agreement with Catchment Management Authorities to vary passing flow arrangements in the Loddon and Broken systems over the winter period in an effort to improve supply ability during 2019/20. Customers on the Broken system were sent a letter in June 2019 outlining the potential to experience supply issues during 2019/20 if inflows remained low.

Table 8 describes GMW's water deliveries in 2018/19 based on service type.

Service	Total Delivered (ML)
GMID (Total)	1,196,739
GMID (Irrigation)	1,067,401
GMID (Environment)	118,546
GMID (Urban)	10,793
Pumped Districts (Irrigation)	22,416
Regulated Diverters (Irrigation)	89,731
Regulated Diverters (Environment)	333,440
Regulated Diverters (Urban)	53,622
Unregulated Diverters	29,698
Groundwater ¹	154,514

Table 8: GMW water deliveries in 2018/19 based on service type

Carryover

Northern Victorian water entitlement holders carried over 951 GL into the 2018/19 season, approximately 347 GL less than the 2017/18 season.

In its role as Resource Manager, GMW declared a low risk of spill on 10 September 2018 for the Goulburn and Campaspe systems and on 10 October 2018 for the Murray system. There was no spill from spillable water accounts in 2018/19. The low risk of spill declarations allowed customers to trade or use allocation held in spillable water accounts. The volume returned from spillable water accounts totalled 143 GL. The total volume of allocation available to entitlement holders in 2017/18 was 3,671 GL.

Groundwater

Northern Victoria experienced below average rainfall in 2018/19, which contributed to the highest ever recorded use of groundwater across the GMW region. Use was particularly high in the Loddon, Campaspe and Katunga Water Supply Protection Areas. Groundwater entitlement transfers also set a new record with over 22.5 GL transferred within the groundwater management areas. Across the region, all Groundwater Management Units received a maximum allocation in 2018/19 except the Newlyn Zone of the Loddon Highlands Water Supply Protection Area, which received a 75 per cent allocation.

1. Excludes Shepparton Irrigation Region (SIR) Groundwater Management Area (GMA) estimated usage.

System Efficiency

Modernisation in GMW's irrigation areas improves the operational efficiency of its channel delivery networks. The following table shows system efficiencies compared with 2016/17 and 2017/18. System efficiency reflects the percentage of water diverted into an irrigation area recorded at customers' service points.

GMW System Efficiency within Irrigation Areas			
	2016/17	2017/18	2018/19
Total	87.0%	84.5%	82.0%
Shepparton	88.8%	86.1%	84.9%
Central Goulburn	83.0%	84.6%	82.0%
Rochester	86.7%	90.1%	84.2%
Loddon Valley	84.6%	83.5%	82.1%
Murray Valley	84.4%	80.8%	83.5%
Torrumbarry	93.1%	84.9%	77.3%

Table 9: GMW system efficiency within irrigation areas

The overall GMID efficiency was 82.0 per cent in the 2018/19 season. System efficiencies in this season were adversely impacted by a hot dry summer and lower deliveries than the previous seasons. In comparison, high rainfall and flooding in the 2016/17 season assisted in achieving higher area efficiencies. Higher deliveries in the 2017/18 season assisted in achieving higher system efficiencies.

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

Sustainable Resource Management

GMW's water resource management and monitoring programs manage surface water and groundwater resources sustainably. GMW delivers these programs in conjunction with partner agencies including the MDBA, CMAs, DELWP and the Department of Economic Development, Jobs, Transport and Resources (DEDJTR)/Department of Jobs, Precincts and Regions (DJPR).

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

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

Our Environment

GMW has a comprehensive process in place to report and monitor compliance against legal, regulatory and Statement of Obligations requirements. The Board and Executive Management Team receive an annual attestation of compliance against these obligations. In the event a breach is identified an action plan is developed in consultation with the relevant business unit to identify appropriate control measures to mitigate future occurrences. GMW reports breaches to the relevant regulatory authorities as required. GMW attests that one breach of our legal, regulatory, or Statement of Obligations requirements came to the Corporation's notice during the 2018/19 reporting period. GMW received an Environment Protection Agency clean up notice for a historic waste concrete site. Remediation works were completed and compliance with the notice achieved.

GMW fulfilled its obligations under the *Safe Drinking Water Act 2003* and *Safe Drinking Water Regulations 2015*. GMW monitored blue-green algae and other water quality parameters at key locations to ensure effective management and communication of risks to water users and other stakeholders.

GMW manages its interactions with the environment through its Environmental Management System (EMS). GMW's EMS is certified to the International Standard for Systems AS/NZ ISO 14001 and has maintained this certification throughout 2018/19. External third party audits assessed performance against this standard.

Performance Reporting Financial

GMW Financial Structure

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

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

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

Five Year Financial Summary

Summary of Financial Results - Water Storage & Delivery and Connections Project (before internal adjustments)					
	2018/19	2017/18	2016/17	2015/16	2014/15
	(' \$000)	(' \$000)	(' \$000)	(' \$000)	(' \$000)
Water Storage & Delivery					
<i>Profit & Loss</i>					
Total revenue	185,624	168,259	170,312	164,333	169,982
Expenses excluding interest, depreciation and amortisation	150,218	164,311	138,126	137,910	133,048
Earnings before interest, tax, depreciation and amortisation (EBITDA)	35,405	3,948	32,186	26,423	36,934
Depreciation and amortisation	100,084	100,231	102,759	69,381	69,691
Interest expense	6,930	7,118	7,424	7,732	7,942
Net result before tax - Water Storage & Delivery	(71,608)	(103,401)	(77,996)	(50,690)	(40,699)
<i>Cash Flow</i>					
Net cash flow from operations	8,801	38,722	10,886	38,693	25,749
Payments for property, plant, equipment and infrastructure	23,762	35,232	37,564	36,082	21,938
Connections Project (Integrated into GMW on 1 July 2012)					
<i>Profit & Loss</i>					
Funding revenue	92,076	63,422	68,873	106,143	94,189
<i>Project Expenditure</i>					
Project costs	100,881	60,322	66,954	49,600	50,919
Other project costs [1]	15,866	18,282	14,270	20,108	20,345
Total Project Expenditure	116,747	78,605	81,225	69,708	71,264
Net result before tax - Connections Project	(24,671)	(15,181)	(12,351)	36,434	22,924
<i>Cash Flow</i>					
Net cash flow from operations	(27,247)	54,186	124,704	(31,706)	45,631
Payments for property, plant, equipment and infrastructure	118,554	96,723	80,201	96,530	61,143
[1] Includes employee expenses, other operating costs, depreciation and interest					
Summary of Financial Results - Total GMW (after internal adjustments)					
<i>Profit & Loss</i>					
Total revenue	242,479	211,411	211,296	259,603	249,683
Total expenses	338,757	329,990	301,642	273,998	267,459
Net result before tax - GMW	(96,278)	(118,580)	(90,347)	(14,395)	(17,776)
<i>Balance Sheet</i>					
Assets					
Current	352,356	376,908	314,852	147,215	199,815
Non-current	4,727,023	4,734,348	4,765,406	4,820,608	4,185,516
Total assets	5,079,379	5,111,256	5,080,259	4,967,824	4,385,330
Liabilities					
Current	183,423	253,915	194,920	85,456	150,672
Non-current	610,451	634,354	668,675	726,178	557,251
Total liabilities	793,874	888,268	863,595	811,634	707,923
<i>Cash Flow</i>					
Net cash flow from operations	(18,446)	92,908	135,590	6,987	71,380
Payments for property, plant, equipment and infrastructure	142,316	131,955	117,765	132,613	83,081

Table 10: Summary of financial results since 1 July 2014

Current Year Financial Review

In early 2019, GMW adopted our Transformation Working Plan; this plan supports a significant change program for GMW reflected in favourable price paths for customers and efficiency of operations across the business. 2018/19 completes the third year of the four-year price regulated period (termed 'Water Plan 4'). The ESC has determined a revenue cap for the prescribed services for the period to June 2020, and GMW's operating expenditure target to remove \$20 million recurrently by that date has been included in prices throughout the regulatory period. The cost target was achieved by June 2018; earlier than planned.

Other highlights include:

- the Annual Report sets out the operational and financial information relating to the business as a whole this includes the consolidated financial statements for Water Storage & Delivery (WS&D) and the Connections Project
- total revenue of \$242 m was higher than the prior year. The fixed retail tariff revenue increased and offset the decreased variable revenue. Connections Project revenue increased against prior year in-line with increased expenditure
- the dairy industry commodity price reduction announced in April 2016 continued to affect a significant number of GMW customers, with consequential impact on an increased trade debtor balance and reduced cash receipts. The amount owed that is older than 90 days is 30 per cent higher than the value prior to that 2016 industry incident. GMW has ability to recover such debt, so provisioning for bad debt is very low
- borrowings have increased slightly from the prior year along with flat and low interest rates; this has assisted to reduce interest expense
- the Net Result before tax of (\$96.3m) loss was affected mainly by asset decommissioning occurring through the planned actions of the Connections Project, as well as depreciation not being fully covered in the regulatory pricing and revenue-setting regime. The Total Comprehensive Result of (\$67.6m) loss was lower than previous year due to Connections project increased activity and sale of allocation.

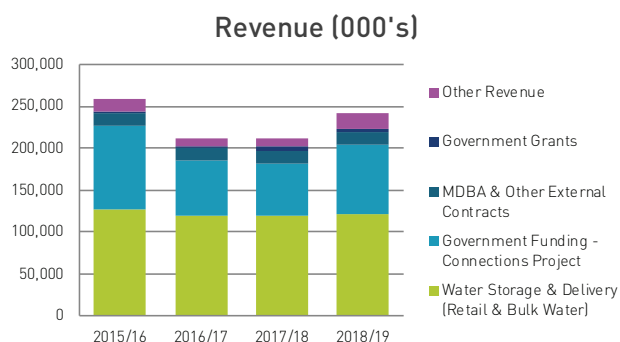


Chart 4: Revenue by source (000's) since 1 July 2015

Expenditure (000's)

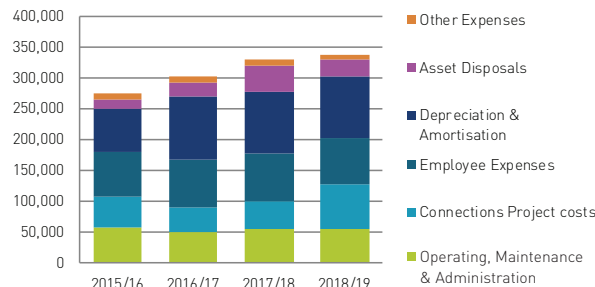


Chart 5: Expenditure breakdown (000's) since 1 July 2015

Significant Changes in Financial Position

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

Significant Changes or Factors Affecting Performance

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

Capital Projects

GMW delivered capital works in two main areas; in the normal course of our Water Storage & Delivery business, and through the Connections Project as outlined in the following sections. The majority of construction activity occurs while the gravity irrigation system is non-operational and occurs in the months either side of June 30.

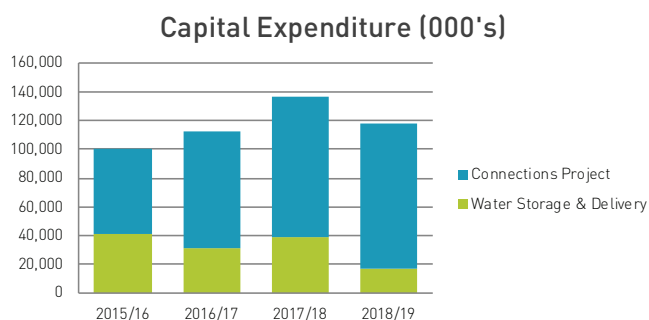


Chart 6: Capital expenditure breakdown between business units (000's) since 1 July 2015

Capital Projects – Water Storage & Delivery

During 2018/19 GMW delivered \$19.874m of customer funded capital projects. GMW delivers its works through a mix of direct management with internal resources, and by outsourcing to contractors. The mix is determined through competitive tendering and ensures GMW continuously compares costs and demonstrates efficient delivery. GMW prioritised works within GMW's Irrigation Areas based on risk to safety, service and consistency with Modernisation and Transformation.

Some of the projects undertaken were:

- replacing 46 structures at end of useful life
- Campaspe River syphon internal replacement
- ICT system, server and network upgrades (including corporate records system)
- Serpentine Weir refurbishment
- Stuart Murray Canal offtake radial gates replacement
- work centre residences construction at Lake Buffalo and Goulburn Weir
- Eildon Outlet Tower Trash Rack Refurbishment Project completion
- continued programme of channel remediation across the GMID
- failed meters replacement.

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

- full refurbishment works and valve replacement for the lock at Torrumbarry Weir
- completed repainting Yarrawonga Gate 4.

GMW also completed externally funded works on Mosquito Drain 40 and provided additional toilet block and recreational facilities at Kimbolton (Lake Eppalock).

Table 11 details the major capital projects delivered during the period (per cent complete represents how much of the 2018/19 program was complete at 30 June 2019).

Capital Projects – The Connections Project

The Connections Project delivered \$98.24m of capital works during 2018/19.

Although works are now being delivered year-round without interrupting irrigation supply, intensive construction occurred predominantly during the winter works period between May and August when channel systems are largely dewatered.

Some of the infrastructure projects undertaken were:

- completing the Swan Hill Modernisation Special Project, including No.9 pipeline construction and associated channel decommissioning works
- Third Reedy Lake bypass project
- channel automation, including automating structures of varying types and sizes
- channel remediation with High-Density Polyethylene plastic, clay lining and remodelling outer banks
- continuing the meter installation program
- a number of pipelines constructed during the year and a number under construction and scheduled for completion early in the new financial year.

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

Capital Projects			
Project	2018/19 expenditure (\$m)	2018/19 budget (\$m)	Percentage completed as at 30 June 2019
Bridge and Culvert Replacements ¹	4.9	7.8	50
Linear Programme (remodelling, access and fencing)	4.3	3.7	100
Replacement of major items of plant	1.5	1.9	100
Failed meter replacements	1.2	1.2	100
Cairn Curran Outlet Upgrade (Stage 2)	0.85	0.86	100
Access (OHS) improvement works to Dam Outlets	0.86	0.85	80
Refurbishment of Serpentine Weir	0.12	0.2	100

Table 11: Capital Projects in 2018/19 within Water Storage and Delivery in expenditure, budget and percentage completed

1. Application of Transformational thinking significantly reduced the number of structures to be addressed in 2018/19 and generated the bridge and culvert replacement budget surplus. Some of these savings were used to deliver unbudgeted critical linear works.

Performance – Water Storage & Delivery

The 2018/19 financial year for Water Storage & Delivery was one where water deliveries were lower than the prior year and recent year average volumes. The lower variable or volume revenue was offset by higher fixed retail revenue. Continued focus on expenditure control ensured another strong financial performance. This year's Net result, of (\$71.6 million) loss was \$31.8 million higher than the prior year (\$103.4million) due to lower asset disposals from decommissioning activity completed by the Connections Project, and increased operating activity offset by increased Connections project funding.

The main drivers of the operating result for 2018/19 were revenue in line with budget combined with lower 'controllable' operating costs. Controllable operating costs exclude depreciation, asset write-down expenses through the Connections Project asset rationalisation, and other expenditure that is funded by external parties and offset by increased revenue.

The Water Storage & Delivery business achieved an EBITDA result of \$35.4 million compared to 2017/18 of \$3.9 million. The main factor being the increased revenue for Connections Project, which is eliminated in the consolidated accounts.

Positive operational cash flows of \$8.8 million were achieved compared to \$38.7 million in 2017/18. As detailed above, several 'one off' factors can impact the operating results and present a timing variance year by year, although it is important to note the underlying EBITDA and operating cash performance remains strong.

Performance – The Connections Project

The Connections Project received government funding of \$164 million during 2018/19. Overall the Project enters the 2019/20 year with a strong cash position due to the funding received ahead of the intensive construction period between May and August. Cash holdings at 30 June 2019 were \$310.7 million.

Subsequent Events

There were no events after 30 June 2019 likely to affect GMW's financial performance in a material way.

Certification of Performance Report for 2018/19

We certify that the accompanying Performance Report of Goulburn-Murray Rural Water Corporation in respect of the 2018/19 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 2018/19 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.



Diane James AM
Chairman
14 August 2019



Charmaine Quick
Managing Director
14 August 2019



Tracey Hood
Acting Chief Financial Officer
14 August 2019

Performance Report

Financial Indicators

KPI Number	Key Performance Indicator	2017/18 Result	2018/19 Result	2018/19 Target	Variance to prior year	Variance to target	Notes
F1	Cash Interest Cover Net operating cash flows before net interest and tax/net interest payments	16.6	-2.2	2.4	-113.5%	-193.2%	1
F2	Gearing Ratio Total debt/total assets*100	2.1%	2.2%	2.3%	5.8%	-3.8%	2
F3	Internal Financing Ratio Net Operating cash flow less dividends/ net capital expenditure*100	70.6%	-13.0%	6.4%	-118.4%	-303.0%	3
F4	Current Ratio Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	5.2 times	8.2 times	2.7 times	56.3%	201.9%	4
F5	Return on Assets Earnings before net interest and tax/average assets*100	-2.2%	-1.8%	-2.0%	-20.0%	-11.7%	5
F6	Return on Equity Net profit after tax/average total equity*100	-2.0%	-1.6%	-1.8%	20.0%	-12.2%	6
F7	EBITDA Margin Earnings before Interest, Tax, Depreciation and Amortisation/ total revenue*100	-5.4%	4.3%	3.4%	-179.7%	27.1%	7
F8	Credit Rating Government assessment of underlying credit risk	A	A	Held or improved	Positive	Positive	8

Table 12: Results against financial performance indicators

Notes:

- Cash Interest Cover results year on year and against target are significantly impacted by timing of receipts and payments relating to the Connections Project. The result is negative in the current year due to the Connections project receiving minimal grant funding for operations and instead reducing the unearned revenue balance.
- The Gearing Ratio unfavourable to 2017-18 due to increased borrowings in 2018-19. The higher cash balances and lower debt than budget causes favourable variance to target.
- The Internal Financing Ratio is negative in the current year due to negative operating cash flows. This is due to timing of cash receipts relating to the Connections Project as per Note 1.
- The Current Ratio is favourable to budget and prior year due to lower current liabilities offsetting the slightly lower cash holdings for the Connections project.
- Return on Assets is favourable due to significantly lower loss before interest and tax than 2017-18 and budget. Return on Assets is negative as GMW reports a net loss before net interest and tax due to the annual depreciation expense which was \$100m in 2018-19 (2017-18 \$101m and target \$113m). GMW is regulated and pricing principles restrict GMW from pricing to fully recover statutory depreciation.
- Return on Equity favourable to the prior year and target due lower loss after tax. Net profit after tax is negative for the same reasons as reported in Note 5 above.
- EBITDA Margin is favourable in 2018-19 due to lower asset disposals resulting in a higher EBITDA (2018-19 \$26.7m vs 2017-18 \$43.3m).
- Credit rating is assessed by the Department of Treasury and Finance with reference to Total debt compared to Total Debt plus Equity, and Total Debt compared to EBITDA.

Water Service Performance

KPI Number	Key Performance Indicator	2017/18 Result	2018/19 Result	2018/19 Target	Variance to prior year	Variance to target	Notes
WSR1	Gravity: Rural water supply deliveries Number of orders delivered/ total number of orders *100	94%	93%	92%	-1%	1%	
WSR1	Pumped: Rural water supply deliveries Number of orders delivered/ total number of orders *100	98%	99%	98%	1%	1%	
WSR2	Unavailability of Domestic and Stock supply Duration that domestic and stock service is unavailable in excess of on-property storage	0%	0%	1.5%	0%	-100%	1
WSR3	Groundwater supply Number of transfers processed within target period/total number of transfers processed *100	73%	86%	73%	15%	17%	2

Table 13: Performance against Water Performance Indicators

Notes:

1. Despite being shown as a negative variance; the 2018/19 result is a positive result with no unavailability during 2018/19.
2. During the 17/18 season the process around the groundwater applications were reviewed and updated. These addressed incomplete forms and timing of inspections when required. This has created a better on time completion rate with more applications being submitted.

Customer Responsiveness

KPI Number	Key Performance Indicator	2017/18 Result	2018/19 Result	2018/19 Target	Variance to prior year	Variance to target	Notes
CR4	Billing Complaints Number of complaints per 1,000 customers	0.00	0.01	0.01	-100%	0%	1

Table 14: Performance against customer responsiveness performance indicators

Notes:

1. GMW continues to engage with customers and improve services and processes to minimise customer complaints. One segment of the GMW business where tariffs' charges have changed; has identified an ongoing improvement process is required and to engage further with the customer groups.

Environmental Performance

KPI Number	Key Performance Indicator	2017/18 Result	2018/19 Result	2018/19 Target	Variance to prior year	Variance to target	Notes
E2	Net tonnes CO2 equivalent	10,703 tonnes	11,149 tonnes	10,066 tonnes	4.2%	10.8%	1

Table 15: Performance against environmental performance indicators

Notes:

1. While electricity usage has fallen at GMW's staffed locations, due to the changing nature of GMW's delivery network and the incorporation of more pumping schemes replacing traditional gravity irrigation, there has been an increase in power usage.

OTHER DISCLOSURES	FINANCIAL STATEMENTS	NOTES TO THE FINANCIAL STATEMENTS	APPENDICES
-----------------------------------	--------------------------------------	---	----------------------------



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Goulburn-Murray Rural Water Corporation

Opinion	<p>I have audited the accompanying performance report of the Goulburn-Murray Rural Water Corporation (the corporation) for the year ended 30 June 2019, which comprises the:</p> <ul style="list-style-type: none"> • financial performance indicators • water and sewerage service performance indicators • customer responsiveness performance indicators • environmental performance indicators • certification of performance report. <p>In my opinion, the performance report of the Goulburn-Murray Rural Water Corporation in respect of the year ended 30 June 2019 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i> and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
Auditor's responsibilities for the audit of the performance report	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

**Auditor's
responsibilities
for the audit of
the
performance
report (cont'd)**

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

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

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

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

MELBOURNE
23 August 2019



Paul Martin
as delegate for the Auditor-General of Victoria

Organisational Structure

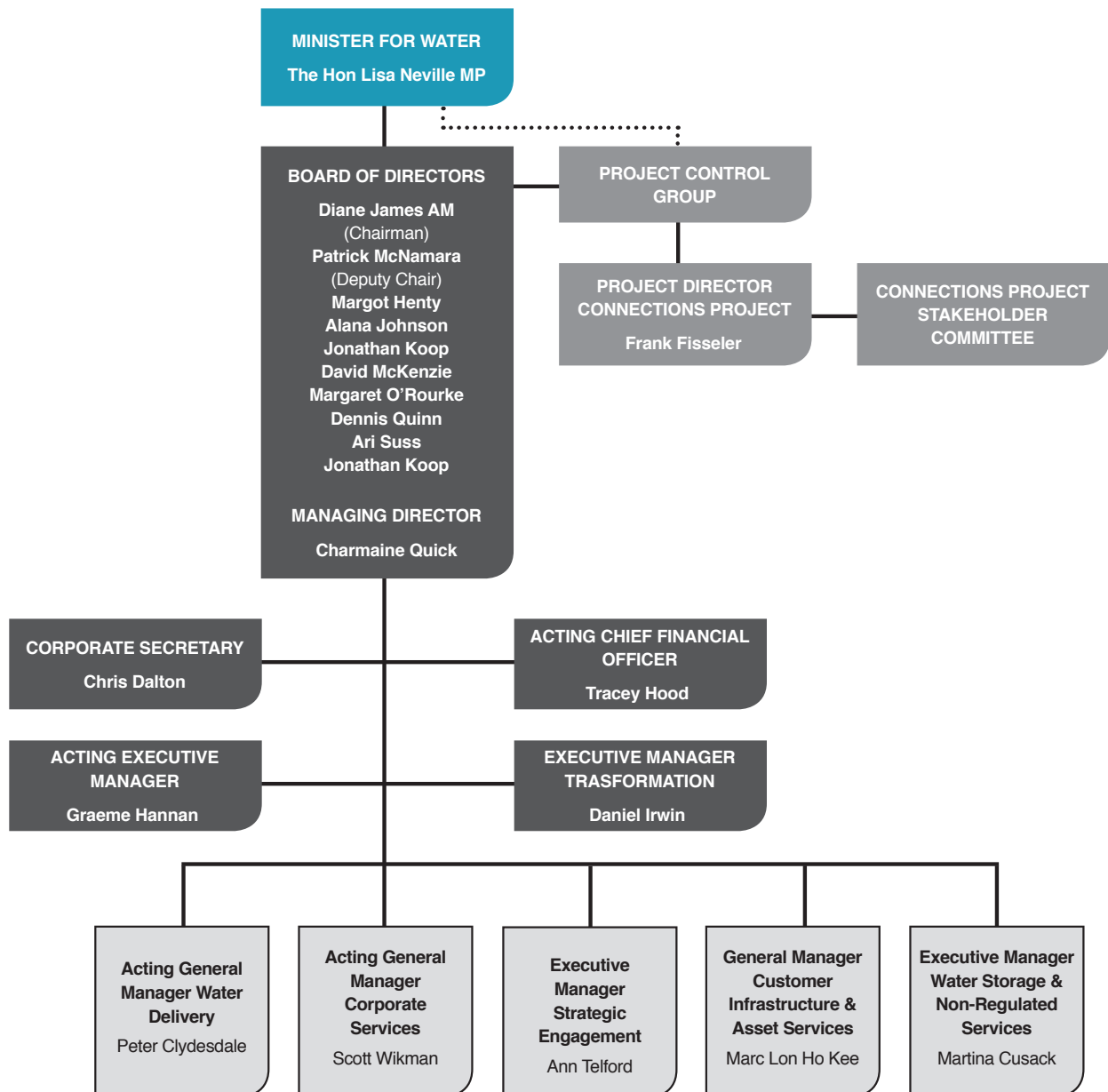


Diagram 2: Governance and organisational structure as at 30 June 2019

Our Business Units

On a practical level, the employees of GMW are divided within functionally separated division and business units which work collaboratively to achieve our strategic and operational business objectives. We are currently undergoing organisational transformation, which will see new business divisions effective as of 1 July 2019. GMW's divisions for the 2018/19 financial year are as follows:

The Connections Project is responsible for the delivery of the \$2 billion Connections Project. The Project is the single most important upgrade of the GMID in its 100 year history. The Project improves farm productivity, reduces the GMID footprint and benefits the health of the local environment and the Murray Darling Basin by generating water savings through infrastructure upgrades.

Corporate Secretariat provides support services to GMW in the areas of strategic and operational corporate governance, business integrity, regulatory and statutory compliance, corporate legal matters for the Board, Executive Team and the overall business.

Finance provide support services to GMW in the areas of financial control, procurement, budgeting and forecasting, financial analytics and systems, and regulation and pricing.

Water Storage & Non-Regulated Services and **Water Delivery** are accountable for delivering services to our diverse customer base. The focus is on delivering efficient and affordable water services and be accountable for transparency in cost allocation. They are responsible for providing customer service, retail, wholesale and construction related operations. This includes, but is not limited to continual improvements in delivery of our customer experience, implementation of lean business processes, and in doing so reducing costs for customers, operation and monitoring of key infrastructure including dams, channels, drains, pipelines and associated assets, and engineering and technical support.

Corporate Services provide support services to GMW in the areas of human resources, training and development, safety, risk and compliance, facilities and property management along with ICT operations, enterprise knowledge management and programme management. The Executive Manager **Strategic Engagement** provides support services to GMW in the areas of marketing and communications strategy, media relations, community and stakeholder engagement, brand awareness and internal and external communications. This role was appointed to assist the development of our Pricing Submission, the Transformation Project, a new Customer Service Strategy and DELWP's Delivery Share Review.

Infrastructure and Asset Services are responsible for the strategic management of GMW's asset base which is used to provide outstanding water related service to an extensive and diverse customer base in northern Victoria. The strategic management of GMW's infrastructure and assets to ensure appropriate asset management policy and planning and the coordinated delivery of capital and maintenance programs is achieved.

Board of Directors

Independent Directors

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

Diane James AM, Chairman (from 1 September 2018)

Diane James AM is a business consultant, leadership coach and company director. Her career includes establishing two start-up companies and serving on numerous State and National boards. She is Chairman of Southern Rural Water and a former Director of Barwon Water.

Diane was a founding director of GenU, a national disability, ageing and lifestyle services organisation and was Chairman of the Victorian Coastal Council for 12 years. In recognition of her contribution to the environment and natural resource management, Diane was awarded a Member of the Order of Australia (AM) in 2011.

She is an accredited leadership coach, holds a Graduate Certificate in Innovation and Entrepreneurship and is a Fellow of the Australian Institute of Company Directors.

Patrick McNamara, Deputy Chairman

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

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

Margot Henty

Margot Henty has been an irrigation dairy farmer at Cohuna for 30 years and has strong understanding of water use and management in the Goulburn Murray region.

She is a Director of the Board of Water Partners Australia, a water trading business operating not-for-profit. Margot has contributed extensively to regional resource management plans over the last thirty years of changing times, including Torrumbarry Reconfiguration and Asset Modernisation Strategy and the Barr Creek Salinity Management Plan.

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

Alana Johnson

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

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

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

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

Jonathan Koop

Jonathan Koop was appointed a Goulburn-Murray Water Director in October 2017, having previously served as Director with North East Water.

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

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

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.

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

Ms O'Rourke is now a consultant to industry using her specialist skills in digital economy strategies, community facilitation, telecommunications infrastructure and leadership consultancy.

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

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

Dennis Quinn

Dennis Quinn has a background in engineering and marketing and sales management.

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

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

Ari Suss

Ari Suss is CEO of Fox Special Projects, part of the private family investment arm of the Linfox Group, joining the company in 2004. Ari is also a Board Member of Avalon Airport Australia.

Between 1999 and 2004, Ari was a senior adviser to former Premier Steve Bracks. During this time, he specialised in policy and advice in the areas of infrastructure development, transport, ports, major projects, multicultural affairs and parliamentary strategy.

In 2011, Ari also commenced in his role as General Manager of the Linfox-owned Australian Automotive Research Centre, an 1100-hectare vehicle test facility in Anglesea, Victoria.

In 2018, Ari was appointed a Director of Fed Square Pty Ltd.

Ari has a Master's degree in Public Policy and Management from Monash University, is a graduate member of the Australian Institute of Company Directors and has completed leadership studies at Harvard Business School.

David McKenzie (from 18 September 2018)

David McKenzie is Managing Director of Opteon Property Group, with offices across northern Victoria, and also chairs North East Water, the Minister for Regional Development's statewide Regional Development Advisory Committee, and the Goulburn Regional Partnership.

He is a director of the Committee for Greater Shepparton and co-convenor of the GMID Water Leadership Forum.

Joanne Anderson (from 1 September 2016 to 27 July 2018)

Jo Anderson held the role of Chairman for her tenure here at GMW.

Gayle Lee (from 2 November 2016 to 3 September 2018)

Gayle Lee was a Board Director for her tenure at GMW.

Executive Director

Charmaine Quick (Managing Director) (from 4 February 2019)

Charmaine Quick joins GMW with more than two decades of experience in the water industry and a strong history in leading change.

Prior to her appointment at GMW, Charmaine was the Executive General Manager, Service Delivery at Melbourne Water. She is known for her ability to influence and drive change at an organisation level, nationally and internationally for asset management, relationship contract management and customer service.

Charmaine's qualifications include Bachelor of Civil Engineering (Melbourne University), and Master Environmental Science (Monash University), and she is also a graduate of the Australian Institute of Company Directors.

Bill Jaboor (1 October 2018 – 15 February 2019)

Bill was appointed as Interim Managing Director of GMW. Bill has a distinguished public sector career as CEO of several local governments and has helped drive education, employment and development projects across the state for more than four decades. Bill has been Chairperson of the Victoria Legal Aid Board since 1 October 2017. Bill holds a Master's in Business Administration from Deakin University and has also completed a course in the John F. Kennedy School of Government's State and Local Government Program at Harvard University.

Pat Lennon (from 24 October 2016 to 21 September 2018)

Pat Lennon was appointed as Managing Director for his tenure at GMW.

Conflicts of interests

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

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

Directors Dennis Quinn, Margot Henty, Patrick McNamara, Jonathan Koop and Gayle Lee are customers of GMW. Section 110(2)(a) of the *Water Act 1989* provides that being a customer of GMW is not a pecuniary interest (conflict of interest) if the director is receiving a service in common with other customers.

Board Meetings

Directors attended the following scheduled meetings:

Number attended/eligible to attend

	Board	Audit & Risk	Risk, Audit & Finance	Transformation	People and Culture	Customer & Stakeholder
Margot Henty	12/12	2/2	3/3			4/4
Alana Johnson	12/12					4/4
Gayle Lee	2/2	2/2				
Patrick McNamara	11/12			6/6		
Marg O'Rourke	11/12	2/2	2/3	5/6		0/1
Dennis Quinn	12/12		3/3		4/4	
Ari Suss	11/12				4/4	3/4
Jonathan Koop	11/12		2/3	4/6		
Pat Lennon	2/4	2/2				1/1
Jo Anderson	1/1					
Charmaine Quick	4/4		2/2	3/3	2/2	2/2
Diane James AM¹	10/10		2/3	6/6	4/4	3/3
David McKenzie	8/8			5/6		3/3
Bill Jaboor	3/3		1/1	3/3	1/1	1/1

Table 16: Board member attendance and eligibility from 1 July 2018

Board Committees

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

From 1 July 2018 to 30 June 2019 the following Board committees operated:

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

Committee	Purpose
People and Culture	Oversees GMW's: <ul style="list-style-type: none"> remuneration policy management remuneration diversity policies and initiatives culture management and mitigation of health, safety and wellbeing risks
Customer and Stakeholder Engagement	Oversees GMW's: <ul style="list-style-type: none"> strategic engagement with its customers and stakeholders performance against its customer service standards
Audit and Risk	Before 29 August 2018 the Committee oversaw GMW's: <ul style="list-style-type: none"> financial reporting internal audit function and program risk management and compliance Committee ceased on 29 August 2018 when its functions were transferred to the RAF Committee (refer below).
Risk, Audit and Finance (RAF)	Committee commenced on 29 August 2018. Committee oversees GMW's: <ul style="list-style-type: none"> financial reporting internal audit function risk management and compliance annual budget delivery of its capital expenditure program
Transformation Committee	Committee commenced on 26 September 2018 and ceased on 26 March 2019 after GMW completed the development of a Transformation Working Plan. The Committee oversaw the development by management of this Plan and progress is reported directly to Board. The Board approved this Plan in February 2019 on the recommendation of the Transformation Committee.

Table 17: GMW Board committees and purpose

Audit Committee Membership and Roles

Membership of the Audit & Risk and Risk, Audit & Finance Committees consisted of independent members appointed by the Board. The following persons were the independent members of the Committees in 2018/19:

	Audit & Risk	Risk, Audit & Finance
Margot Henty	Member	Member
Marg O'Rourke	Member (Chair)	Member
Dennis Quinn	Not a member	Member
Jonathan Koop	Not a member	Member (Chair)
Diane James AM	Ex-officio member	Ex-officio member
Gayle Lee	Member	Not a member

Table 18: Membership of GMW's Audit Committee

Meetings of both Committees were held quarterly and at any other time on request of a committee member. In 2018/19, the Audit and Risk Committee and subsequently the Risk, Finance and Audit Committee met five times.

Connections Project Control Group

The role of the Connections Project Control Group (PCG) is to:

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

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

Membership of the Connections PCG during 2018/19 consisted of:

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

Water Services Committees

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

Occupational Health and Safety

2018/19 saw GMW successfully complete external accreditation audits of its OHS Management Systems against the AS/NZS 4801 and OHSAS 18001 standards.

The Health, Safety, Environment (HSE) team worked closely with GMW Learning and Development staff to create, review or conduct online and face-to-face learning modules for areas identified as being of high risk to the business.

Online contractor HSE inductions continue; 2121 persons either renewed or completed this for the first time compared with 2072 in 2017/18.

Key Performance Indicators

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Number of health and safety employee representative committees	9	8	3	4	8	7
Number of lost time injuries for the year	16	16	16	16	11	10
Lost Time Injury Frequency Rate (lost time injuries per million hours worked)	13.1	13.2	11.2	12.8	9.1	9.4
Average Lost Time Rate (average number of days lost per lost time injury)	10.1	22.8	25.7	6.9	26.1	4.2
Number of reported hazards/incidents for the year per 100 full-time equivalent staff members	25.6	17.8	15.4	13.5	11.1	20.5
Number of lost time standard claims for the year per 100 full-time equivalent staff members	0.94	1.19	1.16	0.67	1.72	0.61
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$4,469	\$52,215	\$73,860	\$15,655	\$34,449	\$5,020

Table 19: Results against occupational health and safety key performance indicators

Rehabilitation and Return to Work

In 2018/19 GMW's prevention program focused on psychological health and stress management, rolling out a number of in-house stress management workshops, among other initiatives. This content centred around practical ways employees and managers can work together to manage stress and build strong relationships. GMW is also continuing to pursue strength and resilience opportunities in field-based roles.

Injuries sustained in 2018/19 were reduced in both number and severity, which is reflected in the average claims cost. Predominant causes include manual handling and body stressing, which continues to be a focus of injury prevention strategies.

Public Administration Values and Employment Principles

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

Consistent with these obligations and in support of GMW's commitment to be a high performing organisation, a number of initiatives are being rolled out across the business, including Family Violence Awareness training, Developing Positive Workplace Behaviour training, Managing Workplace Stress and Building Resilience training. These allow our employees to develop skills to manage workloads and uncertainty through a period of change.

GMW continues to celebrate major diversity and inclusion dates such as NAIDOC Week, celebrating Aboriginal and Torres Strait Islander Peoples culture, IDAHOBIT and Wear it Purple

Day standing against discrimination in support of lesbian, gay bisexual, transgender, intersex, and queer (LGBTIQ+) employees, disability and capability and celebrating our multi culturalism through Taste of Harmony.

GMW is an active member of many community working groups to enhance diversity and inclusion, not only for our own employees but also our wider community.

These groups include the Water Industry Diversity and Inclusion Steering Committee, Greater Shepparton LGBTIQ+ Community Alliance, Aboriginal Jobs in Natural Resource Management and The Lighthouse Project. Celebrating our diverse workforce and working closely with our wider community sends an important message from our business that everyone should feel included and valued.

Comparative Workforce Data

GMW has seen some significant changes to its work force numbers through reducing overall headcount by rationalising vacant roles within the business and not replacing a role where the position is not needed, in line with our Transformation Working Plan. Our attrition rate has risen slightly to 10 per cent, which is slightly higher than the 8.7% industry standard. GMW has again seen an increase year on year for flexible working arrangements, becoming more flexible with working conditions to accommodate employee needs.

GMW employs a total of 654 staff (figures include full time, part time and casual employees and exclude Directors and Chairman) equivalent to 627.9 FTE.

The demographic data for GMW's workforce for the period 1/07/2018 – 30/06/2019 as at 30 June 2019 is listed below.

	Employees							Total
	Ongoing employees				Fixed term and casual			
	Number (headcount)	Full time (headcount)	Part time (headcount)	FTE ongoing employees	Headcount	FTE		
June-19	507	468	39	495.4	147	132.5	654	
June-18	547	507	40	535.5	171	153.7	718	

Table 20: GMW's workforce data by classification.

Employee demographics								
	June 19				June 18			
	Ongoing		Fixed term and casual		Ongoing		Fixed term and casual	
	Number (headcount)	FTE	Number headcount	FTE	Number headcount	FTE	Number (headcount)	FTE
Gender								
Male	391	388.2	96	84.9	452	449.8	127	105.3
Female	116	107.2	51	47.6	141	130.8	65	61.5
Age								
< 25	1	1.0	11	7.1	8	8.0	10	6.1
25 – 34	73	69.6	34	32.6	112	107.3	40	33.1
35 – 44	131	128.2	32	29.6	151	147.6	58	55.3
45 – 54	147	145.2	28	27.7	156	154.3	38	33.9
55 – 64	132	129.8	37	33.2	143	140.8	40	35.8
65>	23	21.7	5	2.3	23	22.6	6	2.7
Classification								
Band A	99	97.2	22	16.0	131	130.3	31	13.3
Band B	165	161.4	19	18.8	191	186.8	18	14.8
Band C	117	113.7	42	38.9	129	125.2	52	51.0
Band D	73	70.7	28	26.0	88	85.3	38	37.4
Band E	35	34.6	13	12.4	35	34.2	24	22.4
Band F	18	17.8	15	15.0	19	18.8	22	21.0
EO	0	0.0	8	5.3	0	0.0	7	7.0

Table 21: GMW's workforce data by classification, gender and age demographics

Workforce Inclusion Policy

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

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

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

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

Diversity Strategy

The purpose of the revised 2018/19 strategy is to continue to build accountability for diversity and inclusion in all its forms throughout the organisation by creating awareness through education and action. This in turn will assist GMW in recruiting, retaining and developing talented people by creating a culture that values employees.

Working in conjunction with the Victorian water industry, GMW has adjusted its strategy in 2018/19 to reflect the commitment of the industry as a whole. The water industry aims to collectively be leaders in diversity and inclusion.

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

Our current diversity and inclusion targets to be achieved by 2024, and performance for 2018/19 are as per below.

GMW was successful in achieving a 40%/60% split of females to males in leadership positions, which exceeded our 2018/19 target of a 35%/65% split. Additionally, GMW has also achieved a workforce inclusive of 41% of staff that have access to flexible working arrangements, exceeding the 2024 25% target.

GMW adheres to the *Victorian Public Sector Code of Conduct*, and the *Victorian Charter of Human Rights*. Both are promoted to all staff and made available on our Intranet.

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

Current GMW diversity and inclusion targets by 2024	2018/19 report on GMW diversity and inclusion targets
50%/50% split of male to female in leadership positions (D band +)	60%/40% current split of male to female in leadership positions (D band +)
3% of our workforce will identify as Aboriginal peoples	2% of our workforce currently identify as Aboriginal peoples
7% will identify as LGBTI	6% currently identify as LGBTI
10% of our workforce will identify as having a disability	4% of our workforce currently identify as having a disability
20% of our workforce will speak a language other than English	15% of our workforce currently speak a language other than English
25% of the workforce will enjoy flexible working	41% of the workforce currently enjoy flexible working
35% of the workforce will identify as having care responsibilities.	25% of the workforce currently identify as having care responsibilities

Table 22: GMW's Progress towards diversity and inclusion targets

Executive Officer Data

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

The following tables disclose the EOs of GMW for 2018/19:

- Table 23 discloses the number of EOs for GMW broken down by gender
- Table 24 provides a reconciliation of EO numbers presented between the report of operations and Note 10.3 in the financial statements
- Both tables also disclose the variations, denoted by 'var', between the current and previous reporting periods.

Executive Officers								
Class	All		Male		Female		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
EO 1	3	2	2	2	1	0	0	N/A
EO 2	6	2	5	2	1	0	0	N/A
EO 3	0	-	-	-	0	-	0	N/A
Total	9	4	7	4	2	0	0	N/A

Table 23: Breakdown of EOs into gender

The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the financial year. Note 10.3 in the financial statements lists the actual number of and amount of remuneration paid to EOs over the course of the reporting period. The financial statements note does not include the Accountable Officer, distinguish between executive levels or disclose separations. Separations are those executives who have left GMW during this year. To assist readers, these two disclosures are reconciled in the Table 24.

Executive Officers		
Indicator	2018	2019
Executive	7	9
Accountable Officer	1	1
Less Separations	1	4
Total Executives at June 30	7	5

Table 24: Reconciliation of executive numbers.

The total number of executives stated above represents EOs who were employed under Victorian Government Sector Executive contracts, but does not include employees acting in EO positions employed under the GMW 2018 Enterprise Agreement.

Local Jobs First

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

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

Disclosure of Major Contracts

During 2018/19 GMW did not commence any major contracts to which the VIPP was applied.

Government Advertising Expenditure

GMW's expenditure on government campaign expenditure in the 2018/19 reporting period did not exceed \$100,000 (excl. GST).

Consultancy Expenditure

In 2018/19, there were eight consultancies, all in excess of \$10,000, related to the Water Storage and Delivery business. The total expenditure incurred during 2018/19 in relation to these consultancies is \$1,154,998 (excl. GST).

In 2018/19, there were no consultancies related to the Water Storage and Delivery business where the total fees payable to the consultants were less than \$10,000.

In 2018/19, there were seven consultancies related to the Connections Project where the total fees payable to the consultants were \$10,000 or greater. Total expenditure during 2018/19 was \$311,923.02 (excl. GST).

In 2018/19, there were three consultancies related to the Connections Project where the total fees payable to the consultants were less than \$10,000. Total expenditure during 2018/19 was \$27,190.00 (excl. GST).

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

Details of individual consultancies can be viewed at www.g-mwater.com.au under the annual reports section and in Appendix D of this Report.

Information and Communication Technology Expenditure

For the 2018/19 reporting period, GMW had a total Information and Communication Technology (ICT) expenditure of \$12.6m, with the details shown below.

All operational ICT expenditure	ICT expenditure relating to projects to create or enhance ICT capabilities		
	Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT expenditure (Total = Operational expenditure and Capital Expenditure)	
11,020	1,562	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
		196	1,366

Table 25: Information and communication technology expenditure since 1 July 2018

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

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

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

Compliance

Under the *Water Act 1989* (the Act), Goulburn-Murray Water is responsible for managing taking of surface water from rivers, creeks and dams in the Murray, Goulburn, Loddon, Broken, Bullarook, Loddon, Campaspe, Kiewa and Ovens Rivers. This water is used for a variety of agricultural, industrial, commercial and domestic purposes.

Most water users are responsible and abide by the conditions of their water license. However, each year a small number of users take water illegally. Some do this deliberately, some inadvertently. This includes water sourced from a bore, dam, creek, stream, river or irrigation channel.

The Commonwealth Government has initiated the Water Compliance Project, as part of the National Framework for Compliance and Enforcement Systems for Water Resources Management, to help rural water users understand their rights and obligations when taking and using water. This is a nation-wide initiative with projects in each state. GMW supports the Water Compliance Project and has taken steps throughout 2018/19 to improve our compliance procedures.

Compliance priorities for the 2018/19 year included:

- Corporate Compliance Procedure reviewed by relevant officers and approved by Management
- regular desktop audits of water users to ensure water use does not exceed allocation allowance
- inspections to detect unauthorised users and/or uses of water
- actively pursuing complaints in relation to alleged breaches of compliance
- inspecting properties with irregular water trading and water-use activity patterns over the irrigation season
- reading meters outside scheduled meter reads
- spot checks for illegal infrastructure or tampering with meters
- reviewing licences to ensure correct details and authorised pumping location
- educating customers regarding their obligations when taking and using water
- cautioning and, where necessary, prosecuting offences under the Act
- 794 advisory and 113 caution letters sent to customers advising they had exceeded their water allocation and advising of potential prosecution
- personal attendance at properties by Corporation officers to educate water users who had exceeded their water allocation

- investigating complaints received alleging breaches of the Act and issuing contravention notices of
- additional meter readings where overuse has been detected or previous unauthorised use has been identified
- commenced 10 prosecutions in the Magistrates' Court of Victoria for unauthorised take and use of water and/or unauthorised works
- licensing unit reviewing licences and revoking licences where necessary.

Draft *Compliance and Enforcement Guidelines* have been prepared by DELWP and provided to water corporations for feedback. The Guidelines will be finalised in the near future and will establish key principles and minimum standards that GMW is expected to incorporate into its own compliance strategy.

Information on GMW's website refers to the Water Compliance Project, which was funded by the Commonwealth Government with support from the Council of Australian Governments (COAG). The project's goal was to help rural water users understand their legal rights and obligations around taking and using water including the impacts of illegal water use on their neighbours, the environment and their region. The project also aimed to pursue more action against offenders ranging from verbal and written warnings to court action.

In April 2019, a GMW education campaign advised houseboat owners of their annual licencing fee obligations.

Freedom of Information

The *Freedom of Information Act 1982* (FOI Act) allows the public a right of access to documents held by GMW. The purpose of the FOI Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the FOI Act.

An applicant has a right to apply for access to documents held by GMW. This comprises documents both created by GMW or supplied to GMW by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes.

The FOI Act allows GMW to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to GMW in-confidence.

From 1 September 2017, the FOI Act has been amended to reduce the FOI processing time for requests received from 45 to 30 days. However, when external consultation is required the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times.

If an applicant is not satisfied by a decision made by GMW, under section 49A of the FOI Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

Making a request

Requests for documents in the possession of GMW should be addressed 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 \$29.60 application fee. If payment of the application fee would cause hardship, it may be waived or reduced. Additional access charges may also apply.

FOI statistics/timelines

In 2018/19 GMW received 15 new FOI requests. Of those, eleven requests related to Water Storage & Delivery, and four requests related to the Connections Project. Requests were received from various sections of the community including individuals, community groups, solicitors and organisations.

GMW made 10 FOI decisions during the 12 months ended 30 June 2019.

- nine decisions were made within the statutory 30 day time period
- one decisions was made within 46 to 90 days.

The average time taken to finalise requests was 26 days.

The outcomes of the remaining 5 FOI requests were:

- two not proceeded with
- one withdrawn
- two not yet finalised as at 30 June 2019.

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

There were no applications for review of an FOI decision made to the FOI Commissioner.

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

Further information

Further information regarding the operation and scope of FOI can be obtained at www.g-mwater.com.au/about/foi

Energy and Water Ombudsman (Victoria) Limited

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

During the 2018/2019 financial year, EWOV referred 47 matters to GMW. The nature of these complaints is outlined as follows:

Type of EWOV complaint	Number
Unassisted Referral	8
Assisted Referral	27
Investigation	12
Total	47

Table 26: EWOV complaints including Connections

As at 30 June 2019, there were two outstanding complaints against GMW being investigated by EWOV.

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

The Energy and Water Ombudsman (Victoria)

Replay Paid 469

MELBOURNE VIC 8060

Or, by telephone on 1800 500 509

Compliance with the Building Act 1993

GMW owns or controls premises at Tatura, Shepparton, Cobram, Wangaratta, Lake Hume Village, Dartmouth, Buffalo River, Eildon, Kyabram, Rochester, Cohuna, Kerang, Swan Hill, Pyramid Hill, Mildura, Cairn Curran, Laanecoorie, Tullaroop, Eppalock, Waranga, Yarrawonga, Goulburn Weir, Torrumbarry, Lake Nillahcootie and Lake William Hovell, and consequently is required to include a statement on its compliance with the building and maintenance provisions of the *Building Act 1993* in relation to those buildings.

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

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

2018/19 Building Matters	Number
Number of major works projects undertaken by GMW (greater than \$50,000)	2 x Card Reader Replacement Project. Cussen St Hydrant Project.
Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by the entity	2 x Building Permits were issued for works commencing in 2019/20.
Number of emergency orders and building orders issued in relation to buildings	0
Number of buildings that have been brought into conformity with building standards during the reporting period:	62%

Table 27: Building matters in 2018/19

Based on the findings of the recent building audit it was found that 52 per cent of the buildings are currently compliant with building standards. Through the schedule of works being implemented by GMW this has now been upgraded to 62 per cent of buildings compliant as of the end of June 2019. With these works scheduled, we anticipate that all buildings will be brought into conformity with building standards by June 2022. This plan will be adapted to align with service strategy as we implement Transformation Working Plan actions.

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

Competitive Neutrality Policy

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

Compliance with the Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* (Protected Disclosure Act) enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body.

GMW is a public body for the purposes of the Protected Disclosure Act.

What is a protected disclosure?

A protected disclosure is a complaint of corrupt or improper conduct by a public officer or a public body.

'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption.

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

- is committed to ensuring transparency and accountability in its administrative and management practices
- supports making 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.

Making a protected disclosure

You can make a protected disclosure about GMW or its Board members, officers or employees by contacting IBAC (details below).

GMW is **not** able to receive protected disclosures.

GMW has established a procedure for protecting persons from detrimental action in reprisal for making a protected disclosure about GMW, its Board members, officers or employees. You can access GMW's procedure on our website at: www.gmwater.com.au

The Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria may be contacted by writing to:

Independent Broad-Based Anti-Corruption Commission
(IBAC) Victoria

GPO Box 24234

MELBOURNE VIC 3001

Or, by telephone on 1300 735 135

Or, online at www.ibac.vic.gov.au

Compliance with the Disability Act 2006

GMW actively promotes its diversity and inclusion across all minority groups. GMW is aligned with the *Absolutely everyone: state disability plan for 2017-2020*, which is the Victorian Government's framework for enabling people with a disability to participate and contribute to the social, economic and civic life of their community. Four per cent of GMW's workforce currently identify as having a disability of some kind and we work collectively to ensure no employee is disadvantaged in any way.

We continue to assist employees with modified workstations and equipment to assist with height, back and general accessibility issues. GMW continues to modify our site offices to be compliant for disability access. GMW actively promotes all diversity and inclusion sectors through recruitment, on boarding and corporate induction programs. Unconscious bias training provides all hiring managers with the skills to look at the overall capability and not the disability of any employee within GMW.

Compliance with the Water Act 1989

There are no additional disclosures required to be made in this Annual Report under the *Water Act 1989*.

Office-Based Environmental Impacts

GMW recorded a 446 tonne increase in Greenhouse Gas (GHG) emissions over the 2018/19 period compared with 2017/18. The result excludes MDBA assets.

Greenhouse Emissions by Source						
CO2e by source (Tonnes)	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Energy ¹	8,634	8,851	8,375	6,310	6,983	7,823
Vehicle Fleet ²	4,223	3,822	4,026	3,724	3,720	3,326
MDBA ³	-	-	-	1,923	836	828
Total	12,858	12,673	12,401	11,957	11,539	11,977

Table 28: Greenhouse emissions by source since 1/7/2013

Notes:

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

Greenhouse Gas and Energy Reporting

Performance Indicator	Tonnes CO2-e		Variance (%)	Commentary
	2017-18 Result	2018-19 Result		
Water Treatment and Supply	4,965	5,829	17.4%	Due to the changing nature of GMW's water supply network from gravity fed to pumped solutions there has been an increase in power usage. Additionally, increased hotter and drier conditions have resulted in an increase to power-intensive water delivery events during the irrigation season.
Wastewater Collection, Treatment and Recycling	0	0	0	GMW does not treat any or manage any wastewater.
Transport	3,720	3,326	10.6%	GMW's ongoing fleet management processes as well as videoconferencing facilities implemented across multiple locations have resulted in reduced kilometres travelled.
Other (offices, depots and recreational facilities)	2,018	1,994	1.2%	Emissions at a majority of GMW's staffed locations have fallen due to ongoing efficiency initiatives.
Total	10,703	11,149	4.2%	

Table 29: Greenhouse gas emissions by source.

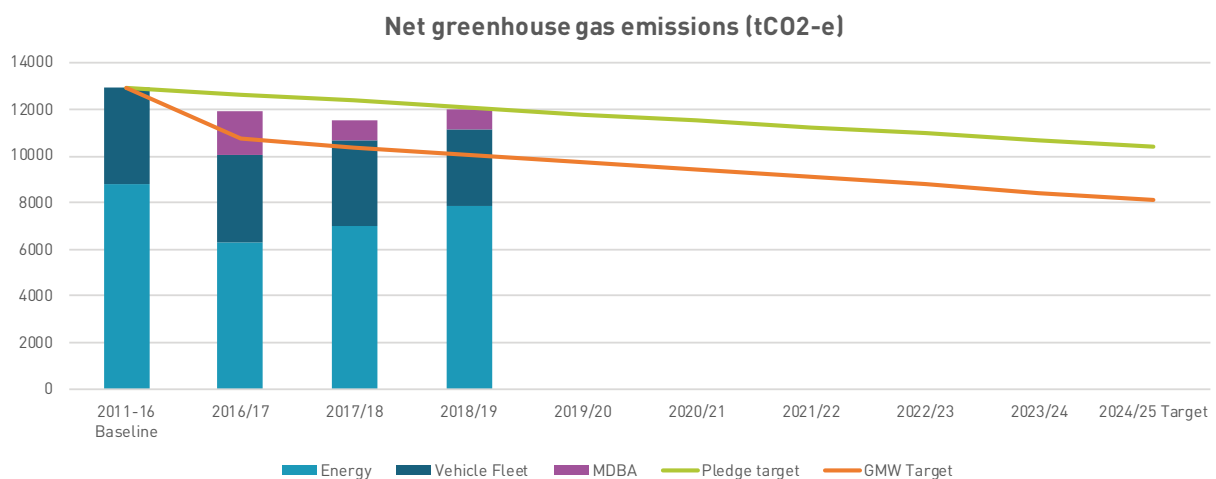


Chart 7: Total greenhouse gas emissions vs target emissions since 2011-16 baseline

Notes:

- In 2017/18 GMW developed an internal GHG emissions target separate to its DELWP Pledge target. This internally developed target excludes all MDBA assets which were identified during the pledge process but not able to be extracted before the final pledge submission. The MDBA emissions total was defined by MDBA emissions in 2016/17 in the absence of calculation of MDBA emissions during the baseline period. GMW is presently examining the availability of data to make adjustments to the baseline calculation.
- The 2011-16 baseline includes MDBA emissions.

Energy Consumption Reporting

Total electricity use	2017-18 Result (MWh)	2018-19 Result (MWh)	Commentary
Water treatment and supply	4,965	5,447	The volume of water pumped for irrigation has increased. The largest increase is at the Swan Hill Pumps Station
Sewerage Collection, Treatment and Recycling	0	0	GMW does not treat any or manage any sewerage
Other (office, workshops, depots, etc.)	2,018	1,861	GMW continues to make efficiency gains at its staffed locations
TOTAL	6,983	7,308	Despite efficiency gains at offices and depots, the increase in water supply asset electricity usage negates any gains made overall by GMW

Table 30: Energy consumption by source

Performance indicator	2017-18 Renewable electricity used (MWh)	2018-19 Renewable electricity used (MWh)	Commentary
Solar	10	10	One GMW pump site has a solar array, future years may see additional solar arrays built
Hydroelectric	0	0	
Wind	0	0	
Biogas	0	0	
Green power	646	0	We commenced a new electricity contract on 1 July 2018. The new contract is on favourable commercial terms but no Green power component.
Other	0	0	
TOTAL	656	10	
Percentage renewable electricity	9.4%	0.0%	GMW's current electricity contract, which commenced 1 July 2018 and runs until 30 June 2020, does not have a Green power component

Table 31: Energy consumption

Corporate Water Consumption

Corporate water consumption at GMW's 15 major office locations was 19263 kilolitres (KL) in 2018/19 equating to an office water consumption of 30.7 KL per FTE.

	Corporate Water Consumption					
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Water Consumption (KL)	16,017	19,704	22,503	24,314	20,160	19,263
Consumption per FTE	24	26	29	33	30	31

Table 32: Total water consumption in kilolitres and kilolitre consumption per FTE across major offices

Value of Community Service Obligations

During 2018/19, GMW granted \$340,014 in pension concessions compared to \$292,085 granted in 2017/18, and \$263,237 in 2016/17.

Regional Catchment Strategies

GMW is actively involved in reviewing, developing and implementing Regional Catchment Strategies for each of the three catchment management regions within its area of operations. While there has been no review of these strategies in the past year, GMW continues to be involved in reviewing and implementing various sub-strategies, including floodplain management, drainage and waterway management. During 2018/19 this included engagement with several Aboriginal groups as part of catchment partner forums and workshops/discussions on how to involve the aboriginal community in catchment and water management. GMW conducted direct discussions with the Yorta Yorta Nations on Kow (Ghow) Swamp operational management and the Taungurung Clans Aboriginal Corporation about future operations at Greens Lake following the removal of the storage from the Goulburn distribution system as a water savings measure.

More recently, GMW is actively working with the Goulburn Broken CMA to explore options to build regional workplace capacity through a 'Jobs for Aboriginal People Alliance'. The vision for this Alliance is to *"increase Aboriginal employment and businesses through an Aboriginal-led approach where employment organisations work together to provide sustainable Natural Resource Management employment and career pathways in culturally safe environments"*.

GMW has just completed its third year delivering the Shepparton Irrigation Region (SIR) Surface Water Management Program in partnership with the GBCMA. This four-year program funded by the Victorian Government commenced in late 2016. It is focused on implementing projects in catchments across the SIR where drainage improvement has been identified, where there is clear community support to undertake works and where productive irrigated farming has a sound future.

A pillar of the drainage program is implementing a more cost-effective 'hybrid' drainage approach based on improving linkages to, and increasing effectiveness of, natural drainage courses. This involves establishing Drainage Course Declarations (DCDs) in priority catchments, which then enable GMW to remove obstructions to natural drainage flows. Significant progress was made on developing and implementing three hybrid drainage priority projects in 2018/19. Upper Deakin DCD was declared

in April 2019, and an obstruction removal works program has commenced. An application to establish Cornella Creek Catchment DCD was made in June 2019 and work to complete a DCD (hybrid drain) concept design for the Guilfus Congupna Catchment is also well advanced. The three hybrid drainage projects have all received significant support from GMW customers.

Victorian Waterway Management Strategy

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

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

- participating in project groups
- funding and implementing water quality monitoring programs
- information and data sharing with CMAs and water corporations
- responding to environmental incidents
- facilitating delivery of environmental water.

GMW also carries out activities complementary to waterway health at its storages, such as erosion control works, fencing to protect native vegetation and facility upgrades.

Together with the North East CMA and MDBA, GMW continues to implement the Mitta Mitta Waterway Action Plan, with a focus on fencing, revegetation and addressing erosion as a result of water transfers from Dartmouth to Hume Dam. Under the Action Plan, 1.3 km of riparian zone has been fenced off from stock access to reduce erosion and vegetation damage. Over 5,000 trees have been planted across 5 Ha of riparian land and over 5 Ha of willow trees have been removed. Rafting Australia was contracted to treat willow and willow regrowth in old works areas from Tallandoon to the high watermark of Lake Hume, an estimated 178 Ha. Bank stabilisation works have consisted of timber brushing and in excess of 3,000 m³ of rock armouring of eroded sites. Engagement with landholders is critical: 27 sites were inspected, and 19 works sites were completed. Over 60 logs sourced from storm damage on GMW land were placed in

the river for habitat and erosion control. GMW again provided the NECMA with a letter of support for its 'Cods of Anarchy' Recreational Fishing Grant submission that aims to introduce in-stream habitat on the Mitta Mitta. GMW also worked with the Australian Trout Foundation to place instream habitat at Tallandoon in the form of rock seeding and lunkers, timber structures that provide habitat and refuge during high flow events.

GMW completed a large Noogoora Burr program on the lakebed of Lake Hume; in excess of 300 Ha were sprayed via booms and aerial spraying.

At Lake Mulwala, GMW completed Stage 2 of the River Road erosion works that involved installing another 160 m of steel sheet piling retaining wall to stabilise the embankment and provide better access to the foreshore. This included removing noxious weeds such as willows, bank reshaping, mulching and planting out with native vegetation. These works are critical to stop the toe of the embankment from being undermined, reduce turbidity and large scale slumping of the embankment that presents a risk to the public. Stage 3 to complete this project is underway with willows already removed. This project was supported by Moira Shire Council, MDBA, and the Commonwealth Government's Regional Jobs and Investment Packages funding. Improvements to boat ramps and public facilities were completed with the support of Fisheries Victoria, NSW Roads and Maritime Services.

GMW continues to work with the MDBA and NSW Roads and Maritime Services to deliver a draft Murray River Erosion Management Plan, concentrating on a stretch of river between Bundalong and Corowa (50 km). The public consultation period is complete and submissions are now being collated for consideration by the committee, on which GMW is represented. GMW has received funding in anticipation of a ruling to make improvements to boat ramps at Majors Creek at Bundalong. This involved converting a single lane boat ramp into a double lane ramp and included a public jetty, bank stabilisation and removing willows to prepare for the expected migration of wake boat users to Lake Mulwala.

GMW continues to revegetate the foreshore at Lake Mulwala on the NSW and Victorian shorelines. Considerable effort has been made in establishing Phragmites [aquatic species] and installing coir logs to address erosion. GMW installed over 2 km of bollards to manage vehicle access along the shoreline of Kiffyns Reserve (NSW).

The Dartmouth Land and On-Water Management Plan is nearing completion following re-opening of the pondage (Lake Banimboola) for recreational fishing in April/May 2018. This has involved extensive consultation with the community, agencies and Traditional Owners Dhuduroa-Waywarru Nations.

GMW is working with the Traditional Owners Yorta Yorta Nations and Aboriginal Victoria to finalise a Conservation Management Plan for Kow (Ghow) Swamp that will set priorities for management and support the proposed Protection Declaration Area submission to the Minister for Aboriginal Affairs. GMW has been active in its efforts to manage erosion and sites of cultural heritage significance at Kow (Ghow) Swamp. GMW is implementing trapping, baiting and surveillance activities to control feral pigs at Kow (Ghow) Swamp. GMW supported the Gunbower Landcare Group to revegetate perimeter lands at the swamp under the 20 Million Trees Program, funded by the Commonwealth Government through the National Landcare Program.

GMW and the GBCMA have also supported Yorta Yorta Nation to submit a request for environmental watering of Kanyapella Basin scheduled for delivery in spring 2019. We are also currently working with the Taungurung Land & Waters Council on the future management and ownership of Green's Lake.

State Environment Protection Policy (Waters)

GMW continued to participate in development of the new *State Environment Protection Policy (Waters)*, providing feedback on clauses relating to irrigation drains and channels, agriculture, recreation, wastewater management and the environmental quality objectives.

The new SEPP was gazetted in October 2018 and since then GMW has continued to work with community and agency stakeholders on a range of activities including:

- implementation of land and water management plans
- programs for improved irrigation, drainage and salinity mitigation practices
- improved recreation and waterway management.

Victorian Biodiversity 2037 Strategy

GMW has been indirectly involved in implementing Biodiversity 2037 through our role in the Regional Partnership Agreements and associated forums.

Statement of Availability of Other Information

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

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

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

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

Compliance with the DataVic Access Policy

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



Independent Auditor's Report

To the Board of the Goulburn-Murray Rural Water Corporation

Opinion	<p>I have audited the financial report of the Goulburn-Murray Rural Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2019 • statement of comprehensive income for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • statutory certification. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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

MELBOURNE
23 August 2019



Paul Martin

as delegate for the Auditor-General of Victoria

Financial Management Compliance

Certification of Financial Management Compliance for 2018/19

I Diane James, as the Responsible Body, certify that Goulburn-Murray Water Rural Water Corporation has complied with the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Diane James
Chairman
Goulburn-Murray Water
14 August 2019

Financial Statements 2018/19

Corporation Statutory Certification

The attached financial statements for Goulburn-Murray Rural Water Corporation have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions (FRDs), Australian Accounting Standards (AASs) 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, statements of changes in equity, cash flow statements and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of Goulburn-Murray Rural Water Corporation at 30 June 2019.

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 statement for issue on 14 August 2019.



Diane James
Chairman
14 August 2019



Charmaine Quick
Managing Director
14 August 2019



Tracey Hood
Acting Chief Financial Officer
14 August 2019

Comprehensive Operating Statement for the period ended 30 June 2019

Comprehensive Operating Statement for the period ended 30 June 2019

	Notes	2018/19 \$000	2017/18 \$000
Revenue from operating activities			
Service and usage charges	3.1.1	120,392	119,247
Government grants	3.1.2	4,141	5,056
Connections funding	3.3.1	83,273	62,558
Contracting services	3.2.1	15,163	15,325
Other income	3.2.2	19,510	9,225
Total revenue		242,479	211,411
Expenses from operating activities			
Operations, maintenance and administration expense Water Storage & Delivery	4.1.1	55,518	55,474
Connections Project costs	4.1.2	70,647	43,610
Employee expenses	4.2.1	75,721	77,834
Depreciation and amortisation	5.1.2	100,425	100,987
Environmental contribution	9.2	2,793	1,686
Interest expense	7.1.2	6,931	7,120
Loss on disposal	5.1.3	26,722	43,280
Total expenses		338,757	329,990
Net result before tax		(96,279)	(118,580)
Income tax expense/(benefit)	9.1.1	(29,059)	(35,225)
Net result for the year		(67,220)	(83,355)
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Change in asset revaluation reserve		(595)	(23,316)
Income tax related to this change	9.1.2	179	6,995
Other Comprehensive income, net of income tax	5.1.5	(417)	(16,321)
Total comprehensive result		(67,636)	(99,676)

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

Balance Sheet as at 30 June 2019

Balance Sheet
as at 30 June 2019

	Notes	2018/19 \$000	2017/18 \$000
ASSETS			
Current assets			
Cash and cash equivalents	7.2	319,641	344,427
Receivables	6.1	28,317	28,480
Inventories		2,580	2,682
Prepayments		1,818	1,318
Total current assets		352,356	376,908
Non-current assets			
Receivables	6.1	110	130
Intangible assets	5.2	9,274	7,443
Infrastructure, property, plant and equipment	5.1.1	4,717,639	4,726,775
Total non-current assets		4,727,023	4,734,348
TOTAL ASSETS		5,079,379	5,111,256
LIABILITIES			
Current liabilities			
Payables	6.2	32,144	61,131
Employee benefits	4.2.2	22,932	21,407
Borrowings	7.1	2,163	2,035
Unearned revenue	3.4	126,184	169,342
Total current liabilities		183,423	253,915
Non-current liabilities			
Employee benefits	4.2.2	2,340	2,342
Borrowings	7.1	110,246	104,909
Deferred tax liabilities	9.1.2	497,865	527,103
Total non-current liabilities		610,451	634,354
TOTAL LIABILITIES		793,874	888,269
NET ASSETS		4,285,505	4,222,986
EQUITY			
Contributed capital	7.3.1	3,002,955	2,872,798
Asset revaluation reserve	5.1.5	1,579,576	1,579,993
Accumulated surplus / (deficit)		(297,026)	(229,806)
TOTAL EQUITY		4,285,505	4,222,985

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

Cash Flow Statement for the period ended 30 June 2019

Cash Flow Statement

for the period ended 30 June 2019

	Notes	2018/19 \$000	2017/18 \$000
Cash flows from operating activities			
Receipts			
Receipts from customers		163,313	151,096
Receipts from government		42,011	116,091
Interest received		1,264	957
GST received from ATO		22,894	19,379
Payments			
Payments to suppliers and employees		(238,172)	(186,021)
Interest and other costs of finance paid		(6,962)	(6,909)
Environmental contribution levy		(2,793)	(1,686)
Net cash flow from operating activities	7.2.1	(18,446)	92,908
Cash flows from investing activities			
Payment for infrastructure, property, plant and equipment		(142,316)	(131,955)
Proceeds from sale of property, plant & equipment		353	361
Net cash (outflow) from investing activities		(141,963)	(131,594)
Cash flows from financing activities			
Capital contributions from Victorian Government		130,156	101,910
New /(Repayment) of borrowings		5,465	(1,915)
Net cash inflow/(outflow) from financing activities		135,621	99,995
Net increase in cash and cash equivalents		(24,787)	61,308
Cash and cash equivalents at the beginning of the year		344,428	283,120
Cash and cash equivalents at the end of the year	7.2	319,641	344,428

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

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

Statement of Changes in Equity for the period ended 30 June 2019

Statement of Changes in Equity
for the period ended 30 June 2019

	Notes	Contributed Capital \$000	Asset Revaluation Reserve \$000	Accumulated Surplus /(Deficit) \$000	Total \$000
Balance at 30 June 2017		2,766,801	1,596,314	(146,451)	4,216,664
Total comprehensive income/(loss) for the year	5.1.5	-	(16,321)	(83,355)	(99,676)
Transactions with State in its capacity as Owner					
Contributions by owner	7.3.1	105,997	-	-	105,997
Balance at 30 June 2018		2,872,798	1,579,993	(229,806)	4,222,985
Total comprehensive income/(loss) for the year	5.1.5	-	(417)	(67,220)	(67,636)
Transactions with State in its capacity as Owner					
Contributions by owner	7.3.1	130,157	-	-	130,157
Balance at 30 June 2019		3,002,955	1,579,576	(297,026)	4,285,505

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

Notes to the Financial Statements

1. About This Report

Basis of Accounting

The financial report includes separate financial statements for Goulburn Murray Rural Water Corporation (the Corporation or GMW) as an individual reporting entity. This financial report is a general purpose financial report that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes accompanying these statements for the period ending 30 June 2019. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. GMW is a not for-profit entity for the purpose of preparing the financial statements.

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

Goulburn Murray Water
40 Casey Street
Tatura Vic 3616

Where applicable, those AASs paragraphs applicable to not-for-profit entities have been applied. The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The annual financial statements were authorised for issue by the Board on 14 August 2019.

Accounting Policies

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

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

The following standard has been adopted by GMW:

AASB 9 Financial Instruments, effective as of 1 January 2018 (and thus to GMW on 1 July 2018).

AASB 9 impact assessment

AASB 9 Financial Instruments, which replaces AASB 39 Financial Instruments: Recognition and Measurement, introduces new requirements for recognition, classification and measurement, a new

impairment model for financial assets based on expected credit losses. GMW has adopted AASB 9 as at 1 July 2018 and has applied the new rules on a modified retrospective basis. As a result, comparatives for 2017/18 in our 30 June 2019 accounts will not be restated. Further disclosures in relation to AASB 9 are at note 6.1.1 of this report.

Functional and presentation currency

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

Classification between current and non-current

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

Rounding

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

Historical cost convention

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

Accounting estimates

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

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

2. Disaggregated Financial Information by Output

Introduction

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

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

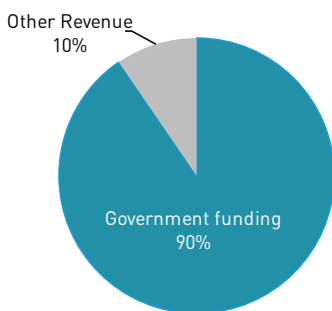
Structure

- 2.1 Disaggregated Revenues & Results
- 2.2 Disaggregated Assets & Liabilities

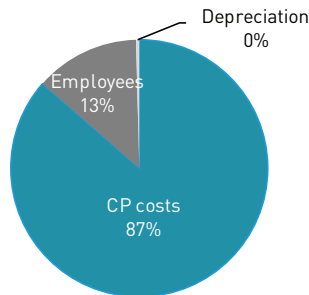
2.1 Disaggregated revenues and results

	Revenue		Net result	
	2018/19 \$000	2017/18 \$000	2018/19 \$000	2017/18 \$000
Water Storage & Delivery	185,624	168,259	(71,608)	(103,398)
Connections Project	92,076	63,422	(24,671)	(15,182)
Elimination of internal transactions	(35,220)	(20,271)	-	-
Total	242,479	211,411	(96,279)	(118,580)
Net result before tax			(96,279)	(118,580)

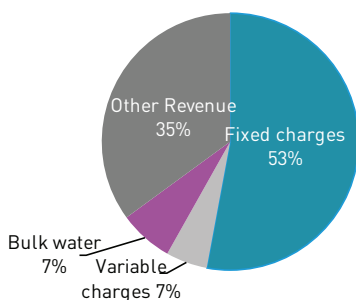
Connections Project Revenue



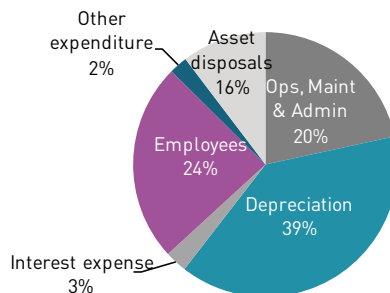
Connections Project Expenditure



Water Storage & Delivery Revenue



Water Storage & Delivery Expenditure



Disaggregated revenue is generated from customers both within and external to GMW. Revenue generated between WSD and CP in the current year was \$35.2m (2018: \$20.3m). These transactions are eliminated in the consolidated result to ensure that revenues and expenses are not artificially inflated.

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

2.2 Disaggregated assets and liabilities	Assets		Liabilities	
	2018/19 \$000	2017/18 \$000	2018/19 \$000	2017/18 \$000
Water Storage & Delivery Connections Project	4,593,150	4,551,235	157,148	168,678
	490,251	560,831	142,881	193,298
Total	5,083,402	5,112,066	300,029	361,977
Deferred Tax Liability			497,865	527,104
Elimination of internal transactions	(4,022)	(811)	(4,022)	(811)
Total as per balance sheet	5,079,380	5,111,255	793,872	888,269

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

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

3. Funding Delivery of Our Services

Introduction

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

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

Structure

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

3.1 Income from transactions:

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

3.1.1 Service and Usage charges	2018/19	2017/18
Water storage & delivery	\$000	\$000
Fixed charges	98,081	94,679
Variable charges	9,689	11,588
Bulk water sales	12,622	12,980
Total Service and Usage charges	120,392	119,247

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

3.1.2 Government Grants WSD

Salinity works	3,339	3,225
Other	802	1,831
Total Government Grants WSD	4,141	5,056

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

	2018/19 \$000	2017/18 \$000
3.2.1 Contracting Services		
Murray-Darling Basin Authority	14,702	14,695
Other external clients	461	630
Total Contracting services	15,163	15,325

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

3.2.2 Other Revenue

Interest	1,539	984
Leasing and licences	1,865	1,723
Boating licences	1,508	1,471
Power generation	2,447	1,530
Termination fees	59	225
Connections Project - sale of water	7,289	157
Fees for services	751	627
Sale of water shares and water allocation	2,010	1,360
Other	2,042	1,148
Total Other Revenue	19,510	9,225

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

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

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

3.2.3 Revenue commitments - lessor

Nagambie Caravan Park

No later than 1 year	438	425
Later than 1 year and not later than 5 years	1,887	1,832
Later than 5 years	25,385	25,878
Total Non-cancellable operating lease revenue commitments (GST inclusive)	27,710	28,135
Less GST payable to the Australian Tax Office	(2,519)	(2,558)
Total Non-cancellable operating lease revenue commitments (GST exclusive)	25,191	25,577

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

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

3.3.1 Connections Project	2018/19 \$000	2017/18 \$000
Connections funding	83,273	62,558

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

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

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

3.3.2 Funding Commitments - Connections Project

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

- (i) Stage 1 funding of \$1,004m is being provided by the State Government via the Department of Environment, Land, Water and Planning (DELWP). Funding commenced in 2007-08.
- (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:
 - Output – funding which is received to meet direct operating costs and the cost of reconnecting landowners to the irrigation network 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.
 - External - Funding received from stakeholders outside the funding agreements for Stage 1 and 2 with the State and Federal Government. This funding is received for projects that are independent of and/or supplement Stage 1 and 2.

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

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

(a) Funding position project to date:

	Total committed \$000	Received / Receivable \$000	Balance \$000
Project works funding - Output & Operational			
Stage 1	411,052	411,052	-
Stage 2	503,830	497,811	6,019
Total Output & Operational	914,881	908,862	6,019
Project works funding - Capital			
Stage 1	593,453	583,478	9,976
Stage 2	555,194	530,995	24,200
Total Project works funding - Capital	1,148,648	1,114,472	34,175
External funding			
Stage 1	40,614	40,614	-
Stage 2	12,898	12,898	-
Other	100	100	-
Total external funding	53,611	53,611	-
Total funding commitments	2,117,140	2,076,946	40,194

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

	2018/19 \$'000	2017/18 \$'000
3.4 Unearned Revenue		
Funds held for government or governmental programs	8,896	5,602
Unearned revenue - Connections Project	117,289	163,740
Unearned revenue	126,184	169,342

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

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

	Note	2018/19 \$'000
(a) Reconciliation of revenue - Connections Project		
Unearned Revenue at 1 July 2018		(163,740)
Funding received/receivable during the year:		
Project works funding - Operational & Output		(34,136)
Interest revenue		(1,418)
Total Project services performed recognised as revenue during the year:		
Operational services		18,349
Project works services		63,657
Unearned revenue at 30 June 2019	3.4	(117,289)

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 7.3 for details.

4. The Cost of Delivering Our Services

Introduction

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

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

Structure

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

4.1 Expenses incurred in delivery of services

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

4.1.1 Operations, maintenance and administration expenses

Water Storage & Delivery	2018/19 \$000	2017/18 \$000
Contracted services	13,890	13,506
GMW Contribution to the MDBA programme	14,400	15,487
Electricity	1,939	1,554
Insurances	1,231	1,066
Labour hire	1,305	1,163
Materials	2,508	3,385
MDBA and Government Services Contract	11,515	11,032
Plant and motor vehicles	3,437	3,893
Plant hire	1,767	1,747
Other (i)	3,526	2,642
Total Operations maintenance and administration expenses	55,518	55,474

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

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

4.1.2 Connections Project costs	2018/19	2017/18
	\$000	\$000
Connections Project - operations, maintenance & administration	1,063	859
Connections Project - project delivery costs	69,584	42,751
Total Connections Project costs	70,647	43,610

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

4.2 Our People	2018/19	2017/18	
	\$000	\$000	
4.2.1 Employee benefits - comprehensive operating statement			
<i>Salary, wages and other costs</i>	Water Storage & Delivery	56,980	56,564
	Connections		
	Project	12,444	15,084
<i>Superannuation</i>			
- Defined contribution plans	Water Storage & Delivery	4,255	4,147
	Connections		
	Project	867	1,052
- Defined benefit plans	Water Storage & Delivery	776	853
	Connections		
	Project	49	59
<i>Termination benefits</i>	Water Storage & Delivery	350	75
Total Employee expenses	75,721	77,834	

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

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

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

4.2.2 Employee benefits - balance sheet

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

<i>Current</i>	2018/19	2017/18
	\$000	\$000
Annual leave		
Unconditional, settlement expected within 12 months	6,485	6,680
Long service leave		
Unconditional, settlement expected within 12 months	2,198	2,223
Unconditional, settlement not expected within 12 months	12,189	10,666
Oncosts		
Unconditional, settlement expected within 12 months	237	212
Unconditional, settlement not expected within 12 months	1,823	1,626
Total current employee benefits	22,932	21,407
Non-current		
Conditional long service leave	2,050	2,050
Oncosts	290	292
Total non-current employee benefits	2,340	2,342
Total employee benefits	25,271	23,749

Reconciliation of movement in on-cost provision	2018/19
	\$000
Opening balance	2,130
Additional provision recognised	174
Reductions arising from payments	(93)
Reductions resulting from remeasurment or settlement without cost	180
Closing balance	2,391
Current	2,060
Non-current	290

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

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

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

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

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

The current LSL liability is measured at:

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

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

Employee benefit on-costs provision includes payroll tax, workers compensation and superannuation. Employee bonuses are performance based, calculated on a percentage of the annual salary. A liability is recognised for the expected payment to eligible employees. The accrual is classified as a current liability as payment is expected to occur within 12 months.

4.2.3 Superannuation

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

Accumulation

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

Defined Benefit

GMW does not use defined benefit accounting for its obligations under the Fund's Defined Benefit category because it is a pooled multi-employer sponsored plan. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as this is a floating obligation. The only time that the aggregate obligation is allocated to specific employers is when a call is made. GMW's participation in the Fund cannot be measured as a percentage of other participating employers. The Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purpose of AASB 119 *Employee Benefits*.

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

	Paid contribution for the year		Contribution outstanding at year end	
	2018/19 \$000	2017/18 \$000	2018/19 \$000	2017/18 \$000
Defined Benefit Plans				
State Employee Retirement Benefits Board	72	70	2	(2)
Vision Super	85	123	-	-
Emergency Services and State Superannuation Fund	664	719	13	12
Accumulation Funds				
Vision Super Saver & Other accumulation funds	5,421	5,743	320	311
Total	6,241	6,655	335	320

State Superannuation Schemes - Defined Benefit Funds

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

4.3 Operating expenditure commitments

	2018/19	2017/18
	\$000	\$000
Non-cancellable operating lease commitments		
No later than 1 year	2,010	2,652
Later than 1 year and not later than 5 years	1,085	2,174
Later than 5 years	-	7
Total Non-cancellable operating lease commitments (GST inclusive)	3,095	4,833
Less GST recoverable from the Australian Tax Office	(281)	(439)
Total Non-cancellable operating lease commitments (GST exclusive)	2,814	4,394

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

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

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

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

GMW does not have any finance lease liabilities.

	2018/19	2017/18
	\$000	\$000
Other expenditure commitments		
Connections Project	43,715	31,457
Nagambie Caravan Park	13,855	14,068
Other	13,010	12,878
Total Other expenditure commitments (GST inclusive)	70,580	58,403
Less GST recoverable from the Australian Tax Office	(6,416)	(5,309)
Total Other expenditure commitments (GST exclusive)	64,164	53,094

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

These commitments are likely to fall within:

	2018/19	2017/18
No later than 1 year	56,944	44,548
Later than 1 year and not later than 5 years	943	916
Later than 5 years	12,693	12,939
Total Other expenditure commitments (GST inclusive)	70,580	58,403

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

5. Key Assets Available to Support Output Delivery

Introduction

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

Structure

5.1 Infrastructure, Property, Plant and Equipment: Carrying amount

5.1.1 Reconciliation of movement in carrying value

5.1.2 Depreciation and amortisation

5.1.3 Other expenses

5.1.4 Capital commitments

5.1.5 Asset revaluation

reserve

5.2 Intangible assets

Significant judgements: Fair value measurement

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

5.1 Infrastructure, Property, Plant and Equipment: Carrying amount

	2018 \$000	2017 \$000
Land		
at Fair Value	54,073	54,041
Buildings		
at Fair Value	19,105	18,496
Less: Accumulated Depreciation	(2,139)	(1,464)
	16,966	17,032
Plant & Equipment		
at Fair Value	36,509	32,876
Less: Accumulated Depreciation	(23,252)	(19,474)
	13,257	13,402
Infrastructure		
at Fair Value	4,688,344	4,556,482
Less: Accumulated Depreciation	(269,122)	(183,685)
	4,419,222	4,372,796
Work in Progress		
at Cost	214,122	269,504
Total Infrastructure Property Plant & Equipment	4,717,639	4,726,775

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

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

Items with a cost greater than \$2,000 (2018: \$2,000) and a useful life of more than one year are recognised as an asset. Groups of items with an individual cost less than \$2,000 but with a value greater than \$2,000 as a group (i.e. computer equipment) are capitalised. All other items less than \$2,000 are expensed.

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

Formal infrastructure assets revaluations (every five years) use specialised advisors. Revaluation increases or decreases arise from differences between an asset's carrying value and fair value. A full valuation of Land, Buildings and Infrastructure was undertaken in 2016. There have been no indication of material changes to asset values in 2019.

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

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

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

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

5.1.1 Reconciliation of movement in carrying value	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Infrastructure \$'000	WIP (a) \$'000	Total \$'000
2018/19						
Opening WDV	54,040	17,033	13,401	4,372,796	269,504	4,726,775
Additions	-	-	753	-	117,231	117,984
Transfers in/(out) of WIP	33	610	4,596	167,375	(172,614)	-
Disposals	-	(1)	(1,025)	(26,607)	-	(27,633)
Impairment ²	-	-	-	(595)	-	(595)
Depreciation	-	(676)	(4,469)	(93,747)	-	(98,892)
Closing WDV	54,073	16,966	13,257	4,419,222	214,122	4,717,639
2017/18						
Opening WDV	53,902	17,362	12,238	4,412,186	260,305	4,755,993
Additions	-	-	1,081	-	135,966	137,047
Transfers in/(out) of WIP	139	322	3,879	122,156	(126,496)	-
Other Transfers ¹	-	-	-	-	(271)	(271)
Disposals	-	-	(373)	(43,440)	-	(43,813)
Impairment ²	-	-	-	(1,426)	-	(1,426)
Revaluation increment / (decrement) ³	-	-	-	(21,890)	-	(21,890)
Depreciation	-	(652)	(3,423)	(94,790)	-	(98,865)
Closing WDV	54,041	17,032	13,402	4,372,796	269,504	4,726,775

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

² The Connections Project may impair previously capitalised infrastructure assets as a result of modernisation activities. If an asset is decommissioned then it is accounted for as a 'disposal' of infrastructure assets.

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

(a) Work in progress	Connections Project	Water Storage & Delivery	Total
	\$000	\$000	\$000
Opening Balance	225,920	43,583	269,504
Movement 2018/19			
Additions	100,180	17,051	117,232
Transfers	(154,172)	(18,373)	(172,544)
Total movement 2018/19	(53,991)	(1,321)	(55,313)
Balance at 30 June 2019	171,929	42,262	214,192

Connections Project

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

Water Storage and Delivery

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

5.1.2 Depreciation and amortisation	2018/19	2017/18
	\$000	\$000
Depreciation of buildings	676	652
Depreciation of plant, equipment, furniture & fittings	4,464	3,422
Depreciation of infrastructure assets	93,747	94,790
Amortisation of intangibles	1,538	2,123
Total Depreciation and Amortisation	100,425	100,987

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

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

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

The component of channels and drains which are under water are considered to have an indefinite life and are not depreciated. The fair value of these components is \$468 million (2018: \$476m). Depreciation is not recognised for these assets because their service potential has not diminished during the reporting period.

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

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

	2018/19 \$000	2017/18 \$000
5.1.3 Loss on disposal		
Loss on disposal of infrastructure, property, plant and equipment	26,722	43,280
Total Loss on disposal	26,722	43,280

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

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

Impairment expenses

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

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

	2018/19 \$000	2017/18 \$000
5.1.4 Capital commitments		
Water Storage & Delivery		
Dams and Dam Safety Projects	422	477
Bridge Renewal and Upgrade Projects	2,746	6,503
Channel, Pipeline & Drain Upgrades	2,545	4,295
Outlet and Meter Upgrades	789	2,248
Information Technology Hardware & Software Upgrades	99	399
Other	2,731	2,852
Total Water Storage & Delivery (inclusive of GST)	9,332	16,774
Connections Project		
Project works	28,569	57,704
Total Connections Project (inclusive of GST)	28,569	57,704
Total Capital commitments (inclusive of GST)	37,901	74,478
Less GST recoverable from the Australian Tax Office	(3,446)	(6,771)
Total Capital commitments (exclusive of GST)	34,456	67,708

These commitments are likely to fall within:	2018/19	2017/18
	\$000	\$000
No later than 1 year	37,901	74,478
Total Capital commitments (inclusive of GST)	37,901	74,478

Commitments for future expenditure include capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of the GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet. Other commitments can be found in section 3.2.3 (Revenue commitments), section 4.3 (Operating expenditure commitments) and section 9.2.1 (Environmental contribution commitments).

	2018/19	2017/18
	\$000	\$000
5.1.5 Asset revaluation reserve		
Land	29,287	29,287
Buildings	3,374	3,374
Infrastructure	1,546,915	1,547,332
Balance 30 June	1,579,576	1,579,993

	Land	Buildings	Infrastructure	Total
	\$000	\$000	\$000	\$000
Movements during the reporting period				
Opening balance	29,287	3,374	1,547,332	1,579,993
Revaluation increment/(decrement) ¹	-	-	(417)	(417)
Closing balance	29,287	3,374	1,546,915	1,579,576

¹ Movements to the revaluation reserve in the current year relate to the combination of a prior period impairment reversal and current year impairment adjustment less deferred tax impact (Note 5.1.1).

5.2 Intangible assets

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

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

	2018/19	2017/18
	\$000	\$000
Computer software		
at cost	27,397	23,972
Less: Accumulated Amortisation	(23,358)	(21,820)
	4,039	2,152
Native vegetation offsets (NVO) (a)		
at cost	396	452
Water shares (b)		
at cost	4,839	4,839
Total Intangible assets	9,274	7,443

(a) From 1 January 2014, GMW must comply with the new Native Vegetation Permitted Clearing Regulations. Construction work that results in the loss of native vegetation creates an obligation for GMW. This requires GMW to purchase Native Vegetation Credits which are recognised as intangible assets. These credits are not amortised but are expensed as the offset is established and the consumption is then recorded. The balance of NVO's at 30 June 2019 represents the credits purchased which have not been formally offset against these obligations.

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

Movements during the reporting period

	Computer Software	Native Vegetation Offsets	Water Shares	Total
	\$000	\$000	\$000	\$000
2018/19				
Opening WDV	2,152	452	4,839	7,443
Additions	3,425	302	-	3,727
Consumption	-	(358)	-	(358)
Amortisation	(1,538)	-	-	(1,538)
Closing WDV	4,039	396	4,839	9,275
2017/18				
Opening WDV	3,944	571	4,839	9,354
Additions	331	420	-	751
Consumption	-	(539)	-	(539)
Amortisation	(2,123)	-	-	(2,123)
Closing WDV	2,152	452	4,839	7,443

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 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.

6. Other Assets and Liabilities

Introduction

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

Structure

- 6.1 Receivables
 - 6.1.1 Ageing analysis of contractual receivables
- 6.2 Payables
 - 6.2.1 Ageing analysis of contractual payables

6.1 Receivables	2018/19	2017/18
Current - Contractual	\$000	\$000
Trade debtors - Water Storage & Delivery	23,620	22,593
Trade debtors - Connections Project	534	628
Expected credit loss allowance	(641)	(508)
Current - Statutory		
GST	4,804	5,767
Total Current receivables	28,317	28,480
Non-Current - Contractual		
Trade debtors - Water Storage & Delivery	110	130
Total Non-Current receivables	110	130
Total Receivables	28,426	28,609

Receivables consist of:

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

6.1.1 Ageing analysis of contractual receivables

GMW applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contractual receivables.

On that basis, the loss allowance as at 30 June 2019 was determined as follows:

	Carrying Value \$'000	Not past due \$'000	<1 Month \$'000	1 - 3 Months \$'000	3 + Months \$'000
2019					
Trade debtors - WSD	23,730	8,416	1,502	1,315	12,497
Trade debtors - CP	534	468	33	-	33
Total	24,264	8,884	1,535	1,315	12,530
Loss Allowance	642	-	-	-	642
Expected loss rate	3%	0%	0%	0%	5%

RESPONSIBLE BODY'S
DECLARATION

YEAR IN REVIEW

GOVERNANCE &
ORGANISATION STRUCTURE

WORKFORCE DATA

	Carrying Value \$'000	Not past due \$'000	<1 Month \$'000	1 - 3 Months \$'000	3 + Months \$'000
2018					
Trade debtors - WSD	22,722	7,489	831	1,583	12,819
Trade debtors - CP	628	431	197	-	-
Total	23,350	7,920	1,028	1,583	12,819
Loss Allowance	508	-	-	-	508

Expected loss rate 2% 0% 0% 0% 4%

Receivables from service and usage charges are written off when there is no reasonable expectation of recovery. Indicators of this include failure to engage in a repayment plan and failure to engage with debt recovery agencies. Loss allowances are presented in other operational expenses within the comprehensive operating statement. Long outstanding debt is for owner-occupied irrigation properties. These debt are secured against the respective property. This is established through the *Water Act 1989*s274 (4), (4A) and (5). Once the property is sold or ownership changes, the debt is legally required to be repaid to GMW. Given these circumstances there was no impact on the impairment of trade debtors based on an assessment of expected credit losses given first time adoption of AASB 9 in 2018-19. Recoverability of debt is assessed on a case by case basis.

6.2 Payables	2018/19	2017/18
Current - Contractual	\$000	\$000
Trade creditors - Water Storage & Delivery	3,940	22,096
Trade creditors - Connections Project	2,074	1,388
Accrued expenses	26,016	37,140
Current - Statutory		
Accrued expenses	114	507
Total Payables	32,144	61,131

Payables consist of:

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

6.2.1 Ageing analysis of contractual payables

	Carrying Value \$'000	Not past due \$'000	<1 Month \$'000	1 - 3 Months \$'000	3 + Months \$'000
2019					
Trade creditors - WSD	11,833	11,529	246	11	47
Trade creditors - CP	20,197	19,787	219	73	118
Total	32,030	31,316	465	84	165
2018					
Trade creditors - WSD	33,081	32,451	535	10	85
Trade creditors - CP	27,543	27,502	38	-	3
Total	60,624	59,953	573	10	88

7. How We Financed Our Operations

Introduction

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

Structure

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

7.1 Borrowings	2018/19 \$000	2017/18 \$000
<i>Current</i>		
Water Storage & Delivery	2,163	2,035
Total current borrowings	2,163	2,035
<i>Non-current</i>		
Water Storage & Delivery	110,246	104,909
Total Non-current borrowings	110,246	104,909
Total Borrowings	112,409	106,944

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

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

7.1.1 Maturity analysis

Loans from TCV		
Less than 1 year	2,163	2,035
1-2 years	17,299	2,163
2-3 years	2,443	17,299
3-4 years	7,597	2,443
4-5 years	10,260	7,597
> 5 years	72,647	75,407
Total Carrying Amount	112,409	106,944

7.1.2 Interest expense

Interest expense	5,758	5,949
Financial accommodation levy	1,172	1,171
Total Interest Expense	6,931	7,120

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

7.2 Cash flow information

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

	2018/19	2017/18
Cash and cash equivalents	\$000	\$000
Cash at bank	141,447	154,764
Cash on deposit	178,194	189,664
Total Cash and cash equivalents	319,641	344,428

7.2.1 Reconciliation of net result to cash flow from operating activities

Net profit/(loss) for the period before tax	(96,279)	(118,580)
Non-cash movements:		
Loss on disposal of infrastructure, property, plant and equipment	26,722	43,280
Depreciation and amortisation	100,425	100,987
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(664)	(476)
(Increase)/decrease in inventories	103	13
(Increase)/decrease in other non-financial assets	358	-
Increase/(decrease) in payables	(7,476)	23,728
Increase/(decrease) in employee benefits	1,523	(108)
Increase/(decrease) in unearned revenue	(43,158)	44,064
Net cash flows from/(used in) operating activities	(18,446)	92,908

7.2.2 Cash balances with restrictions over use

Funds held to finance externally funded projects - Water Storage & Delivery	8,896	5,602
Funding received in advance - Connections Project	117,289	163,740
Total cash balances with restrictions over use	126,184	169,342

7.2.3 Financing facilities

Unused borrowings	82,900	85,000
-------------------	--------	--------

7.3 Equity

7.3.1 Contributed capital

Balance 1 July	2,872,798	2,766,801
Capital contributions - Connections Project	130,157	105,997
Balance 30 June	3,002,955	2,872,798

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

8. Risks, Contingencies and Valuation Judgements

Introduction

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

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

Structure

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

8.1 Financial instrument specific disclosures

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

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

The following financial instruments are recognised in this way;

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

	2018/19	2017/18
8.1.1 Financial instruments: categorisation	\$000	\$000
<i>Contractual Financial Assets - Cash and Receivables</i>		
Cash and cash equivalents	319,640	344,427
Receivables	24,264	23,350
Total	343,903	367,777
<i>Contractual Financial Liabilities</i>		
Contractual payables	(32,026)	(60,624)
Borrowings	(112,409)	(106,944)
Total	(144,435)	(167,567)

8.1.2 Financial risk management objectives and policies

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

(a) Credit risk

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

(b) Liquidity risk

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

(c) Market risk

Foreign currency risk

There is no exposure to foreign currency risk.

Interest rate risk

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

Interest rate exposure of financial instruments

	Weighted average % interest rate %	Carrying Amount \$000	Fixed interest rate %	Variable interest rate %	Non- interest bearing \$000
2019					
Cash	1.5%	319,640	-	1.5%	-
Contractual receivables	5.0%	24,264	5.0%	-	8,367
Contractual payables	0.0%	(32,026)	-	-	(32,026)
Borrowings	6.2%	(112,409)	2.5% to 7.2%	-	-
Total		199,469			(23,659)
2018					
Cash	1.5%	344,427	-	1.5%	-
Contractual receivables	5.5%	23,350	5.5%	-	7,942
Contractual payables	0.0%	(60,624)	-	-	(60,624)
Borrowings	6.5%	(106,944)	5.3% to 7.4%	-	-
Total		200,209			(52,682)

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

(d) Sensitivity disclosure analysis and assumptions

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

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

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

	Total \$000	Interest rate risk			
		+50 basis points Net Result \$000	+50 basis points Equity \$000	-50 basis points Net Result \$000	-50 basis points Equity \$000
2019					
Financial Assets					
Cash	319,640	1,598	1,598	(1,598)	(1,598)
Contractual receivables	24,264	-	-	-	-
Total Financial Assets	343,903	1,598	1,598	(1,598)	(1,598)
Financial Liabilities					
Contractual Payables	(32,026)	-	-	-	-
Borrowings	(112,409)	-	-	-	-
Total Financial Liabilities	(144,435)	-	-	-	-
Total increase and decrease	199,468	1,598	1,598	(1,598)	(1,598)
2018					
Financial Assets					
Cash	344,427	1,722	1,722	(1,722)	(1,722)
Contractual receivables	23,350	-	-	-	-
Total Financial Assets	367,777	1,722	1,722	(1,722)	(1,722)
Financial Liabilities					
Contractual payables	(60,624)	-	-	-	-
Borrowings	(106,944)	-	-	-	-
Total Financial Liabilities	(167,568)	-	-	-	-
Total increase and decrease	200,209	1,722	1,722	(1,722)	(1,722)

8.2 Contingent assets and contingent liabilities

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

	2018/19	2017/18
Contingent assets:	\$000	\$000
Other	696	-
Total Contingent Assets	696	-

As part of the Milestone 9a, DELWP reduced the payment by \$696k. This is in accordance with the funding agreement between the State and GMW. The Project can seek written approval to utilise the State's interest to meet this payment shortfall if the project requires.

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

	2018/19	2017/18
Contingent liabilities:	\$000	\$000
Potential labour disbursements (i)	193	920
Connections Project - verbal agreements with irrigators (ii)	22,799	12,178
Total Contingent Liabilities	22,992	13,098

(i) A potential issue was been identified in relation to a small number of employees. During the 2018/19 financial year most this error was rectified to the benefit of most identified employees. There are a small number of employees who GMW have been unable to contact and there still remains a contingent liability relating to these employees.

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

8.3 Fair value determination*Significant judgements: Fair value measurement*

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

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

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

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

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

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

8.3.1 Fair value determination: financial assets and liabilities

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

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

	30 June 2019		30 June 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<i>Financial liabilities</i>	\$'000	\$'000	\$'000	\$'000
Borrowings	(112,409)	(141,625)	(106,944)	(127,833)
Total Financial liabilities	(112,409)	(141,625)	(106,944)	(127,833)

The fair value of interest bearing financial liabilities is determined by discounting the expected future cash flows against current interest rates

8.3.2 Fair value determination: Non-financial physical assets

Non-specialised land

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

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

Specialised land and specialised buildings

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

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

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

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

Infrastructure assets

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

Plant and equipment

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

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

There were no changes in valuation techniques throughout the period to 30 June 2019.

Details of GMW's land, buildings and infrastructure assets and plant & equipment fair value hierarchy as at 30 June 2019:

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

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Carrying amount</i>
	\$000	\$000	\$000	\$000
2018/19				
Land	-	3,579	50,495	54,074
Buildings	-	-	16,965	16,965
Infrastructure	-	-	4,419,222	4,419,222
Plant & equipment	-	-	13,257	13,257
Total Infrastructure assets, property, plant & equipment	-	3,579	4,499,940	4,503,519
2017/18				
Land	-	3,579	50,462	54,041
Buildings	-	-	17,032	17,032
Infrastructure	-	-	4,372,796	4,372,796
Plant & equipment	-	-	13,402	13,402
Total Infrastructure assets, property, plant & equipment	-	3,579	4,453,692	4,457,271
	Land	Buildings	Infrastructure	Plant & equipment
Reconciliation of Level 3 fair value				
2018/19	\$000	\$000	\$000	\$000
Opening Balance	50,462	17,032	4,372,796	13,402
Purchases/(sales) and asset class transfers	33	610	140,768	4,324
Revaluation increment / (decrement)	-	-	1	-
<i>Gains/(losses) recognised in net result</i>				
Impairment			(595)	
Depreciation	-	(676)	(93,747)	(4,469)
Closing Balance	50,495	16,966	4,419,221	13,258

	Land	Buildings	Infrastructure	Plant & equipment
2017/18	\$000	\$000	\$000	\$000
Opening Balance	50,323	17,362	4,412,186	12,238
Purchases/(sales) and asset class transfers	139	322	78,716	4,587
Revaluation increment / (decrement)	-	-	(21,890)	-
Gains/(losses) recognised in net result				
Impairment			(1,426)	
Depreciation	-	(652)	(94,790)	(3,423)
Closing Balance	50,462	17,032	4,372,796	13,402

Description of significant unobservable inputs to Level 3 valuations

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

9. Statutory Obligations

Introduction

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

Structure

9.1 Tax

9.1.1 Income tax

9.1.2 Deferred tax assets and liabilities

9.2 Environmental contribution

9.2.1 Environmental contribution commitments

9.1 Tax

GMW is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Tax Office. The income tax expense or revenue for the period is calculated based on the current period's taxable income at the corporate tax rate of 30%, adjusted by changes in deferred tax balances. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

9.1.1 Income tax

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

Reconciled as follows:

	2018/19 \$000	2017/18 \$000
Current tax		
Current tax expense/(benefit) in respect of current year	(6,420)	(5,453)
Adjustments recognised in the current year in relation to the current tax of prior years	(186)	333
	(6,605)	(5,120)
Deferred tax		
Deferred tax expense recognised in the current year	(22,453)	(30,105)
Total income tax expense/(benefit) recognised in the current year relating to continuing operations	(29,059)	(35,225)

(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	(96,279)	(118,580)
Income tax calculated at 30% (2018: 30%)	(28,884)	(35,574)
Provision for impairment of receivables	40	(57)
Accrued expenses	(2,237)	2,678
Employee benefits	457	(33)
Depreciation - Infrastructure assets, property, plant & equipment	24,205	27,532
Tax effect of current year losses	(6,419)	(5,453)
Deferred income tax expense	(22,453)	(30,105)
Adjustments recognised in the current year in relation to the current tax of prior years	(186)	333
Total income tax expense/(benefit)	(29,059)	(35,225)

9.1.2 Deferred tax assets and liabilities

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

	2018/19 \$000	2017/18 \$000
Deferred tax asset / (liability) comprising:		
Infrastructure assets, property, plant and equipment	(989,955)	(1,014,350)
Offset by deferred tax asset comprising:		
Tax losses	475,556	468,950
Provision for impairment of receivables	192	152
Accrued expenses	8,761	11,020
Employee benefits	7,581	7,125
Net deferred tax asset / (liability)	(497,865)	(527,103)
Movement in net deferred tax asset / (liability)		
Opening balance	(527,103)	(569,323)
Tax effect of current year tax losses	6,420	5,453
Movement charged to operating profit / (loss)	22,453	30,105
Movement charged to equity	179	6,995
Under / (over) provision for income tax	186	(333)
Closing balance	(497,865)	(527,103)

9.2 Environmental contribution

Environmental contribution	2,793	1,686
----------------------------	-------	-------

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

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

	2018/19 \$000	2017/18 \$000
9.2.1 Environmental contribution commitments		
Environmental contribution	2,793	5,586
Total Other expenditure commitments (inclusive of GST)	2,793	5,586
Less GST recoverable from the Australian Tax Office	-	-
Total Other expenditure commitments (exclusive of GST)	2,793	5,586
These commitments are likely to fall within:		
No later than 1 year	2,793	2,793
Later than 1 year and not later than 5 years	-	2,793
Total Other expenditure commitments (inclusive of GST)	2,793	5,586

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

10. Other Disclosures

Introduction

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

Structure

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

10.1 Events happening after balance date

Nothing has arisen since the end of the reporting period which significantly affected or may significantly affect the operations of GMW, the results of those operations, or the state of affairs of GMW in future financial years.

10.2 Responsible persons

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

Minister:

The Hon Lisa Neville MLA, Minister
for Water

Period of position held

1 July 2018 to 30 June 2019

Directors of GMW:

Joanne Anderson (Chair)	1 July 2018 to 27 July 2018
Diane James (Chairman)	1 September 2018 to 30 June 2019
Pat Lennon (Managing Director)	1 July 2018 to 21 September 2018
Bill Jaboor (Interim Managing Director)	1 October 2018 to 3 February 2019
Charmaine Quick (Managing Director)	4 February 2019 to 30 June 2019
David McKenzie (Board Member)	18 September 2018 to 30 June 2019
Margot Henty (Board Member)	1 July 2018 to 30 June 2019
Alana Johnson (Board Member)	1 July 2018 to 30 June 2019
Jonathon Koop (Board Member)	1 July 2018 to 30 June 2019
Gayle Lee (Board Member)	1 July 2018 to 3 September 2018
Patrick McNamara (Deputy Chair) ¹	1 July 2018 to 30 June 2019
Margaret O'Rourke (Board Member)	1 July 2018 to 30 June 2019
Ari Suss (Board Member)	1 July 2018 to 30 June 2019

¹ Patrick McNamara was acting Chair from 27 July 2018 - 31 August 2018

Remuneration**Remuneration of responsible persons**

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

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

Remuneration Band	Number of Directors (Total Remuneration)	
	2018/19	2017/18
\$0 to \$9,999	2	-
\$10,000 to \$19,999	0	1
\$30,000 to \$39,999	1	1
\$40,000 to \$49,999	6	5
\$60,000 to \$69,999	1	2
\$90,000 to \$99,999	1	-
\$100,000 to \$109,999	-	1
\$180,000 to \$189,999	1	-
\$190,000 to \$199,999	1	-
\$240,000 to \$249,999	1	-
\$410,000 to \$419,999	-	1
Total amount (\$)	\$1,093,456	\$920,416
Total numbers	14	11

10.3 Remuneration of executives

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

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

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

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

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

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

Remuneration of executive officers

(including Key Management Personnel disclosed in Note 10.4)

	2018/19	2017/18
	\$000	\$000
Short-term employee benefits	1,744	1,475
Post-employment benefits	167	151
Other long-term benefits	24	6
Total remuneration	1,935	1,632
Total number of executives	10	8
Total annualised employee equivalents	7	7

10.4 Related Parties

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

Related parties of GMW include:

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

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

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

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

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

	2018/19	2017/18
	\$000	\$000
Compensation of KMP's		
Short-term employee benefits ⁽ⁱ⁾	2,602	2,428
Post-employment benefits	199	256
Other long-term benefits	(7)	33
Termination benefits	153	-
Total ⁽ⁱⁱ⁾	2,947	2,717

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

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

Transactions with Key Management Personnel

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

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

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

Transactions with other related parties	2018/19	2017/18
Department of Environment, Land, Water and Planning	\$000	\$000

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

In addition, GMW received funding from DELWP for water allocation trading and public amenities upgrades.

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

Receipts from DELWP		
Revenue Funding (Connections Project)	34,136	110,297
Revenue Funding (Other)	1,216	1,334
Capital Funding (Connections Project)	130,156	101,910
Receivable from DELWP		
Revenue Funding (Other)	-	396
Payments to DELWP		
GMW Contribution to the MDBA programme	29,887	-
Environmental Contributions	2,793	1,686
Regional Water Monitoring	975	1,867
Water shares & Bulk entitlements	750	533
Other	100	415
Payable to DELWP		
GMW Contribution to the MDBA programme	-	15,487

Treasury Corporation of Victoria

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

Aggregate amount of		
borrowings	112,409	106,944
Interest expense	5,758	5,949

Department of Treasury and Finance

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

Payments to DTF		
Financial Accommodation Levy	1,172	1,171

**RESPONSIBLE BODY'S
DECLARATION**
YEAR IN REVIEW
**GOVERNANCE &
ORGANISATION STRUCTURE**
WORKFORCE DATA

	2018/19 \$000	2017/18 \$000
Victorian Environmental Water Holder		
GMW invoices the Victorian Environmental Water Holder for water use charges in line with Essential Services Commission approved pricing.		
Receipts from VEWH		
Revenue from water use	3,811	4,562
Lower Murray Urban and Rural Water Corporation		
GMW invoices Lower Murray Urban and Rural Water Corporation for water use charges and regional storage fees in line with Essential Services Commission approved pricing.		
Receipts from Lower Murray Urban and Rural Water Corporation		
Revenue from water use	148	3,768
Coliban Region Water Corporation		
GMW invoices Coliban Region Water Corporation for water use charges and regional storage fees in line with Essential Services Commission approved pricing.		
Receipts from Coliban Region Water Corporation		
Revenue from water use	1,707	1,776
Goulburn Valley Region Water Corporation	2018/19 \$000	2017/18 \$000
GMW invoices Goulburn Valley Region Water Corporation for water use charges and regional storage fees in line with Essential Services Commission approved pricing.		
Receipts from Goulburn Valley Region Water Corporation		
Revenue from water use	1,053	1,130
North East Water		
GMW invoices North East Water for water use charges and regional storage fees in line with Essential Services Commission approved pricing.		
Receipts from North East Water		
Revenue from water use	898	1,028
Central Highlands Water		
GMW invoices Central Highlands Water for water use charges and regional storage fees in line with Essential Services Commission approved pricing.		
Receipts from Central Highlands Water		
Revenue from water use	324	548
Goulburn Broken CMA		
GMW invoices Goulburn Broken CMA for works carried out under the Sustainable Irrigation Program agreement.		
Receipts from Goulburn Broken CMA		
Sustainable Irrigation Program	3,555	3,468
Other receipts	370	792

	2018/19 \$000	2017/18 \$000
10.5 Remuneration of auditors		
External Audit - Victorian Auditor General's Office	182	177
Internal Audit	176	227
Total Audit fees	358	404
10.6 Exgratia expenses		
Forgiveness or waiver of debt	53	168
⁽ⁱⁱⁱ⁾ Total ex gratia expenses	53	168

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

10.7 Australian Accounting Standards issued that are not yet effective

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Corporation's financial report
AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. GMW does not believe any material changes will result from application of this standard.
AASB 16 <i>Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating result. GMW expects to see an additional asset of \$4.5m due to recognising the right to use leased assets and an additional lease liability of \$4.5m on transition.
AASB 1058 <i>Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 Jan 2019	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change. GMW does not believe any material changes will result from application of this standard.

Appendices

Appendix A – Disclosure Index

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

Legislation	Requirements	Page Reference
REPORT OF OPERATIONS		
FRD 30D	Standard requirements for the design and print of annual reports	Entire report
SD 5.2.3	Declaration in the report of operations	5
Section 1: Year in Review		
FRD 8D	Performance against objectives (financial)	30-37
FRD 8D	Performance against objectives (non-financial)	12-29
FRD 22H	Manner of establishment and the relevant Minister	10
FRD 22H	Purpose, functions, powers and duties	8-9
FRD 22H	Nature and range of services provided	10
FRD 22H	Five year financial summary	31
FRD 22H	Current year financial review	32
FRD 22H	Significant changes in financial position	32
FRD 22H	Significant changes or factors affecting performance	32
FRD 22H	Subsequent events	34
MRO	Chairman and Managing Director's Report	7
MRO	Vision and values	6
MRO	Capital projects	32-33
Section 2: Governance and Organisational Structure		
FRD 22H	Organisational structure and corporate governance	40-46
FRD 22H	Occupational health and safety	47
SD 3.2.1.1	Audit Committee membership and roles	45
Section 3: Workforce Data		
FRD 15E	Executive officer disclosures	51
FRD 22H	Public Administration values and employment principles	48
FRD 29C	Comparative workforce data	48-49
FRD 22H	Workforce Inclusion Policy	49
Section 4: Other Disclosures		
FRD 12B	Major contracts	52
FRD 22H	Consultancy expenditure	52
FRD 22H	Government advertising expenditure	52
FRD 22H	ICT expenditure	52
FRD 22H	<i>Freedom of Information Act 1982</i>	53-54
FRD 22H	<i>Building Act 1993</i>	55
FRD 22H	<i>Protected Disclosure Act 2012</i>	55-56
FRD 22H	Competitive Neutrality Policy Victoria	55
FRD 22H	Statement of availability of other information	61
FRD 22H	Summary of environmental performance	36, 56-58
FRD 24D	Office-based environmental impacts	56-58
FRD 25D	Local Jobs First – Victorian Industry Participation Policy	52
MRO	Compliance with DataVic Access Policy	61

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

SD 3.7.1	Attestation for compliance with Ministerial Standing Direction	64
FINANCIAL REPORT		
Audit Act 1994	Auditor-General's Report	38-39, 62-63
SD 5.2.1	Comprehensive operating statement	65
SD 5.2.1	Balance sheet	66
SD 5.2.1	Cash flow statement	67
SD 5.2.1	Statement of changes in equity	68
SD 5.2.1	Notes to the Financial Statements	69
SD 5.2.2	Declaration in the financial statements	64
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	64
SD 5.2.1(a)	Compliance with Standing Directions	64
SD 5.2.1(b)	Compliance with Model Financial Report	64-107
Other disclosures are required by FRDs in noted to the financial statements		
Ministerial Reporting Directions		
MRD 01	Performance reporting	12-37
MRD 02	Water consumption	58
MRD 03	Environmental and social sustainability reporting	29, 59-60
MRD 04	Disclosure of information on bulk entitlements	110-120
MRD 06	Greenhouse gas and energy reporting	36, 56-58
MRD 07	Disclosure of information on the Letter of Expectations	121-122
Legislation		
	<i>Building Act 1993</i>	55
	<i>Disability Act 2006</i>	48
	<i>Equal Employment Opportunity Act 2010</i>	48
	<i>Financial Management Act 1994</i>	5, 34, 38-39, 62-64, 69
	<i>Freedom of Information Act 1982</i>	53-54
	<i>Murray-Darling Basin Act 1993</i>	9
	<i>Planning and Environment Act 1987</i>	8
	<i>Protected Disclosure Act 2012</i>	55
	<i>Public Administration Act 2004</i>	48
	<i>Safe Drinking Water Act 2003</i>	29
	<i>Safe Water Drinking Regulations 2015</i>	29
	<i>Victorian Industry Participation Policy Act 2003</i>	52
	<i>Water Act 1989</i>	8-10, 56
Appendices		
FRD 10A	Appendix A: Disclosure Index	108-109
MRD 04	Appendix B: Bulk Entitlements	110-120
MRD 07	Appendix C: Minister's Letter of Expectations	121-122
	Appendix D: Schedule of Consultancies	123
	Appendix E: Abbreviations	124

Appendix B – Bulk Entitlements

Appendix B1 Bulk Entitlement (Eildon - Goulburn Weir) Reporting			
<p>This appendix is included in the Goulburn-Murray Water 2018/19 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 2018 to 30 June 2019. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.</p>			
BE Clause	Item	Report	Notes
17.1(d)	Annual amount taken from waterway at Goulburn Weir offtake channels:		
	Cattanach Canal	280,552 ML	
	Stuart Murray Canal	455,658 ML	
	East Goulburn Main Channel	231,482 ML	
	Total Goulburn Weir offtake diversion:	967,692 ML	
17.1(da)	Annual amount of distribution loss in Goulburn Irrigation Districts:		
	Shepparton	31,089 ML	
	Central Goulburn	59,554 ML	
	Rochester/ Pyramid Hill- Boort	52,548 ML	
	Total distribution loss:	143,412 ML	
17.1(e)(i)	Diversion by primary entitlement holders taken directly from waterway:		
	Private river diverters water shares	16,733 ML	
17.1(e)(ii)	Diversion by other authorities with Bulk Entitlements taken directly from waterway:		See Note 1
	Urban Bulk entitlements	17,564 ML	
	Victorian Environmental Water Holder	0 ML	
17.1(g)	Amount of water held in storage:		Volume at 30 June 2019
	Lake Eildon	1,262,014 ML	
	Goulburn Weir	21,860 ML	
	Waranga Basin	184,376 ML	
	Greens Lake	15,658 ML	See Note 2
17.1(h)	Additional releases from Lake Eildon as per Schedule 5	0 ML	See Note 3
17.1(i)	Credits granted as per Clause 14	No	
17.1(j)	Temporary or permanent transfers of this BE	None	
17.1(k)	Transfer of entitlement or allocation under the Act	None	
17.1(l)	Regulated releases for Inter Valley Trade, Murray Supplement or the Water Quality Reserve	415,910 ML	See Note 4
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:		
	Water Shares in Irrigation Areas	666,446 ML	
	Water Shares of Private River Diverters	As for 17.1(e)(i)	

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

	Urban Bulk entitlements	See Appendix B2	
	Melbourne Water Authorities	See Appendix B2	
	Victorian Environmental Water Holder	See Appendix B2 plus 234,791 ML	See Note 5
	Water allowances in Water Works Districts	1,539 ML	
	Total supply to primary entitlements:	970,816 ML	
17.1(p)	Amendments to this BE	Yes	See Note 6
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 7
17.1(s)	BE compliance failures	No	
17.1(t)	BE compliance difficulties and responses	No	
Notes			
1.	This is the use against Bulk Entitlements held by other Authorities which is taken directly from waterways, excluding supplies from channel systems and in-stream environmental deliveries.		
2.	Greens Lake will no longer be a storage in the Goulburn System, and has been removed from the BE as of 28 June 2019.		
3.	There were no releases from Lake Eildon under target filling arrangements or spills from storage in 2018/19.		
4.	This is the delivery of the Goulburn Inter-Valley Trade Account from the Goulburn system. There was no regulated release of the Water Quality Reserve or for Murray supplement in season 2018/19.		
5.	The volume supplied to the Victorian Environmental Water Holder includes carryover and water traded from other entitlements.		
6.	There were 5 amendments to the BE this year: an amendment of the Tungamah Waterworks District BE volume (not dated), an update of loss allowances from water savings from the Connections Project to transfer water savings to the commonwealth (not dated), on 24 April 2019 an amendment to remove Greens Lake storage from the BE, on 25 June 2019 an amendment to update loss allowances to transfer Stage 1 Connections Project water savings to the VEWH, and an amendment on 27 June 2019 to update the East Loddon Waterworks District maximum diversion and loss allowances.		
7.	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 B2 Bulk Entitlement (Eildon - Goulburn Weir) Reporting			
Supply to primary entitlements of Other Authorities Bulk Entitlements			
This is the supply to other authorities prescribed in Schedule 2 of the Bulk Entitlement			
Authority		Diversion (ML)	Notes
Goulburn Valley Water	Channel System Zone 1A	5,462	
	River Supply Zone 1A	3,780	
	River Supply Zone 3	13,784	
	Total diversion:	23,026	
Coliban Water	Channel system Zone 1A	1,525	
	Channel system Zone 1B	186	
	Total diversion:	1,711	
Grampians Wimmera Mallee Water	Quambatook	102	
	Total diversion:	102	
Melbourne Bulk Entitlements	City West Water, South East Water and Yarra Valley Water	0	
	Total diversion:	0	
Victorian Environmental Water Holder	Snowy Environmental Reserve	0	See Note 1
	The Living Murray Entitlements	26,468	
	Goulburn River Environmental Entitlement	0	
	Environmental Entitlement NVIRP savings	0	
	Total diversion:	26,468	
Total Authorities (ML):		51,307	
Notes			
1.	These figures only include deliveries against Bulk Entitlements, deliveries against other entitlements are shown in Appendix B1 17.1(o).		

Appendix B3 Bulk Entitlement (River Murray - Goulburn Murray Water) Reporting			
<p>This appendix is included in the Goulburn-Murray Water 2018/19 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 2018 to 30 June 2019. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.</p>			
BE Clause	Item	Report	Notes
22.1(b)	Annual amount taken at the following off-take points as specified in clause 16.1:		See Note 1 See Note 2 See Note 1 See Note 2
	Cobram pump station	4,305 ML	
	Yarrawonga Main Channel	253,309 ML	
	National Channel	633,927 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 is open)	6,840 ML	
	Swan Hill pumps	20,275 ML	
	Nyah pumps	6,419 ML	
	Woorinen pumps	12,551 ML	
	Private Diversion Points along the River Murray to Nyah Pumps:		
	Private Pental Island diverters (if Fish Point Weir is open)	1,514 ML	
	Environmental diversion	19,388 ML	
	Urban River diversion	20,826 ML	
Private River diversions; Dartmouth to Nyah	30,706 ML		
Total diversions at off-take points:		1,000,513 ML	
22.1(c)	Any new agreed upon off-take points?	No	
22.1(d)	Annual amount returned at the following points as specified in clause 16.2:		See Note 2 See Note 2 See Note 2 See Note 1
	Broken Creek bypass and tributary flow	40,001 ML	
	Yarrawonga Main Channel outfall	24,271 ML	
	Koondrook spillway	103,938 ML	
	Loddon River at Kerang Weir	104,693 ML	
	Sheepwash Creek Weir	0 ML	
	Little Murray Weir (if Fish Point Weir closed)	0 ML	
	6/7 channel outfall (if Fish Point Weir open)	5,250 ML	
	Lake Boga outfall channel (if Fish Point Weir open)	2,657 ML	
	Barr Creek at Capel's Crossing	1,304 ML	
	Lake Charm outfall channel	10 ML	
Chinamans Bend	12,642 ML		
Total returns:		295,069 ML	
22.1(e)	GMW supplies to bulk entitlements held by other authorities:		See Note 3
	Coliban Water	4,203 ML	
	Lower Murray Water	5,474 ML	
	North East Water	0 ML	
	Grampians Wimmera Mallee Water	0 ML	
	Goulburn Valley Water	4,847 ML	
	Victorian Environmental Water Holder	5,574 ML	
	Flora and Fauna	58,923 ML	
	Living Murray	26,965 ML	
	Snowy Environmental Reserve	0 ML	
Total supplies to Bulk Entitlements:		105,985 ML	

**RESPONSIBLE BODY'S
DECLARATION**
YEAR IN REVIEW
**GOVERNANCE &
ORGANISATION STRUCTURE**
WORKFORCE DATA

22.1(f)	GMW supplies to primary entitlement holders excluding bulk entitlements in (e):		See Note 4
	Murray Valley Irrigation Area	169,778 ML	
	Torrumbarry Irrigation Area (including Tresco and Woorinen)	248,216 ML	
	Nyah Irrigation District	5,414 ML	
	Private River Diverters	As for 22.1(b)	
	Environmental Water Holders (non BE water)	51,753 ML	
	Total supplies to primary entitlement holders excluding bulk entitlements:	507,381 ML	
22.1(g)	Metering program	Program implemented	See Note 5
22.1(h)	Temporary or permanent transfers of this BE or primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	See Note 6
22.1(i)	Transfer of entitlement or allocation under the Act to GMW or primary entitlement holders	As for 22.1(h)	
22.1(j)	Amendment to this BE	Yes	See Note 7
22.1(k)	New BE granted to GMW for River Murray	No	
22.1(l)	BE compliance failures	Minor	See Note 8
22.1(m)	BE compliance difficulties and actions	Yes	See Note 8
22.1(n)	Murray Valley Losses	32,106 ML	
	Torrumbarry Losses (as per BE including Woorinen and Tresco)	92,314 ML	
	Victoria Mid Murray Storage losses	60,044 ML	
22.1(o)	Victoria Mid Murray Storage annual operating plan	Implemented	See Note 9
<p>Notes</p> <ol style="list-style-type: none"> Cobram and Woorinen pump station have not yet been recognised as off-take points in the BE. Chinaman's bend is a recognised return point in the MDBA diversion formula. Adding these sites to Schedule 4 of the BE as been requested. Recognition of off-take diversions and returns depends on status of Fish Point Weir (as indicated). The April 2019 BE amendment removes the requirement to include the Fish Point Weir status in the future, this will be implemented from 2019/20. Volume includes water supplied through GMW's channel distribution system, rivers and wetlands. Includes the Environmental and Urban diversion volumes reported in 22.1(b) and environmental water diverted from unregulated entitlements. It only includes supplies from the River Murray to sites upstream of Nyah. Volumes may be higher than entitlement volumes due to delivery of carryover, trade or water recredited from other systems. This volume includes water shares held by Victorian Environmental Water Holder and Commonwealth Environmental Water Office which were traded into ABAs linked to Environmental Bulk Entitlements and delivery of water credited into the Murray from other systems. Some of the environmental water delivered, was credited as return flows for further use downstream. Only supplies deemed upstream of Nyah are included. The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011. There was no temporary or permanent transfer of this BE, only the trade of primary entitlements. There were two amendments to the BE this year, on 26 April 2019 a minor amendment to update the loss allowances from water savings from the Connections Project to transfer water savings to the Commonwealth Environmental Water Office and to also update the Torrumbarry diversion and return details following changes due to modernisation projects. Also on 25 June 2019 an amendment to update the loss allowances to transfer Stage 1 Connections Project water savings to the VEWH. The losses attributed to the operation of the VMMS are based on the fixed distribution loss and the net evaporation from Kow Swamp, Kangaroo Lake, Lake Charm and Lake Boga. The losses for the Murray Valley and Torrumbarry Irrigation Areas are based on water balance calculations of the irrigation areas, using diversions, deliveries and returns. The annual loss recorded for Nyah was 1,005 ML, this is 505 ML above the long term volume and 5 ML above the annual loss volume. It has been determined that there were measuring difficulties at the bulk meter during the year, resulting in the meter was over recording diversions, the meter is being investigated for either repair or replacement. The loss incurred by Torrumbarry was 11.8 GL above the annually allowed loss volume, but was within the permitted tolerances once the dry season loss volume and additional annual loss allowances are included, thus is compliant. The 2018/19 Victorian Mid-Murray Storages Annual Operating Plan was endorsed in July 2018. 			

Appendix B4 Bulk Entitlement (Campaspe System - Goulburn-Murray Water) Reporting			
<p>This appendix is included in the Goulburn-Murray Water 2018/19 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 2018 to 30 June 2019. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.</p>			
BE Clause	Item	Report	Notes
18.1(e)	GMW share of Lake Eppalock annual inflow	12,844 ML	
18.1(f)	Annual amounts taken from the system waterway for primary entitlements listed in Schedules 1 and 2:		See Note 1
	Water shares (excluding water shares held by other authorities)	9,540 ML	
	Supplement to Goulburn system	0 ML	
	Victorian Environmental Water Holder	0 ML	
	Coliban Water	880 ML	
	Central Highlands Water	85 ML	
	Total diversion:	10,505 ML	
	Campaspe Inter Valley Trade Account delivery	17,721 ML	
18.1(g)	Annual evaporation losses to GMW share of Lake Eppalock	19,828 ML	See Note 2
18.1(h)	Internal spills to or from GMW's share of Lake Eppalock	0 ML	See Note 3
18.1(i)	Minimum passing flows	Minimum passing flows were calculated as required by Clause 11	
18.1(j)	Credits granted as per Clause 14	No	
18.1(k)	Temporary or permanent transfers of this BE	None	
18.1(l)	Transfer of entitlement or allocation under the Act	None	
18.1(m)	Seasonal determination	1 Apr 2019 - 100% HRWS & 0% LRWS	
18.1(n)	Alterations to Schedule 1 and 2 entitlements as per Clause 8:	See Victorian Water Register Entitlements, Allocation and Use Annual Report. See 18.1(q)	
18.1(o)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
18.1(p)	Annual volume supplied to primary entitlements:	As for 18.1 (f) excluding the Goulburn supplement diversion plus	See Note 4
	Victorian Environmental Water Holder	20,378 ML	
	Living Murray	2,978 ML	
	Total supply to primary entitlements:	33,861 ML	
18.1(q)	Amendments to this BE	No	
18.1(r)	New BE granted	No	
18.1(s)	Environmental Management and Metering programs	Programs implemented	See Note 5
18.1(t)	BE compliance failures	Minor	See Note 6
18.1(u)	BE compliance difficulties and response	No	
18.1(v)	Details of interruptions to minimum passing flows	Yes	See Note 6

Notes	
1.	This figure only includes diversions from the waterway, instream deliveries are included in 18.1(p). The Goulburn supplement was delivered to the Murray system and incorporated as a delivery from the Goulburn Inter-Valley Trade account.
2.	Gross evaporation based on measured evaporation at Lake Eppalock.
3.	Spill from Coliban Water share of Lake Eppalock to GMW's share
4.	As there are no irrigation areas or districts in the Campaspe system the volume of diversion and delivery are the same, with the exception of environmental water delivered instream and the supplement provided to the Goulburn System.
5.	Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified) The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.
6.	There were four days of minimum flow non compliance in August, due to an outage for maintenance works at Lake Eppalock. Minimum passing flows not provided were credited to the passing flow account.

Appendix B5 Bulk Entitlement (Broken System - Goulburn-Murray Water) Reporting			
<p>This appendix is included in the Goulburn-Murray Water 2018/19 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 2018 to 30 June 2019. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.</p>			
BE Clause	Item	Report	Notes
20.1(e)	Annual amounts taken from the system waterway as listed in Schedules 1 and 2:		
	Water shares (excluding Broken Creek and water shares held by other authorities)	3,745 ML	
	North East Water	130 ML	
	Supplement to Goulburn or Murray systems	0 ML	
	Total flow to Broken Creek	4,425 ML	
	Total diversions:	8,300 ML	
	Broken Inter Valley Trade Account delivery	652 ML	
20.1(f)	Annual evaporation losses from Lake Nillahcootie	3,050 ML	See Note 1
20.1(g)	Environmental minimum and maximum flows	Environmental flows were provided as specified in clause 12	
20.1(h)	Credits granted as per Clause 15	No	
20.1(i)	Temporary or permanent transfers of this BE	None	
20.1(j)	Transfer of entitlement or allocation under the Act	None	
20.1(k)	Alterations to Schedule 1 and 2 entitlements as per Clause 9:	See Victorian Water Register Entitlements, Allocation and Use Annual Report. See 20.1 (n)	
20.1(l)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	

OTHER DISCLOSURES

FINANCIAL STATEMENTS

NOTES TO THE
FINANCIAL STATEMENTS

APPENDICES

20.1(m)	Annual volume supplied to primary entitlements:	As for water shares and North East Water diversions in 20.1 (e) plus	See Note 2
	Broken Creek water shares	666 ML	
	Broken Creek environmental delivery	0 ML	
	Broken Creek losses	2,978 ML	
	Broken River environmental delivery	250 ML	See Note 3
	Total supply to primary entitlements:	4,791 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 4
20.1(q)	BE compliance failures	Yes	See Note 5 and Note 6
20.1(r)	BE compliance difficulties and response	Minor	See Note 5 and Note 6
20.1(s)	Details of interruptions to minimum passing flows and maximum flow limits	Minor	See Note 6
<p>Notes</p> <ol style="list-style-type: none"> 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. This was an in-stream delivery of water that was traded into the Broken system to meet environmental objectives. The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011. Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified). During regulated conditions, the losses for Broken Creek were 1,128 ML above the annual allowance of 1,850 ML under the BE. GMW are working with DELWP and have identified actions to attempt to rectify the ongoing issues with the Broken Creek loss allowance. The accuracy of the offtake measurement is being improved. In July and August 2018, downstream of Back Creek Junction, there was 10 days of non-compliance during an outage for maintenance works at Lake Nillahcootie. In August, due to a combination of fluctuating inflows and subsequent provision of hydrographic data the provided flows were less than required for 3 days by less than 5 ML/d, and for 4 days by less than 1 ML/d. Passing flows were amended in June 2019 in agreement with the Goulburn Broken Catchment Management Authority. 			

Appendix B6 Bulk Entitlement (Ovens System - Goulburn-Murray Water) Reporting			
<p>This appendix is included in the Goulburn-Murray Water 2018/19 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 2018 to 30 June 2019. Hydrographic data has been used where available, operational data has been used where hydrographic data was not available.</p>			
BE Clause	Item	Report	Notes
19.1(e)	Annual amounts taken from system waterway as listed Schedule 1 and 2:		
	Water shares (excluding water shares held by other authorities)	10,905 ML	
	North East Water	3,359 ML	
19.1(f)	Annual storage evaporation losses:		See Note 1
	Lake Buffalo	2,807 ML	
	Lake William Hovell	817 ML	
19.1(g)	Environmental minimum flows	Environmental minimum flows were calculated and provided in accordance with clause 12 and Schedule 5	
19.1(h)	Credits granted as per Clause 15	No	
19.1(i)	Temporary or permanent transfers of this BE	None	
19.1(j)	Transfer of entitlement or allocation under the Act	None	
19.1(k)	Alterations to Schedule 1 and 2 entitlements as per Clause 9:	See Victorian Water Register Entitlements, Allocation and Use Annual Report. See 19.1 (n)	
19.1(l)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
19.1(m)	Annual volume supplied to primary entitlements:	As for 19.1 (e) plus	See Note 2
	Environmental water holders delivery	162 ML	
	Total supply to primary entitlements:	14,426 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	
<p>Notes</p> <ol style="list-style-type: none"> 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 2018/19 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 2018 to 30 June 2019. 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 and additional supplies in Schedules 1 and 2:		See Note 1
	Water shares (excluding Serpentine Creek, and water shares held by other authorities)	7,652 ML	
	Total flow to Serpentine Creek	4,352 ML	
	Coliban Water	417 ML	
	Central Highlands Water	1,077 ML	
	Victorian Environmental Water Holder (for delivery to Boort district wetlands)	510 ML	
	Total diversions:	13,498 ML	
	Supplement to Goulburn system	0 ML	
	Loddon Inter Valley Trade Account delivery	547 ML	
21.1(g)	Annual storage evaporation losses:		See Note 2
	Cairn Curran Reservoir	11,432 ML	
	Tullaroop Reservoir	6,100 ML	
21.1(h)	Credits granted as per Clause 15	No	
21.1(i)	Temporary or permanent transfers of this BE	None	
21.1(j)	Transfer of entitlement or allocation to GMW	None	
21.1(l)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
21.1(m)	Annual volume supplied to primary entitlements:	As for 21.1 (f) excluding the Serpentine Creek diversion plus	See Note 3
	Serpentine Creek (excludes environmental supply)	351 ML	
	Victorian Environmental Water Holder	15,547 ML	
	Total supply to primary entitlements:	25,044 ML	
21.1(n)	Amendments to this BE	No	
21.1(o)	New BE granted for this system	No	
21.1(p)	Environmental Management and Metering programs	Programs implemented	See Note 4
21.1(q)	BE compliance failures	No	
21.1(r)	BE compliance difficulties and response	No	

Notes

- Environmental water delivered to wetlands in Loddon Valley irrigation area is included, while instream deliveries are excluded (see 21.1(m)).
- Gross evaporation based on measured evaporation at Cairn Curran.
- There are no irrigation areas or districts in the Loddon system. The volumes taken and supplied are the same, with the exception of diversions to Serpentine Creek and environmental water delivered in stream (Loddon River and Serpentine Creek). The volume supplied to the VEWH includes carryover and water traded from other entitlements.
- 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 2018/19 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 2018 to 30 June 2019. 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	879 ML	
	Central Highlands Water	510 ML	
	Victorian Environmental Water Holder	0 ML	
17.1(e)	Temporary or permanent transfers of this BE	None	
17.1(f)	BE temporarily or permanently transferred to GMW	None	
17.1 (g)	Details of transfers of primary entitlements	See Victorian Water Register Entitlements, Allocation and Use Annual Report.	
17.1 (h)	Annual supply to primary entitlements:	As for 17.1 (d) plus	See Note 1
	Victorian Environmental Water Holder	0 ML	
17.1 (i)	Amendments to this BE	No	
17.1 (j)	New BE granted for this system	No	
17.1 (k)	Environmental Management and Metering programs	Programs implemented	See Note 2
17.1 (l)	BE compliance failures	No	
17.1 (m)	BE compliance difficulties and responses	No	

Notes

- As there are no irrigation areas or districts in the Bullarook system the volumes taken and supplied are the same, with the exception of environmental water which is delivered in stream.
- Environmental Management: Programs are coordinated with Goulburn-Murray Water's Environmental Management System (ISO 14001 certified)
The Minister for Water approved the Metering Program for all Bulk Entitlements held by GMW in 2011.

Appendix C – Minister’s Letter of Expectations

Priority Area	Key Performance Indicator	Page Reference
Climate Change Provide services that minimise environmental impacts, mitigate climate change and put in place adaptation strategies and actions	E2 Emissions reductions Demonstrate reasonable progress toward achievement of the entity’s emission reduction pledge.	12
	E3 Climate adaptation a) Apply the Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria and demonstrate adaptation by: <ul style="list-style-type: none"> • develop low flow contingency plans that include an appropriate range of climate scenarios. b) Integrate climate change adaptation into decision-making across the business (all sources of water, wastewater, and where relevant drainage and flood management) including: <ul style="list-style-type: none"> • source waters and demand • built assets • natural environment • people and workplace • interdependencies • customer and product delivery. 	12, 28
Customer and Community Outcomes All aspects of service delivery will be customer and community centred	C1 Customer satisfaction Overall, reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.	13
	C2 Customer and community engagement Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DELWP Community Charter or IAP2 framework could be considered as a guide.	13
Water for Aboriginal cultural, spiritual and economic values Recognise and support Aboriginal cultural values and economic inclusion in the water sector.	AC1 Engagement of Aboriginal communities Effective and genuine engagement of Aboriginal communities for involvement in business opportunities and access to water for economic development. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement, taking into account the relevant local context.	14
	AC2 Engagement of Traditional Owners Effective and genuine engagement of Traditional Owners for inclusion of Aboriginal values in water planning. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement, taking into account the relevant local context.	14

	AC3 Aboriginal Inclusion Plan/ Reconciliation Action Plan To be considered in conjunction with AC1 and AC2, taking into account the relevant local context.	14
Recognising recreational values Support the wellbeing of rural and regional communities by considering recreational values in water management.	Rec1 Recreational values Consideration of recreational values in carrying out functions and providing services (applicable to all water corporations except the three Melbourne metropolitan retail water corporations).	14-15
Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.	L4 Payment management and hardship Overall improved access to instalment plans for management of payments. Understand year on year trends in hardship grants.	15-16
Leadership and Culture Water corporations reflect the needs of our diverse communities.	G1 Diversity and inclusion Improve gender and cultural diversity in workforce including gender equity in executive leadership. Diversity Inclusion plans to be based on best practice. The approach of the DELWP Diversity and Inclusion Strategy 2016-2020 could be considered as a guide.	16
	G2 Board performance review Annual Board performance review to help monitor and improve the Board's effectiveness in leading the organisation.	16
	G3 Health and Safety Sustained annual improvement against H&S performance benchmarks (AS/NZS standard 4801).	16
Financial Sustainability Delivering safe and cost-effective water and wastewater services in a financially sustainable way.	F1-F8 Financial Indicators Overall reporting on these measures should demonstrate financial sustainability and provide a positive picture of a corporations' financial sustainability over time.	16-17

Appendix D – Schedule of Consultancies

GMW Consultancies above \$10,000

Supplier	Approved	Received	Outstanding
KPMG Australia	\$696,896	\$671,071	\$25,825
Marsden Jacob Associates Pty Ltd	\$246,223	\$246,223	\$0
Brian Cooper Consulting	\$70,002	\$50,108	\$19,894
Deloitte Consulting Pty Ltd	\$127,923	\$99,005	\$28,918
Suzanne Ewart	\$34,365	\$34,365	\$0
Ernst & Young	\$27,500	\$24,238	\$3,262
Feehan Consulting Pty Ltd	\$23,663	\$18,488	\$5,175
Phillip Macumber Consulting Services	\$11,500	\$11,500	\$0

Connections Consultancies above \$10,000

Supplier	Approved	Received	Outstanding
Jacobs Group (Australia) Pty Ltd T/A Sinclair Knight Merz	\$279,018	\$171,939	\$58,002
GHD Pty Ltd	\$225,000	\$92,395	\$77,872
O'Connor Marsden & Associates	\$32,705	\$18,727	\$0
Graeme Kenneth Turner	\$23,818	\$591	\$4,791
Corporate Scorecard	\$30,000	\$2,426	\$22,918
Clayton Utz	\$10,840	\$0	\$8,510
Advisian Pty Ltd	\$74,100	\$25,847	\$36,660

Connections Consultancies below \$10,000

Supplier	Approved	Received	Outstanding
Aquenta Consulting Pty Ltd	\$17,290	\$17,290	\$0
Crockart Rathbone Consulting Pty Ltd T/A CRC Agrisolutions	\$3,000	\$1,500	\$1,500
Irritech Consulting Pty Ltd	\$8,400	\$8,400	\$0

Appendix E – Abbreviations

The following abbreviations are referenced throughout this report:

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

OTHER DISCLOSURES

FINANCIAL STATEMENTS

**NOTES TO THE
FINANCIAL STATEMENTS**

APPENDICES

Notes

OTHER DISCLOSURES

FINANCIAL STATEMENTS

**NOTES TO THE
FINANCIAL STATEMENTS**

APPENDICES

GMW Customer Enquiries

Phone
1800 013 357

Email
info@gmwater.com.au

Website
gmwater.com.au

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

