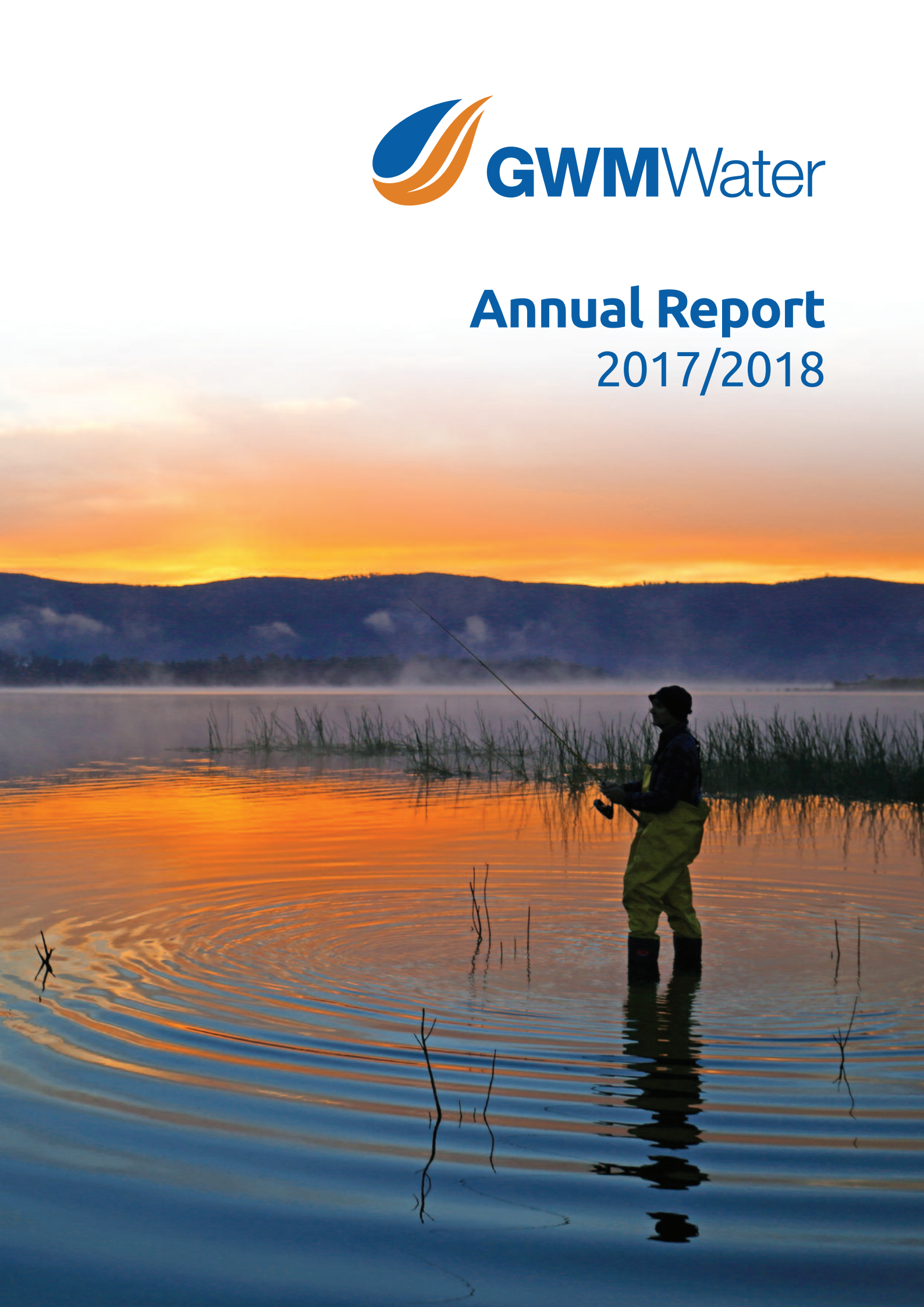
GWMWater

Annual Report
2017/2018



Our Vision & Mission

Vision
Healthy environment, thriving community.

Mission
Through partnerships with our stakeholders, we will provide affordable services using our precious resources to ensure a productive and liveable region.

Organisation Values

Customer
We will promote a culture that respects the views of our customers and our people with a 'can do' approach.

Organisation
We will work as a team to deliver agreed organisational priorities whilst respecting the views of stakeholders.

Accountable
We will be accountable for the actions we take and responsible for those we influence.

Transparent
We will be able to promote the merit of our decision making.

Efficient
We will ensure that the performance of our people, assets and resources are optimised in the provision of services.

Disciplined
We will ensure that our policies and processes support a consistent attainment of quality and safety in all aspects of our operations.

Contents

Message from the Chairman and Managing Director	**2**
About GWMWater	**4**
Understanding Our Business	**5**
Our Board	**6**
- Standing Committees of the Board	**9**
Organisational Structure	**13**
How We Operate	**14**
Our Employees	**17**
Occupational Health and Safety	**19**
Water Consumption	**20**
Bulk and Environmental Entitlements	**23**
Recreation Water	**28**
Economic Sustainability	**30**
Social Sustainability	**33**
- Major Non-Residential Water Users	**34**
Environmental Sustainability	**35**
- Water Conservation	**36**
- Sustainable and Resilient Water Services Systems	**36**
Management Strategies	**38**
- Greenhouse Gas Emissions and Net Energy Consumption	**39**
Performance Reporting	**45**
- Certification of Performance Report for 2017/18	**45**
- Financial Performance Indicators	**46**
- Water and Sewerage Service Performance Indicators	**48**
- Customer Responsiveness Performance Indicators	**49**
- Environmental Performance Indicators	**50**
- Independent Auditor's Report	**51**
- Financial Management Compliance Attestation	**53**
Financial Statements	**55**
- Comprehensive Operating Statement	**56**
- Consolidated Balance Sheet	**57**
- Consolidated Statement of Changes in Equity	**58**
- Consolidated Cash Flow Statement	**59**
- Notes to the Financial Statements	**60**
- Financial Statutory Certificate	**105**
- Independent Auditor's Report	**106**
Appendix A - Disclosure Index	**108**
Appendix B - Disclosure of Information on Letter of Expectations	**110**
Service Area Map	**(inside back cover)**

Message from the Chairman and Managing Director

GWMWater continued its record of achievement against its Strategic Directions in 2017/18.

The most significant body of work undertaken over the past eighteen months has been the 2018-2023 Water Price Review which concluded on 19 June 2018 with the release of the Essential Services Commission (ESC) Final Decision. GWMWater has been able to achieve a very good price outcome for its customers locking in an aggregate 2.1% price reduction in the first year and then holding water prices constant in real terms for the period 2019-2023. Even with these price outcomes, GWMWater has been able to improve its service offer with water quality improvements being planned for Moyston, Elmhurst, Ultima and Kaniva. Sanitation issues in Goroke will be addressed by the construction of a common effluent drainage system, an additional Guaranteed Service Level obligation to drinking water quality breaches, water price discounts funded by the recreation contribution charge will be extended to schools and the improved access to water consumption information already available to rural customers will be extended to urban customers by the introduction of urban remote metering.

With the Price Submission for the 2018-2023 Water Price Review finalised at the time the new Board was installed, the focus of the Board was to set a new strategy. With an expectation of water businesses to plan for climate change and in doing so reduce their carbon footprint, a process was established whereby junior to middle staff were co-opted into a process to develop technical papers to facilitate key themes for the new strategy that were then workshopped by the Board. The competitive advantages of GWMWater in relation to our access to space, connectivity to customers and the rural communities we serve, understanding of technology, expectation about renewable energy and our regional leadership were seen as opportunities for GWMWater to redefine its role in the region. Emerging from this is a Strategic Plan that reset the Vision and Mission and set an agenda that continued to realise the value of growth water created by the pipeline, formalised an ambitious renewable energy aspiration and provided an enabling framework for GWMWater to redefine its role in the region.

The importance of water in agriculture was recognised in Water for Victoria. A whole chapter was dedicated to water and its role in agriculture with a greater emphasis on domestic and stock supplies. The South West Loddon Pipeline project commenced construction in April 2016 with substantial progress being made to 30 June 2018 with Stage 2.1 almost complete. The Victorian government formally committed to the East Grampians Rural Pipeline Project in May 2018. We are well advanced with the West Wimmera Rural Pipeline Study which has complexity by virtue of the recreation water and water quality and water security issues of Edenhope and Harrow.

GWMWater continues to refine and adapt its engagement model to reflect the needs of the region. The success in securing support for the funding of the feasibility assessments and business cases for the rural pipeline extension projects that led to funding support for South West Loddon and East Grampians projects are very much outcomes of the consultative models of GWMWater. In response to challenges put before the water industry in relation to engagement, GWMWater formed a Deliberative Panel to assist the Board shaping servicing policy and project priorities for the Water Price Submission. In the assessment of the GWMWater price submission, the ESC concurred with GWMWater's assessment of its engagement processes in preparing its price submission under PREMO as leading.

The socio-economic study of the value of environmental and recreation water overseen by Wimmera Development Association was released in October 2017. The study attributed a value of $27 million to the region by virtue of having access to plentiful water for the rivers and lakes of the region.

This excludes the value of the recently constructed and about to be commissioned Ouyen Lake and Green Lake Sea Lake that is

presently being reconstructed to better hold water.

Work on the Mallee Towns Water Quality Project also commenced this year and will deliver water quality upgrades to the towns of Brim, Beulah, Woomelang and Sea Lake once completed. The project involves the construction of 137 km of pipeline utilising the excess capacity of the Warracknabeal Water Treatment Plant. The piping decision was reflective of the long term risk of more frequent water quality events such as black water and blue green algae on the River Murray as a consequence of climate change. The project is expected to be completed in February 2019, and drinking water declared for these town by April 2019.

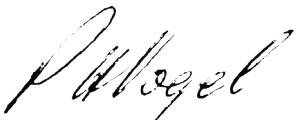
In 2017/18 we consolidated the function of the Water Resource subcommittee of the Board which was formed to improve the oversight of the Storage Manager and Resource Manager function that it performs on behalf of the Minister for Water. Significant activities during 2017/18 included the installation of digital readers over groundwater meters in the West Wimmera area, providing input to the Water Resource Plan for the Wimmera Avoca Basin which has been submitted to the Murray Darling Basin Authority. As we transition to 2018/19 we have a healthy water reserve with the system being at a level of 46.1 percent.

GWMWater continues to improve its operating performance beyond the completion of the Wimmera Mallee Pipeline. The commitment to the Wimmera Mallee Pipeline was a significant stretch for GWMWater with its credit rating reducing to BBB- in 2010/11 when the project was completed. Performance has significantly improved in the intervening seven year period to the point where our credit rating has improved to be A-. Free cash flow from operations for the year were $27 million and this produced an interest cover of 4.6.

GWMWater continues to work with the Wimmera Mallee community to enhance the regions liveability and improve its productivity. This will be achieved by providing, affordable, efficient fit for purpose services to the region.

We thank the State and Commonwealth governments for their commitment to the region with the funding for the South West Loddon Project. This commitment has been further reinforced by the State government with their commitment of $32 million to a further rural pipeline extension around Ararat in the East Grampians Water Supply Project.

In accordance with the *Financial Management Act* 1994, we are pleased to present GWMWater's Annual Report for the 2017/18 financial year.



Peter Vogel
Chairman

Mark Williams
Managing Director

About GWMWater

Who We Are

Grampians Wimmera Mallee Water Corporation (trading as GWMWater) is a government-owned Statutory Corporation established on 1 July 2004 under the *Water Act* 1989. The Hon Lisa Neville MP, Minister for Water was the responsible Minister for the period.

GWMWater has one of the largest geographic footprints of all Victorian water businesses, covering some 62,000 square kilometres or 25 percent of Victoria. The service area is similar in size to Tasmania and includes thirteen municipalities with seven where we have full coverage and a further six in part. We provide services to approximately 72,000 people living either on farms or in one of 71 urban centres across Western Victoria.

What We Do

GWMWater is a vertically integrated water business directly involved in all aspects of the water cycle.

We operate water and wastewater treatment plants in many of our 71 towns and we aim to recycle 100 percent of the wastewater we produce. We utilise desalination technology, operate pipelines, major storages, dams, weirs and pump stations to service our customers. We have responsibility under the Wimmera Glenelg Bulk Entitlement Order to perform the functions of Resource Manager and Storage Manager. GWMWater is also Resource Manager for groundwater and surface water licencing.

Our large service area presents major challenges in the provision of water and wastewater services.

We harvest water in the Grampians, extract water from groundwater bores and pump water from the River Murray.

From these points we store, treat, transfer and distribute water. In sewered urban areas, we collect wastewater which is transferred, treated and completely reused. To deliver these services we manage a significant number of assets including bulk water supply reservoirs, hundreds of smaller storages, tanks, water towers and approximately 14,000 km of pipes.

Our water services are provided for use in and around homes, in businesses, on farms, for environmental purposes, and for schools, recreational and sporting community benefit.

Our wastewater services operate mainly in our larger towns and involve extensive recycling for watering sporting fields, parks and gardens, vineyards and agricultural uses.

Understanding Our Business

GWMWater Strategic Directions

We operate within a dynamic region in an environment that is very much weather dependant. Our strategic directions document for 2018-23 identifies six key themes which are linked together by the Corporation's vision of:

'Healthy environment, thriving community'

Strategic Themes

These themes are integrated through our corporate and business planning so that all actions contribute to achievement of our vision.

Government Policy Framework

Our operational framework is strongly influenced by the economic, social and environmental policies of government.

In October 2016, the Minister for Water released Water for Victoria and this substantially reset the policy context for water management in Victoria. From a water supply perspective, this complements the water policy framework of the Murray Darling Basin Plan (MDBP) and the Western Region Sustainable Water Strategy (Western Region SWS). GWMWater's 2018-2023 Strategic Directions supports the Victorian government's strategic plan for management of water resources as reflected in Water for Victoria.

Our Sustainability Framework

For GWMWater, sustainability means being able to continuously provide water and wastewater services which support customers, various stakeholders and the region as a whole in balancing social, environmental and economic outcomes.

We continue to drive sustainable resource management from our strategic planning through to our operational practice. Sustainability is also synonymous with the liveability of our region, which is a key focus of our current strategic directions.

We welcome the initiatives of the Minister for Water to have climate change formally recognised and will continue to develop initiatives that better respond and adapt to climate variability from a water resource use and carbon efficiency perspective.

Our Board

GWMWater was constituted by Ministerial Order with effect from 1 July 2004, under Sections 98 and 100 of the *Water Act* 1989 (the Act). Section 124 of the Act provides GWMWater with the powers necessary to perform its functions, however these powers can only be exercised to perform a function given to GWMWater by an Act of Parliament.

Key responsibilities of the Board include:

a) Setting the broad strategy, objectives and performance targets for the Corporation.

b) Risk management oversight for all key business and operational risks including public health and safety, occupational health and safety and being informed and aware of residual risk levels.

c) Reviewing the Corporation's progress towards achieving its specific goals.

d) Reviewing the internal financial and operational controls for the Corporation to ensure that they are effective and current (including non-compliance, anti-fraud, anti-corruption and critical incident reporting systems).

e) Preparation and approval of strategic plans, corporate plans, annual reports, key procedures and policies.

Peter Vogel OAM, Chair

Peter is a long established primary producer in the Watchem area and has a wealth of knowledge and experience in the water industry and primary production. Peter is a VicWater Board Member and a member of VicWater Council.

Peter is Chairman of the GWMWater Board of Directors. He is also the Chair of the Remuneration Committee and is an ex-officio member on all Board committees.

Caroline Welsh

Caroline is a partner in Renney Farms, the family grain farm in Berriwillock. She is the Chair of the Birchip Cropping Group and has previously worked for State government in extension, irrigation development and climate variability.

Caroline holds a Master of Agribusiness (Marketing), a Graduate Diploma of Rural Resource Management and a Bachelor of Agriculture Science. Caroline is a graduate of the Australian Institute of Company Directors.

Caroline is Deputy Chairperson to the GWMWater Board of Directors and also chairs the Environment and Works Committee.

Andrew Nicolaou

Andrew has been a director of State Trustees Limited and STL Financial Services Limited since 2016. He is a recognised leader in Financial and Risk Management Reform, Governance and Performance in the Public Sector, with significant experience in large government business enterprises including the water sector, rural sector and relevant departments.

Andrew has significant experience with government and private sector boards, and audit and risk committees. He has a strong knowledge of financial management, risk and regulatory frameworks. Andrew holds a Bachelor of Economics and is a member of the Australian Institute of Company Directors.

Andrew is Chair of the GWMWater Audit Governance and Risk Committee.

Mary Bignell

Mary has a background in capacity building and evaluation, auditing and emergency management in the private and public sector. She has a Bachelor of Agriculture Science and is a member of the Australian Institute of Company Directors.

Mary was appointed to GWMWater's Board in 2010 and also chairs the Water Resources Committee.

David Jochinke

David is a broad acre mixed farmer at Murra Warra north of Horsham. He is President of the Victorian Farmers Federation, Vice President of the National Farmers Federation and Chair of the Wimmera Southern Mallee Regional Partnership.

David is a Nuffield Scholar, Australian Rural Leadership Fellow and has a Diploma of Applied Science.

Linda Kwok

Linda is the Director and Principal of LHLK Architects, based in Horsham. She has 20 years experience in architecture and the construction industry in Australia and Asia. Linda is also a Sessional Lecturer in Applied Management at Federation University. Linda is currently a Board Director of the Wimmera Health Care Group.

Linda holds a Master of Business Administration, Bachelor of Architecture, a Post-Graduate Diploma in Planning and Design (Urban Design) and is a Graduate of the Australian Institute of Company Directors.

Elisa de Wit

Elisa is a partner in the Melbourne office of international legal practice Norton Rose Fulbright. She leads the Melbourne environment practice and is a national head of the firm's climate change and sustainability practice. Elisa has over 27 years of legal experience and has practised in three Australian jurisdictions and the United Kingdom.

Elisa holds a Bachelor of Laws (Hons), Bachelor of Arts, a Masters of Environmental Law and a Graduate Diploma of Legal Practice.

She is a Director of the Carbon Market Institute and Beyond Zero Emissions and a graduate of the Australian Institute of Company Directors.

Scott Williams

Scott is a professional consultant with skills in corporate governance, management, strategic planning and foresight. He has a veterinary and agribusiness background and his career has included farm consultancy and management of agricultural research and development across a broad range of sectors, including wool, livestock and horticulture.

Scott holds a Bachelor and a Master of Veterinary Science and Graduate Diplomas of Management and Strategic Foresight, and he is a graduate of the Australian Institute of Company Directors.

Mark Williams, Managing Director

Mark has been with GWMWater and the former Grampians Water since 1996. In this time Mark has been responsible for overseeing the commercial implementation of water reforms in the region that include the delivery of water quality upgrades, investments that have improved water security and the introduction of independent service and price regulation by the Essential Services Commission.

Mark brings a wealth of experience to the role beyond his water industry experience which includes roles in the power industry, health and public service where he started his career in 1985.

Mark served on the Wimmera Health Care Group Board from 2001 to 2016 and also held the office of President in the period 2011 to 2016.

During 2017 Mark joined the Wimmera Southern Mallee Regional Partnership established by the Victorian government in 2016 to recognise that local communities are in the best position to understand the challenges and opportunities faced by their region.

Board and Committee Attendance July 2017 – June 2018

Director	Number of Board Meetings attended	Number of Audit Governance and Risk Committees attended	Number of Environment and Works Committees attended	Number of Water Resources Committees attended	Number of Remuneration Committees attended
Peter Vogel	13*	5*	4	3	4
Caroline Welsh	13*	1*	4	1	4
Mary Bignell	12*	4*	1	2	4
David Jochinke	11*	2*	2	1	-
Andrew Nicolaou+	7	3	1	-	3
Linda Kwok+	9*	3	3	-	-
Elisa de Wit+	6*	-	3	1	-
Scott Williams+	8*	2	1	2	-
Peta Maddy*#	4*	2*	-	1	-
Bronwen Clark*#	4*	2*	-	-	-
Paul Battista*#	3*	1*	1	1	-
Desmond Powell#	3*	2*	-	-	-
Mark Williams, Managing Director	13*	5*	4	2	-
Helen Symes, Independent#	n/a	2*	n/a	n/a	n/a
Ross Davies, Independent	n/a	n/a	n/a	3	n/a
Total number of meetings	**13***	**5***	**4**	**3**	**4**

Notes to this table:

* Includes Special Board and Committee Meetings
2 x Special Board Meetings

\# Outgoing Member 1 July 2017 to 30 September 2017

\+ Incoming Member 1 October 2017 to 30 June 2018

Standing Committees of the Board

Environment and Works Committee

1 July 2017 – 30 September 2017

- Mary Bignell (Chair)
- Paul Battista
- Caroline Welsh
- Peter Vogel (Ex-Officio)

1 October 2017 – 30 June 2018

- Caroline Welsh (Chair)
- David Jochinke
- Linda Kwok
- Elisa de Wit
- Peter Vogel (Ex-Officio)

The Committee has responsibility for the following:

a) Assessing the quality of GWMWater's environmental management reporting and management policies and procedures.

b) Monitoring compliance with relevant laws and regulations significantly impacting on GWMWater.

c) Monitoring actual performance against corporate and operational plans.

d) Assessing the adequacy and effectiveness of infrastructure and operating models to meet service objectives.

e) Where any technical risks give rise to the need for performance audits to be included in the internal audit program.

f) Reviewing relevant internal audit reports, incorporating management responses.

g) Reviewing operations, maintenance and capital works expenditure against adopted Business Plan budgets.

h) Oversee the effectiveness of risk mitigation strategies associated with climate change.

i) Discuss and advise on research opportunities and innovation strategies that can be undertaken to enhance operational effectiveness and deliver cost savings.

j) Review wastewater management operations to ensure compliance with the Wastewater Management Plan and statutory requirements of relevant regulatory bodies.

k) Overseeing compliance with the Statement of Obligations (Emissions Reduction).

The Committee Chair and members are appointed annually by the Board, and are subject to the Committee's Terms of Reference.

Meetings are held quarterly and at any other time on request of a committee member or the internal or external auditor. In 2017/18, the committee met on four occasions. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Audit, Governance and Risk Committee

1 July 2017 – 30 September 2017

- Desmond Powell (Chair)
- Peta Maddy
- Bronwen Clark
- David Jochinke
- Peter Vogel (Ex-Officio)
- Helen Symes (Independent)

1 October 2017 – 30 June 2018

- Andrew Nicolaou (Chair)
- Scott Williams
- Linda Kwok
- Mary Bignell
- Peter Vogel (Ex-Officio)

All members of the Committee are independent in character and judgement. There are no relationships or circumstances which could affect, or appear to affect, the member's judgement.

The Committee monitors and has oversight over the following:

a) Financial performance and the financial reporting process of GWMWater, including the annual financial statements.

b) The operation and implementation of the risk management framework.

c) Matters of accountability and internal control affecting the operations of GWMWater.

d) The effectiveness of management information systems and other systems of internal control.

e) GWMWater's process for monitoring compliance with laws and regulations and its own Code of Conduct and Code of Financial Practice.

f) GWMWater's development, implementation and maintenance of safety systems, procedures and standards and ability to comply with Occupational Health and Safety and Workers' Compensation legislation.

g) The sign off of accounting policies.

h) The appropriateness of accounting treatment for and disclosure of significant transactions which are not part of GWMWater's normal course of business.

i) The scope of work, performance and independence of internal and external audit.

j) Recommending to the Board the engagement and dismissal of any internal audit service provider(s) and where appropriate, providing input to VAGO on appointment of external audit agent(s).

The Committee Chair and Members are appointed annually by the Board, and are subject to the Committee's Terms of Reference.

Meetings are held quarterly and at any other time as considered appropriate by the Chair. In 2017/18, the Committee met on five occasions. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Remuneration Committee

1 July 2017 – 30 September 2017

- Peter Vogel (Chair)
- Mary Bignell
- Caroline Welsh
- Desmond Powell

1 October 2017 – 30 June 2018

- Peter Vogel (Chair)
- Mary Bignell
- Caroline Welsh
- Andrew Nicolaou

The Committee has responsibility for the following:

a) Determine GWMWater policy and practice for executive and staff remuneration.

b) Receive a recommendation of executive staff remuneration if outside the Government Sector Executive Remuneration Panel (GSERP) guidelines.

c) Ensure the State government remuneration principles are observed in relation to remuneration for executives.

d) Observe the requirements of GSERP as varied from time to time.

e) Oversee the development of succession and performance planning and review the performance targets for the Managing Director and senior executives.

f) Establish processes for the review of the performance of the Managing Director, the Board and the operation of Board Committees.

g) Determine the GWMWater policy and practice for staff remuneration.

h) Ensure that the State government policies on remuneration in the public sector are observed.

i) Oversee the establishment of remuneration policy and the associated productivity objectives of the enterprise bargaining agreement.

j) Receive reports prepared that facilitate GWMWater compliance with public sector remuneration policy including disclosures in the annual report.

The Committee Chair is the Chair of the GWMWater Board of Directors. Members are appointed annually by the Board, and are subject to the Committee's Terms of Reference.

Meetings are held six monthly and at any other time on request of a committee member or the internal or external auditor. In 2017/18, the Committee met on four occasions.

Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Water Resources Committee

1 July 2017 – 30 September 2017

- Peta Maddy (Chair)
- Paul Battista
- Caroline Welsh
- Peter Vogel (Ex-Officio)
- Ross Davies (External Member)

1 October 2017 – 30 June 2018

- Mary Bignell (Chair)
- David Jochinke
- Scott Williams
- Elisa de Wit
- Peter Vogel (Ex-Officio)
- Ross Davies (External Member)

The Committee has responsibility for the following:

a) Assessing the quality of GWMWater's reporting and management policies and procedures.

b) Providing strategic advice and guidance to the process of negotiating Bulk and Environmental Orders applicable to GWMWater.

c) Overseeing compliance with relevant laws and regulations significantly impacting on GWMWater.

d) Monitoring actual performance against corporate, and other relevant plans.

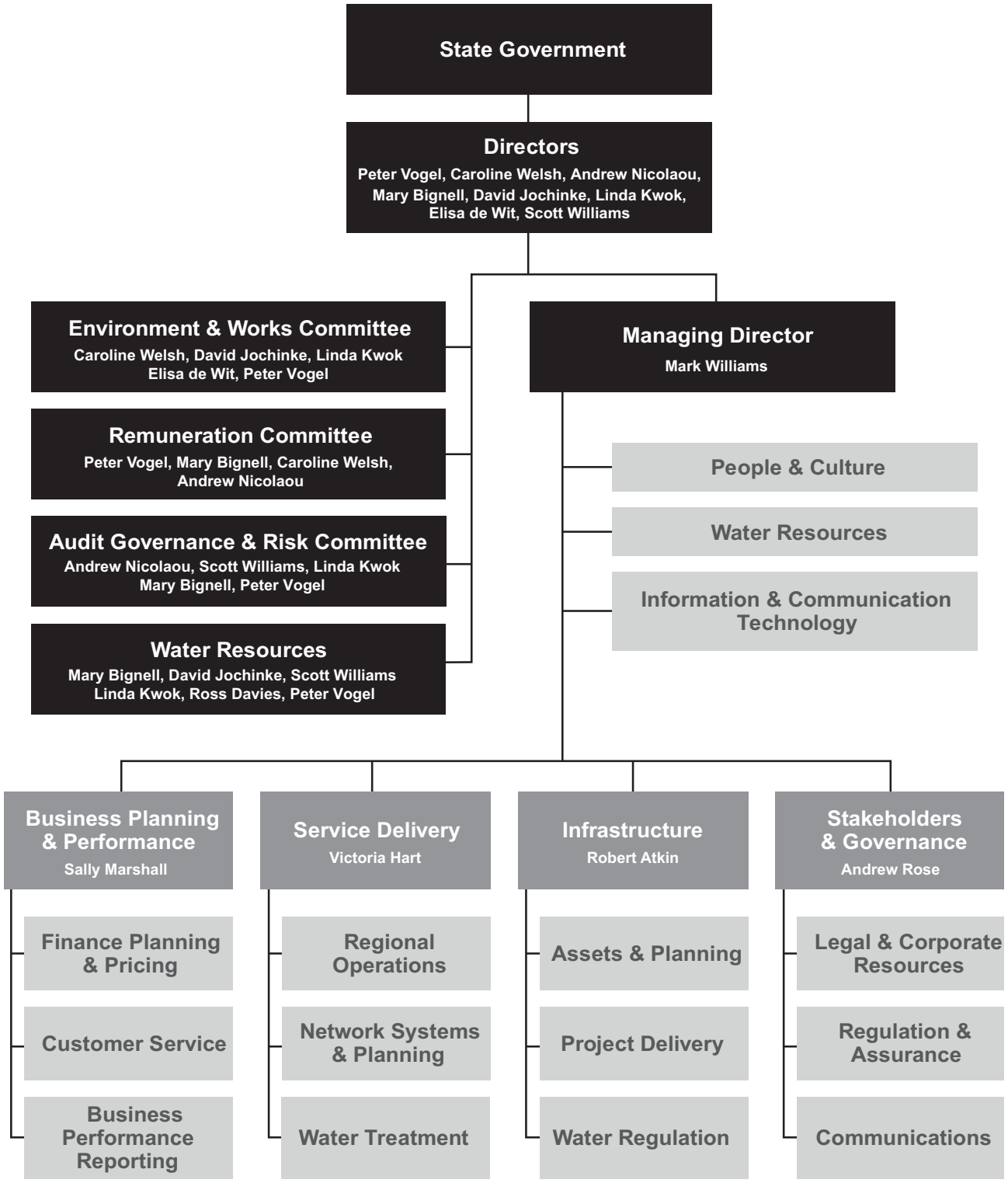
e) Providing guidance and advice in relation to the adequacy and effectiveness of internal controls and processes specific to water monitoring and water accounting.

f) Where appropriate, evaluating internal annual audit plans for risk assessment, scope, approach and reviewing the coordination of internal audit programs.

The Committee Chair and members are appointed annually by the Board, and are subject to the Committee's Terms of Reference. The appointment of an independent expert, as may be required, is for an initial term of two years.

Meetings are held biannually and at any other time as considered necessary by the Chair. The Water Resources Committee met on three occasions during 2017/18. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Organisational Structure



How We Operate

Freedom of Information

The *Freedom of Information Act* 1982 (the Act) allows the public right of access to documents held by GWMWater. The purpose of the 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 Act.

An applicant has a right to apply for access to documents held by GWMWater. This comprises documents both created by GWMWater, or supplied to GWMWater by an external organisation or individual, and may include both written and electronic media.

The Act allows GWMWater to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include:

- cabinet documents, some internal working documents
- law enforcement documents
- documents covered by legal professional privilege, such as legal advice
- personal information about other people
- information provided to GWMWater in confidence.

If an applicant is not satisfied by a decision made by GWMWater under section 49A of the 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

Freedom of Information (FoI) requests can be lodged online at www.foi.vic.gov.au. An application fee of $28.90 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to GWMWater's Freedom of Information Officer, as detailed in Section 17 of the *Freedom of Information Act* 1982.

When making an FoI request, applicants should ensure requests are in writing, clearly identifies what types of material/documents are being sought, and include the application fee. The processing time for FoI requests is 30 days. In some cases this time may be extended.

Requests for documents in the possession of GWMWater should be addressed to:

Freedom of Information Officer
GWMWater
PO Box 481
Horsham Victoria 3402

FoI Statistics

There were no FoI applications received by GWMWater during 2017/18.

Statement of Availability of Other Information

Additional information available on request

In compliance with the requirements of the Standing Directions for the Minister for Finance, details in respect of the items listed below have been retained by GWMWater and are available on request, either partially or fully, subject to the provisions of the *Freedom of Information Act* 1982:

a) Details of publications produced by GWMWater about itself, and how these can be obtained

b) Details of any major external reviews carried out on GWMWater

c) Details of major research and development activities undertaken by GWMWater

d) Details of overseas visits undertaken

e) Details of major promotional, public relations and marketing activities undertaken by GWMWater to develop community awareness of the entity and its services

f) Details of changes in process, fees charges, rates and levies charged

g) A statement of completion of declarations of pecuniary interests by relevant officers

The information is available on request from:

Freedom of Information Officer
GWMWater
PO Box 481
Horsham Victoria 3402

Additional information included in annual report

Details in respect of the following items have been included in GWMWater's annual report, on the pages indicated below:

h) Assessment and measures undertaken to improve the Occupational Health and Safety of employees (on page 19)

i) A list of GWMWater's major committees, the purpose of each committee, and the extent to which the purposes have been achieved (on page 9)

Information that is not applicable to GWMWater

The following information is not relevant to GWMWater for the reasons set out below:

j) A declaration of shares held by senior officers. No shares have ever been issued in GWMWater

Compliance with the *Protected Disclosure Act* 2012

The *Protected Disclosure Act* 2012 (the Act) enables people to make disclosures about improper conduct by public officers and public bodies.

The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a protected disclosure?

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

GWMWater is a public body for the purposes of the Act.

What is improper or corrupt conduct?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources
- risk to public health, safety or the environment
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a protected disclosure?

You can make a protected disclosure about GWMWater or its Board Directors, officers or employees by contacting IBAC on the contact details provided below.

Please note that GWMWater is not able to receive protected disclosures.

How can I access GWMWater's procedures for the protection of person's from detrimental action?

GWMWater has established procedures for the protection of persons from detrimental action in reprisal for making a protected disclosure about GWMWater or its employees.

These procedures can be accessed on GWMWater's website at www.gwmwater.org.au.

Contacts

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

Address: Level 1, North Tower
459 Collins Street
Melbourne Victoria 3000

Mail: IBAC,
GPO Box 24234
Melbourne Victoria 3001

Website: www.ibac.vic.gov.au

Phone: 1300 735 135

Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

	2017/18 Number	2016/17 Number
The number of disclosures made by an individual to GWMWater and notified to the Independent Broad-Based Anti-Corruption Commission Victoria		
Assessable disclosures	0	0

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they were privately owned. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

GWMWater continues to comply with the legislative requirements and principles of the Competitive Neutrality Policy.

Building Act 1993

Buildings owned or controlled by GWMWater comply with the building and maintenance provisions of the *Building Act* 1993, the Building Regulations 2018 and the National Construction Code.

GWMWater requires that appropriately qualified consultants and contractors are engaged for all works on land controlled by GWMWater and that their work and services comply with current building standards. All such consultants and contractors are required to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act* 1993, the Building Regulations 2018 and the National Construction Code.

In relation to existing buildings, GWMWater conducts mandatory testing of emergency and exit lighting, lift equipment, routine inspection and maintenance of mechanical services, and annual fire service audits. These inspections then inform the works program which is delivered annually through existing maintenance contracts.

In 2017/2018:

• Number of major building projects undertaken by GWMWater (greater than $50,000)	2
• Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by the entity.	3 building permits 0 occupancy permits 3 certificates of final inspection
• Number of emergency orders and building orders issued in relation to buildings	0 emergency orders 0 building orders
• Number of buildings that have been brought into conformity with building standards during the reporting period	0 buildings brought into conformity

Our Employees

Employment and Conduct Principles

GWMWater is committed to applying merit and equity principles when appointing staff. The selection process ensures that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

Diversity in the Workforce

GWMWater's Diversity and Inclusion Strategy sets out GWMWater's commitment to workplace diversity and inclusion, how we will achieve those objectives and how we will measure those achievements. It details the strategies we will use to ensure we value and respect the diversity of our employees and that of the communities in which we operate, and what we will do to create a workplace that is fair, accessible, flexible, inclusive and in which unlawful discrimination, bullying, harassment or victimisation are not tolerated.

Our objectives are to:

- Be an employer of choice for people from diverse backgrounds and improve our ability to attract, develop and retain staff from these groups
- Make diversity and inclusion a central part of how our organisation and employees work
- Support and empower our employees to be able to do their best and bring their whole selves to the workplace
- Ensure that all employees have equal access to opportunities available at work and are equitably rewarded and recognised for their contributions.

Diversity in this strategy refers to all the characteristics that make individuals different from each other. It includes characteristics such as age, caring responsibilities, cultural diversity, disability, gender, indigeneity, sexual orientation and religion. Diversity is about our commitment to equality and treating all individuals – our employees, customers and the communities in which we operate – with fairness and respect.

GWMWater's Diversity and Inclusion Strategy is endorsed by the Board and is available on the GWMWater website. This strategy aligns with the VicWater Diversity and Inclusion Strategy. The strategy includes GWMWater's commitment to achieving gender equality within senior management. This target has been met.

GWMWater provides cross-cultural training opportunities for staff. In November 2017, management completed cultural diversity and awareness training delivered by a local Traditional Owner.

Staff Numbers 2017/18

Ongoing Employees (Excludes Casuals and Fixed Term)					Fixed Term and Casual Employees
	Employee (headcount)	Full Time (headcount)	Part Time (headcount)	FTE	FTE
June 2018	178	161	17	170.15	25
June 2017	167	152	15	161.15	23

	JUNE 2018		Fixed Term and Casual Employees	JUNE 2017		Fixed Term and Casual Employees
	Employee (headcount) Excludes Casual & Fixed Term	FTE Excludes Casuals & Fixed Term	FTE	Employee (headcount) Excludes Casual & Fixed Term	FTE Excludes Casuals & Fixed Term	FTE
Gender						
Male	128	126.48	14.02	121	120.74	11.02
Female	50	43.67	10.92	46	40.41	12.00
Self-described	n	n	n	n	n	n
Age						
Under 25	11	11.00	4.00	8	8.00	7.00
25-34	40	36.26	8.00	38	35.67	6.00
35-44	43	42.08	6.92	39	37.32	3.00
45-54	43	40.84	1.00	47	45.59	2.00
55-64	39	38.34	4.63	33	32.94	4.00
Over 64	2	1.63	0.39	2	1.63	1.02
Group						
Executive	0	0	5.00	0	0	4.00
Business Planning & Performance	30	27.26	6.00	29	25.92	7.00
Service Delivery	87	85.21	3.00	78	77.11	4.00
Stakeholder & Governance	13	11.04	3.31	12	11.20	3.02
Infrastructure	25	24.68	6.00	25	24.59	2.00
People & Culture	5	5.00	0.00	6	6.00	0.00
Water Resources	6	5.33	2.00	6	5.13	2.00
Executive Assistants	1	0.63	0.00	1	1.00	1.00
Information and Communication Technology	11	11.00	0.00	10	10.00	0.00

Notes to this Table:

1. All figures reflect employment levels during the last full pay period in June of each year.
2. “FTE” means full-time staff equivalent.
3. The symbol ‘n’ denotes that no data has been collected.
4. Employees have been correctly classified in workforce data collections.

Occupational Health and Safety

GWMWater has an ongoing commitment to provide a safe workplace and has policies, aspirations and measures for achieving zero harm. This is supported by maintaining a certified Occupational Health and Safety Management System to meet the requirements of AS/NZS 4801:2001.

A highlight for 2017/18 was the continued reduction of workplace injuries and achieving the zero harm OHS key performance indicator targets for loss time injuries.

The total number of medical treatment injuries and loss time injuries have reduced significantly, and are recorded at the lowest number since the Corporation commenced.

Occupational Health and Safety Performance Indicators

Measure	KPI	2014/15	2015/16	2016/17	2017/18
Incidents	Number of incidents	44	43	65	75
	Rate per 100 FTE	0.22	0.21	0.32	0.37
Claims	Number of lost time claims	0	4	11	2
	Rate per 100 FTE	0.00	0.020	0.055	0.01
Claim Costs	Average cost per standard claim	$0.00	$68,661	$55,411	$3,551
Medical Treatment Injuries	Number of medical treatment injuries	2	2	2	1
Lost time Injuries	Number of lost time injuries	2	5	6	0
Hazards	Number of hazard reports completed	164	162	222	133
	Rate per 100 FTE	0.82	0.81	1.11	0.665

Notes to this Table:

"FTE" means full-time staff equivalent.

Occupational Health and Safety training completed in the past 12 months included:

- Agvet Chemical User's course
- Asbestos Class B removal
- Backhoe, excavator and front end loader competency
- Confined space entry
- Construction induction
- Contractor site safety
- Electrical spotters
- Emergency warden
- Fall prevention (safe working at heights)
- Fire extinguisher selection and use
- First Aid Level 2 and CPR
- Handle dangerous goods and hazardous substances
- Implement traffic management and traffic control
- Level 1 train and track safety awareness
- Mental health first aid
- OHS Representative refresher
- Operate 4 wheel drive vehicles
- Operate side by side utility vehicles
- Trenching and shoring

Water Consumption

Water Consumption Report 1 July 2017 to 30 June 2018

	Industrial and Concessional		Non-Residential and Municipal		Residential		Total		Average Annual Consumption*
	ML	No	ML	No	ML	No	Total ML	Total No	ML
Antwerp	0.0	1	0.0	2	3.6	9	3.6	12	2.9
Apsley	0.5	8	6.2	19	16.3	97	22.9	124	26.4
Ararat	210.6	41	297.7	434	688.9	3,735	1,197.1	4,210	1123.3
Berriwillock	2.5	9	4.2	12	18.6	69	25.3	90	24.7
Beulah	3.1	12	5.6	31	42.8	136	51.5	179	44.9
Birchip	2.1	13	19.7	82	107.8	370	129.6	465	120.8
Brim	2.0	6	0.2	5	8.9	46	11.1	57	12.7
Buangor	0.7	3	0.1	2	10.0	34	10.7	39	13.1
Charlton	10.4	17	50.0	125	136.6	564	197.1	706	204.5
Chillingollah	-	-	-	1	1.4	5	1.4	6	1.5
Chinkapook	0.0	1	0.1	2	3.3	13	3.3	16	3.7
Cowangie	0.1	2	0.3	2	0.8	8	1.2	12	2.3
Culgoa	1.1	3	3.8	15	15.2	60	20.2	78	18.7
Dimboola	2.5	22	51.8	95	161.1	773	215.5	890	227.1
Donald	3.7	13	54.3	166	169.5	716	227.5	895	212.4
Dooen	-	-	0.7	3	2.6	15	3.3	18	3.5
Edenhope	4.7	17	20.5	83	72.8	451	98.1	551	106.4
Elmhurst	0.2	7	3.6	14	14.4	102	18.2	123	17.7
Glenorchy	0.1	2	0.0	3	7.4	57	7.5	62	7.6
Goroke	2.0	13	2.0	31	29.4	138	33.4	182	37.6
Great Western	12.7	7	8.9	18	26.0	122	47.6	147	54.4
Halls Gap	13.2	6	104.6	92	55.1	535	172.8	633	153.2
Harrow	2.5	8	1.4	17	20.2	71	24.0	96	24.2
Hopetoun	9.9	20	20.9	62	88.9	303	119.7	385	110.9
Horsham	27.8	61	453.8	1,018	1,839.3	7,893	2,320.9	8,972	2185.8
Jeparit	1.1	13	15.7	42	40.4	250	57.2	305	54.9
Jung	0.0	1	0.0	2	9.0	39	9.0	42	10.1
Kaniva	8.7	16	31.4	106	129.3	407	169.4	529	191.3
Kiata	-	-	0.2	3	3.2	19	3.4	22	3.0
Lake Bolac	12.9	13	20.9	33	33.9	128	67.7	174	61.0
Lalbert	0.9	4	3.6	11	12.1	42	16.5	57	17.4
Lascelles	-	-	1.3	6	6.3	25	7.7	31	7.1
Lillimur	-	-	0.0	1	6.1	18	6.1	19	6.2
Manangatang	0.4	8	20.6	27	41.5	132	62.5	167	62.3
Marnoo	0.5	5	1.3	15	13.6	50	15.4	70	15.2
Minyip	3.5	14	11.8	34	46.5	235	61.8	283	54.4
Miram	-	-	0.0	1	0.8	9	0.8	10	1.0

	Industrial and Concessional		Non-Residential and Municipal		Residential		Total		Average Annual Consumption*
	ML	No	ML	No	ML	No	Total ML	Total No	ML
Moyston	0.2	3	1.8	6	23.7	87	25.8	96	24.2
Murrayville	2.8	9	50.5	33	62.6	157	115.8	199	105.5
Murtoa	1.7	16	16.0	60	87.2	415	104.9	491	99.9
Nandaly	0.4	7	0.4	5	5.2	20	6.1	32	5.3
Natimuk	5.5	14	9.4	28	50.1	231	65.0	273	63.9
Nhill	30.8	25	188.3	154	263.6	977	482.7	1,156	424.9
Nullawil	3.4	3	4.3	14	8.4	30	16.1	47	15.1
Ouyen	26.2	10	112.7	114	216.8	569	355.8	693	333.7
Patchewollock	1.2	5	1.7	14	7.9	36	10.8	55	9.3
Pimpinio	0.3	2	0.5	3	7.4	32	8.1	37	8.2
Pomonal	0.6	2	2.2	8	27.8	126	30.6	136	28.5
Quambatook	7.5	13	12.6	24	32.6	132	52.6	169	55.4
Rainbow	5.8	21	21.1	52	69.7	304	96.6	377	95.0
Rupanyup	1.9	10	10.6	42	38.8	196	51.2	248	48.3
Sea Lake	5.5	9	38.3	70	109.2	349	153.0	428	152.0
Serviceton	0.5	2	0.1	3	3.1	25	3.7	30	4.9
Speed	0.1	3	1.0	7	6.9	29	8.0	39	8.0
St Arnaud	3.3	27	148.1	210	244.6	1,207	396.0	1,444	392.3
Stawell	235.3	30	166.6	373	626.5	2,974	1,028.4	3,377	1387.2
Streatham	0.1	4	0.4	6	6.6	40	7.1	50	6.2
Tarranyurk	-	-	1.1	4	1.3	4	2.4	8	2.1
Tempy	0.2	6	2.1	5	6.6	19	8.9	30	8.6
Ultima	0.4	5	2.2	12	28.7	83	31.4	100	33.0
Underbool	2.2	7	22.4	18	46.4	108	71.1	133	66.1
Waitchie	0.0	1	0.1	2	0.0	3	0.1	6	0.2
Walpeup	1.0	4	9.4	14	22.8	58	33.2	76	29.5
Warracknabeal	9.5	24	64.1	184	304.5	1,240	378.1	1,448	360.4
Watchem	0.1	5	4.1	10	11.4	71	15.5	86	13.8
Westmere	-	-	4.2	7	0.7	10	4.9	17	6.0
Wickliffe	0.3	2	3.4	8	13.2	35	16.9	45	21.1
Willaura	1.7	13	46.4	54	50.6	200	98.7	267	96.0
Woomelang	6.5	12	5.5	23	25.9	112	37.9	147	42.4
Wycheproof	3.3	15	32.0	65	92.5	349	127.8	429	122.9
Yaapeet	-	-	0.7	5	9.2	29	9.9	34	9.1
Total	698.3	675	2,201.8	4,252	6,396.0	27,933	9,296.0	32,860	9,303.4

Notes to this Table:

1. Due to rounding some totals may not correspond with the sum of the separate figures
2. *Average calculated between years 1 July 2013 and 1 July 2018
3. ML = Megalitre

Non-revenue Water

GWMWater's estimated total unaccounted for water in 2017/18 was 1,119 ML (11 percent) for the urban system. Unaccounted for water comprises leakages from pipes, mains flushing, fire fighting, unmetered connections, metering errors and illegal connections.

Weekly household drinking water consumption 2017/18

We provided drinking water to a population of around 57,200. The total consumption of water was 5,769 ML across this population of our region which averages out to 276.5 litres per person, per day.

Total residential bill 2017/18

The total residential bill for a drinking water customer based on average consumption of 225 kL in a town with sewerage services was $1,361, or based on consumption of 200 kL was $1,316.

Supply and Distribution

Inflows into the Grampians reservoir system were approximately 77,400 ML for the 2017/18 water year, equivalent to around 35 percent of the historic average.

Grampians system storage volumes peaked in October 2017 at 368,350 ML (65.8 percent) and decreased over the year as water was released to meet entitlement holder demands and lost to evaporation. The reservoir system reached a low of 255,310 ML (45.6 percent) in June 2018.

Towns serviced by groundwater and local surface water supply remained secure, with ongoing monitoring occurring throughout the year.

Both Murray and Goulburn system seasonal determinations reached 100 percent for the 2017/18 water year. This provided ongoing security for GWMWater's supply to its towns and pipeline users serviced from the River Murray.

GWMWater's urban customers were required to observe the Permanent Water Saving Rules during the 2017/18 water year, with no water restrictions implemented in any town serviced by GWMWater.

The 'Target Your Water Use' water efficiency program for regional Victoria was promoted by GWMWater to its customers through its website, information printed on customer bills and customer newsletters.

Bulk and Environmental Entitlements

Bulk Entitlements and Environmental Entitlements grant entitlement holders the right to use and supply water. GWMWater holds bulk entitlements in the Wimmera-Glenelg, Murray, Goulburn, East Grampians and Pyrenees which are used to supply towns, and rural and commercial customers.

GWMWater is also the Storage Manager and Resource Manager for the Wimmera-Glenelg and East Grampians.

As the Storage Manager, GWMWater is responsible for the management of the water resource on behalf of entitlement holders, making seasonal allocations where applicable and delivering water to entitlement holders. The governance and independence of GWMWater's Storage Manager and Resource Manager activities are enhanced through the Water Resources Committee, which is a sub-committee of the Board.

Reporting for the Bulk Entitlement (Wimmera and Glenelg Rivers – GWMWater) Order 2010

The matters below relate to GWMWater's reporting requirements in accordance with Section 18.1 of this Bulk Entitlement (BE):

BE Clause	Item		Report	Notes
	Offtake Points	**Supply to**		
	Dad and Dave Weir	Mt Zero Channel	2,968 ML	
	Brimpaen Storages	Wimmera Mallee Pipeline, System 6	416 ML	
	Taylors Lake Outlet	Wimmera Mallee Pipeline, Systems 1, 2, 3, 4, 6 and 7 Supply By Agreement customers	2,055 ML	Note 1
	Licenced Diversion Offtakes	Domestic and stock diverters from Rocklands-Toolondo Channel	0 ML	Note 2
	Rocklands Offtake	Supply By Agreement customers direct from headworks	0 ML	
	Rocklands Offtake	Glenelg River Compensation Flow	0 ML	
18.1 (b)	Lake Fyans Outlet	Urban systems and Supply By Agreement customers	1,918 ML	
	Lake Bellfield	Urban systems and Wimmera Mallee Pipeline, Systems 1,2,3,4,6 and 7	9,780 ML	
	Lake Londsdale Outlet (pending)	Commonwealth Environmental Water Holder	1,099 ML	Note 3
	Stawell Diversion Weir	Stawell urban system	430 ML	
	Mt Cole Reservoir	Ararat urban system and Supply By Agreement customers	404 ML	
	Langi Ghiran Reservoir	Urban systems and Supply By Agreement customers	0 ML	Note 4
	Panrock Reservoir	Urban systems and Supply By Agreement customers	0 ML	Note 4
	Total Offtake		**19,070 ML**	

18.1 (c)	**Water supplied to primary entitlements (Schedule 2, Table 1)**			
	GWMWater	Pipeline and balancing storage losses	729 ML	
		Commonwealth Environmental Water Holder	3,108 ML	
		Glenelg Compensation Flow	0 ML	
		Recreation	2,091 ML	
		Wimmera Mallee Pipeline Product	13,142 ML	
	Coliban Water	Wimmera Mallee Pipeline Product	229 ML	
	Wannon Water	Wimmera Mallee Pipeline Product	51 ML	
	Victorian Environmental Water Holder	Wetlands	279 ML	
		Wimmera Mallee Pipeline Product	24,239 ML	
	Total Supplied to Primary Entitlements		**43,868 ML**	
18.1 (d)	**Final water allocation to GWMWater**			
	Pipeline and balancing storage losses		100% (2,960 ML)	
	Commonwealth Environmental Water Holder		0% (0 ML)	
	Glenelg Compensation Flow		25% (825 ML)	
	Recreation		20% (618 ML)	
	Wimmera Mallee Pipeline Product		81% (36,223 ML)	
18.1 (e)	Metering Program		Pending	Note 5
18.1 (f)	Transfers of an entitlement or part of this Bulk Entitlement		None	
18.1 (g)	Bulk Entitlement, licence or water right, entitlement or assignment transferred to GWMWater supply systems		None	
18.1 (h)	Amendments to this Order		None	
18.1 (i)	New Bulk Entitlement granted to GWMWater under this Order		None	
18.1 (j)	Bulk Entitlement compliance failures		Yes	Note 6
18.1 (k)	Bulk Entitlement compliance difficulties and actions		See Note 3	

Notes to this Table:

1. Includes volume supplied by agreement from Horsham Weir Pool and for the Commonwealth Environmental Water Holder.
2. No regulated diversion licences are held.
3. GWMWater has written to the Minister for Water under clause 18.1 (b) seeking agreement for the supply of Commonwealth Environmental Water from Lake Lonsdale.
4. Storage was not used for water supply purposes during 2017/18.
5. A metering program for this Bulk Entitlement was submitted to the Minister for Water in October 2011. Amendments to the program are required prior to approval.
6. GWMWater has not yet implemented an approved metering plan.

Reporting for the Bulk Entitlement (Willaura, Elmhurst and Buangor Systems - GWMWater) Order 2012

The matters below relate to GWMWater's reporting requirements in accordance with Section 11.1 of this Bulk Entitlement (BE):

BE Clause	Item	Report	Notes
11.1 (b)	Annual amount of water taken	136 ML	
11.1 (c)	Metering program approved under sub-clause 10.4	Pending	Note 1
11.1 (d)	Any temporary or permanent transfer of this Bulk Entitlement	None	
11.1 (e)	Any Bulk Entitlement, licence or water right in respect of the waterway transferred to GWMWater	None	
11.1 (f)	Any amendment to this Bulk Entitlement	None	
11.1 (g)	New Bulk Entitlement granted to GWMWater with respect to the waterway	None	
11.1 (h)	Bulk Entitlement compliance failures	Yes	Note 2
11.1 (i)	Bulk Entitlement compliance difficulties and actions	None	

Notes to this Table:

1. A metering program for this Bulk Entitlement was submitted to the Minister for Water in September 2013. Amendments to the program are required prior to approval.

2. GWMWater has not yet implemented a metering plan approved by the Minister.

Reporting for the Bulk Entitlement (River Murray – Grampians Wimmera Mallee Water) Order 1999

The matters below relate to GWMWater reporting requirements in accordance with Section 21.1 of this Bulk Entitlement (BE):

BE Clause	Item		Report	Notes
	Offtake Points	**Supply to**		
	Nyah Pump Station	Northern Mallee Pipeline (Nyah and Eureka system)	385 ML	
	Piangil Pump Station	Northern Mallee Pipeline (Piangil and Mangangatang system)	386 ML	
21.1 (b)	Swan Hill Pump Station	Wimmera Mallee Pipeline (Supply System 5 - Swan Hill and Sea Lake)	1,245 ML	
	Liparoo Pump Station	Northern Mallee Pipeline (Ouyen system)	2,009 ML	
	Annuello Pump Station	Private pipeline scheme	88 ML	
	Hayesdale Pump Station	Private pipeline scheme	43 ML	
	Koolonong Pump Station	Private pipeline scheme	60 ML	
	Total Offtake		**4,216 ML**	Note 1
21.1 (c)	Any new offtake points		None	
21.1 (d)	Amount of water returned under sub-clause 16.2		None	
	Annual amount supplied to primary entitlement holders			
21.1 (e)	GWMWater	Urban supply systems	1,032 ML	
		Rural properties	1,848 ML	
		Community requirements	379 ML	
		Pipeline operating requirements (excludes private pipeline schemes)	766 ML	
		Private pipeline schemes	191 ML	
	Total Supplied to Primary Entitlements		**4,216 ML**	
21.1 (f)	Metering program approved under sub-clause 20.2		Pending	Note 2
21.1 (g)	Any temporary or permanent transfer of this Bulk Entitlement		None	
21.1 (h)	Transfer of bulk entitlement or assignment of water allocation under the Act		None	
21.1 (i)	Amendments to this Bulk Entitlement		None	
21.1 (j)	New Bulk Entitlement granted to GWMWater with respect to the River Murray		None	
21.1 (k)	Bulk Entitlement compliance failures		Yes	Note 3
21.1 (l)	Bulk Entitlement compliance difficulties and actions		None	

Notes to this Table:

1. Total Offtake supported by transfer of 1,130 ML water allocation to this Bulk Entitlement.
2. A metering program for this Bulk Entitlement was submitted to the Minister for Water in November 2011. Amendments to the program are required prior to approval.
3. GWMWater has not yet implemented an approved metering plan. Implementation is subject to approval of GWMWater's updated metering plans.

Reporting for the Bulk Entitlement (Quambatook – Grampians Wimmera-Mallee Water) Order 2006

The matters below relate to GWMWater's reporting requirements in accordance with Section 12.1 of this Bulk Entitlement (BE):

BE Clause	Item	Report	Notes
12.1 (b)	Annual amount of water taken	73 ML	
12.1 (c)	Metering program approved under sub-clause 11.2	Pending	Note 1
12.1 (d)	Any temporary or permanent transfer of this Bulk Entitlement	Yes	Note 2
12.1 (e)	Any period of restriction imposed on this entitlement	None	
12.1 (f)	Any amendment to this Bulk Entitlement	None	
12.1 (g)	New Bulk Entitlement granted to GWMWater with respect to this entitlement	None	
12.1 (h)	Bulk Entitlement compliance failures	Yes	Note 3
12.1 (i)	Bulk Entitlement compliance difficulties and actions	None	

Notes to this Table:

1. A metering program for this Bulk Entitlement was submitted to the Minister for Water in November 2011. Amendments to the program are required prior to approval.
2. 30 ML water allocation transferred from this Bulk Entitlement to GWMWater's River Murray Bulk Entitlement.
3. GWMWater has not yet implemented an approved metering plan.

Recreation Water

In this final year of the 2013 Water Price Review period, recreation water pricing volumetric discounts were again applied to recreational and sporting clubs with over 370 organisations benefiting from the discounts and a further 12 locations receiving a discounted recreation lake water supply.

The availability of affordable water for these organisations provides significant benefits to the liveability of the region from health and wellbeing benefits, to benefits to local businesses and the environment. In 2017 we asked our customers if they continued to support funding discounts to these organisations into the next regulatory period covered by the 2018 Water Price Review. The continuation of the recreation water pricing policy was supported as was support to increase the contribution and extend volumetric discounts to schools across the region.

Recreation water discounts are funded through a recreation contribution charge of $16.00 per customer; $8 for concession card holders. The contribution is collected from customer accounts through the service availability charge for urban customers and primary meter charge for rural customers.

The following table provides a summary of the value of contributions collected and discounts provided in 2017/18.

	Notes	Number / Volume Delivered	2017/18
Revenue			
Rural Recreation Contributions		4,330 ML	$66,472
Urban Recreation Contributions		27,419 ML	$376,208
Recreation Lake Water Revenue	1		$41,027
Total Revenue			**$483,707**
Expenditure			
Recreational and Sporting Club			
Rural Volumetric Discounts (80 entities)		214.8 ML	$79,166
Urban Volumetric Discounts (236 entities)		403.5 ML	$199,338
Distribution Costs			$197,467
Public Recreation Facilities			$11,950
Recreation Water Planning and Administration			$58,366
Total Expenditure			**$546,287**
Net Result for the Year			**($60,525)**

Notes to this Table:

1) Includes revenue from supply to Nhill Lake from groundwater bore.

Statement of Obligations

On 10 December 2015, the then Minister for Environment, Climate Change and Water revised the Statement of Obligations (SoO). The main objective of the review was to reintegrate planning for climate change adaptation as an integral part of the water business planning framework. The GWMWater Board has considered and supports the amendments to the SoO with climate variability presenting some significant challenges to water resource management in our region. In 2017 the State Government published new targets for renewable energy and carbon emissions. GWMWater has responded and developed a pledge to increase renewable energy and reduce carbon emissions.

Dam Safety

GWMWater conducts risk assessments and annual dam safety investigations on all high risk reservoirs and headworks on a priority basis as part of an ongoing dam safety management program. All dams were managed to provide safe operation with minor works completed to ensure the integrity of the headworks dams. GWMWater is a member of the VicWater Dams Working Group and ANCOLD to promote further understanding and latest advances in managing dams safely.

Specific actions carried out during 2017/18 to meet the SoO requirements were:

- Intermediate dam safety inspection and reports on Bellfield, Wartook, Oliver's Gully, Copes Hill, Rocklands and Moora Moora dam walls, inlet and outlet structures.
- Comprehensive dam safety inspection and reports on Taylors Lake and Lake Lonsdale.
- Annual Dam Safety Report submission to DELWP for all reportable water and wastewater storages managed by GWMWater.
- Management, operation and surveillance of all large dams and headworks in accordance with ANCOLD Dam Safety Management Guidelines (2003) as part of an ongoing program.
- Lake Fyans dam wall crest was capped to seal the wall from rain water erosion, maintain the water storage and fill the cracks and wheel marks in the crest. This lake is also used for recreation purposes, a number of tourists access the lake for water activities, and the dam wall for walking and other pursuits.

Economic Sustainability

Financial Summary 2013/14 to 2017/18 ($ Million).

	2013/14	2014/15	2015/16	2016/17	2017/18
Operating revenue	56.10	61.00	62.93	59.97	63.89
Contribution revenue	4.54	3.69	2.72	1.21	8.09
Other revenue	1.20	0.98	1.39	0.75	1.75
Total Revenue	**61.84**	**65.67**	**67.03**	**61.93**	**73.73**
Operating expenditure	30.35	30.50	31.66	30.97	33.16
Decommissioning expenditure	0.06	0.13	-	-	1.09
Environmental levy	1.68	1.68	1.68	1.68	1.68
Depreciation	32.60	32.85	32.29	33.47	33.44
Loss on disposal of assets	3.13	0.75	0.16	0.75	0.09
Net fair loss/(gain) on revaluation of investment properties	0.00	0.08	(0.02)	(0.02)	(0.08)
Borrowing costs	9.12	9.19	8.67	8.39	7.91
Grants and other transfers	-	-	-	0.86	-
Total Expenditure	**76.94**	**75.18**	**74.44**	**76.10**	**77.29**
Net result before tax	**(15.10)**	**(9.51)**	**(7.41)**	**(14.18)**	**(3.56)**
Current assets	17.18	21.64	18.64	24.92	29.05
Non current assests	1,872.33	1,857.68	1,922.30	1,908.29	1,927.57
Total Assets	**1,889.51**	**1,879.32**	**1,940.93**	**1,933.21**	**1,956.62**
Current liabilities	30.50	23.23	19.69	20.31	34.72
Non current liabilities	287.15	290.01	294.24	283.82	266.92
Total Liabilities	**317.65**	**313.24**	**313.93**	**304.13**	**301.64**
Net Cash Flow From Operations	16.35	21.62	25.21	18.87	27.34
Payments for property, plant and equipment (including infrastructure)	25.63	17.02	20.98	20.34	42.78

Financial Performance

Performance Indicator	2013/14	2014/15	2015/16	2016/17	2017/18
Immediate Liquidity and Debt Servicing (Cash Interest Cover) Cash flow from operations before net interest and tax payments ÷ net interest payments	2.8	3.4	3.9	3.2	4.6
Long Term Financial Viability (Gearing Ratio) Total debt (including finance leases) ÷ total assets	7.3%	7.3%	6.6%	6.4%	5.7%
Internal Financing Ratio Net operating cash flow ÷ capital expenditure	66.8%	127.0%	120.2%	92.8%	63.9%
Current Ratio Current assets ÷ current liabilities (excluding long-term employee provisions and revenue in advance)	0.6	1.1	1.2	1.7	1.0
Long Term Profitability (Return on Assets) Earnings before net interest and tax ÷ average total assets	(0.3%)	0.0%	0.1%	(0.3%)	0.2%
Owner's Investment (Return on Equity) Net profit after tax ÷ average total equity	(0.7%)	(0.4%)	0.4%	(0.6%)	(0.2%)
EBITDA Margin Earnings before interest, tax, depreciation and amortisation ÷ total revenue	42.9%	49.5%	50.0%	44.6%	50.5%

Over the last year the operating result before tax improved reflecting an increase in revenue of $11.8 million offset to a lesser extent by an increase in expenditure of $1.2 million.

The improvement in revenue is the result of customer growth, increased water consumption, new customer contributions on rural pipeline extension projects, rural pipeline growth water sales and funding from government for projects including Ouyen recreational lake, Landsborough Valley rural water supply and Green Lake (Sea Lake) lake bed remediation projects.

The increase in expenditure is associated with higher water consumption, increased maintenance requirements, decommissioning of redundant assets and lower non-operating expenditure due in part to lower borrowings and interest rates. Non-operating expenditure in 2016/17 also included grants and other transfers expenditure related to the financial completion of the Wimmera Mallee Pipeline (WMP) Project and WMP Fire Fighting Infrastructure Project.

The overall net cash flow from operations over the period has improved from $16.4 million in 2013/14 to $27.3 million in 2017/18. The improvement in financial performance is also reflected in the interest cover ratio, increasing from 2.8 times in 2013/14 to 4.6 times in 2017/18.

The decrease in the internal financing ratio in 2017/18 and 2016/17 relates to classification of government funding received for the South West Loddon Rural Water Supply Project. Net cash outflows on investing activities in 2017/18 and 2016/17 were also funded through contributed capital proceeds of $28.4 million and $12.0 million respectively from the State Government (including Commonwealth Government contributions in 2017/18). Contributed capital proceeds are reported under cash flows from financing activities.

Subsequent Events

There were no events occurring after balance date which may significantly affect GWMWater's operations in subsequent reporting periods.

Local Jobs First - Victorian Industry Participation Policy

During 2017/18, GWMWater commenced four projects totalling $46.8 million in value to which the Victorian Industry Participation Policy (VIPP) applied.

These contracts were part of regional projects where the contractors committed under the Local Jobs First – VIPP to include:

- local content of 88 percent of the total value of the contracts
- 53 new and 63 retained full time equivalent jobs
- five new apprenticeships/ traineeships and one retained apprenticeships/traineeships
- promote employment and business growth by expanding market opportunities for the local small and medium enterprises (SME) industry
- provide contractors with increased access to, and raise awareness of, local SME industry capability
- expose local SMEs to world's best practice in workplace innovation, e-commerce and use of new technologies and materials
- develop SMEs international competitiveness and flexibility in responding to changing global markets by giving local industry a fair opportunity to compete against foreign suppliers.

The projects demonstrated significant increase in the management and technical skills of suppliers within the region. The local content also demonstrates and reinforces that the region has the capability to manage, commission and service large technical engineering projects.

Consultancies and Major Contracts

In 2017/18, there were 29 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2017/18 in relation to these consultancies is $788,033 (excluding GST). Details of individual consultancies can be viewed on GWMWater's website at www.gwmwater.org.au.

In 2017/18, GWMWater engaged 31 consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $122,366 (excluding GST).

In 2017/18 GWMWater awarded two contracts to Mitchell Water Australia Pty Ltd totalling $44 million (excluding GST). The contracts awarded included two separable portions under the South West Loddon Pipeline Water Supply Project - Early Work and Design and Construct (Stage 2.1) contract, and, Design and Construction of the Mallee Towns Drinking Water Supply Project.

Government Advertising Expenditure

GWMWater's expenditure in the 2017/18 reporting period on government campaign expenditure did not exceed $100,000.

ICT Expenditure

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (Non-BAU) ICT Expenditure (Total - Operational and Capital Expenditure)	(Non-BAU) Operational Expenditure	(Non-BAU) Capital Expenditure
$3,397,533	$476,911	-	$476,911

Social Sustainability

Urban Water Restriction Levels/Permanent Water Saving Rules

Under our Water Restrictions By-Law No.105 there were no water restrictions in place at 30 June 2018 in any of the towns GWMWater services. Permanent Water Saving Rules applied in all 71 towns.

Rural Pipeline Water Restriction Levels

There were no rural pipeline customers subjected to water restrictions under the Water Restrictions By-Law No. 105 as at 30 June 2018. Rural pipeline customers are encouraged to comply with the Permanent Water Saving Rules.

Exemptions

Our Water Reference and Assessment Panel received no applications for exemption for the purposes, which were not permitted under Water Restrictions By-Laws or Permanent Water Saving Rules.

Enforcing Water Restrictions and Investigations of Breaches of the *Water Act* 1989 and Claims for Compensation

GWMWater staff made 52 property visits, with 398 follow up telephone calls, to investigate reports submitted by the public and staff in relation to possible breaches of the *Water Act* 1989 or our by-laws or in response to claims for compensation.

There were four summons issued in relation to alleged breaches of the *Water Act* 1989.

Major Non-Residential Water Users

Under Section 122ZJ of the *Water Act* 1989, GWMWater must include information on any non-residential customer who consumes greater than 100 ML from an urban water supply system.

Customer by volume range

Volumetric range – ML per year	Number of customers
Equal to or greater than 100 ML and less than 200 ML	3
Equal to or greater than 200 ML and less than 300 ML	0
Equal to or greater than 300 ML and less than 400 ML	0
Equal to or greater than 400 ML and less than 500 ML	0
Equal to or greater than 500 ML and less than 750 ML	0
Equal to or greater than 750 ML and less than 1000 ML	0
Total number of customers	**3**

Naming of customers and participation in water conservation programs

Name of customer	Information as to customers participation in the water conservation program
Luv-A-Duck Pty Ltd	Nil
Frewstal Pty Ltd	Nil
Alindare Pty Ltd	Nil

Community Service Obligations

Value of Community Service Obligation Provided	2016/17	2017/18
Provision of concessions to pensioners	$2.575M	$2.612M
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme	$388,797	$401,016
Utility Relief Grant Scheme payments	$27,009	$33,041
Water concessions on life support machines – Haemodialysis	$660	$444
Hardship Relief Grant Scheme Sewerage Connection Scheme	-	-

Environmental Sustainability

Sustainable Water Strategy

The Western Region Sustainable Water Strategy was released by the Victorian Government in November 2011 to provide a framework for protecting the needs of water users, rivers and aquifers. Over the past six years, GWMWater has worked closely with other agencies in implementing key policy directions from the strategy.

A five year assessment of the Western Region Sustainable Water Strategy, led by the Department for Environment, Land, Water and Planning, commenced in 2018. This assessment was intended to recognise achievements and learnings resulting from the Sustainable Water Strategy, identify actions requiring further attention and identify issues which may impact on the success of subsequent water strategies.

GWMWater strategies including the Urban and Rural Water Strategy 2017 and operational plans are guided by regional catchment strategies, regional waterway management strategies and the Victorian Waterway Management Strategy.

Urban and Rural Water Strategy

GWMWater completed its Urban and Rural Water Strategy in early 2017. The Strategy assesses long-term water security for urban and rural users under a range of water supply and climate scenarios. GWMWater's strategy utilised the most recent State government guidance to incorporate climate change considerations into its planning and scenarios. While the future impacts of climate change continue to pose a risk to water supplies, it is evident through the strategy that our fully pipelined systems have significantly improved water security for our region.

A Drought Preparedness Plan focussing on contingencies and strategies to manage future short-term water security and water quality issues was developed during 2017/18, and will be finalised in late 2018. This Plan forms a supplementary document to the Urban and Rural Water Strategy.

Water Recycling

GWMWater reused 63.6 percent of reclaimed wastewater generated from its wastewater treatment plants. A total of 1547.1 ML was delivered to reuse customers during 2017/18.

Biodiversity

Biodiversity is a key consideration in the planning processes for environmental management plans for major infrastructure projects. Consistent with the Victoria Biodiversity Strategy, we plan our activities to minimise impacts, achieve no net habitat loss and meet our obligations under State and Commonwealth regulations. Works are located to avoid known sites of ecological significance such as ecological vegetation classes and threatened species. All projects require appropriate planning approvals to be obtained and any vegetation clearance is offset through appropriate measures.

Water Conservation

Community Rebate Program

The Community Rebate Program is a joint initiative of GWMWater and the Victorian government. The program aims at reducing water bills through a free water audit and the repair or replacement of inefficient water fittings for eligible hardship customers.

The total number of eligible customers was 158 and the program was taken up by 41 customers who received water audits and subsequent repairs and replacement of inefficient water fittings.

Water Tariff Reduction

A 15 percent tariff reduction is available to not-for-profit organisations that conserve water by watering at night via dedicated timed sprinkler systems. There are currently 29 organisations benefiting from this initiative.

Sustainable and Resilient Water Services Systems

GWMWater continues to hold biannual stakeholder workshops to meet with customers and key stakeholders to discuss both operational and strategic issues. Workshops were held in September 2017 and June 2018 which attracted attendees from councils, government departments and agencies, community groups and members of the public from around the region. These workshops focused on the benefits of recreation water discounts (2017) and Integrated Water Management (2018), and built on similar workshops held over the last two years.

GWMWater manages a range of Customer Committees which meet regularly to provide advice and feedback on specific issues or developments.

The current range of Customer Committees includes:

- Regional Recreation Water Users Group
- Green Lake Remediation Project Steering Committee
- West Wimmera Groundwater Management Area Implementation Committee
- Murrayville Local Management Area Plan Advisory Committee
- Toolondo Recreation Management Plan Working Group
- Storage Manager's Reference Group
- South West Loddon Project Steering Committee
- East Grampians Rural Water Supply Project Steering Group
- West Wimmera Rural Water Supply Project Steering Committee
- Rocklands to Taylors Lake Steering Committee
- Green Lake Remediation Project Steering Committee
- Irrigation Diverters Committee.

Water Price Review Submission

GWMWater's Price Review Submission was endorsed by the Essential Services Commission, with new pricing taking effect from 1 July 2018. Customer pricing reduced across the board, with GWMWater achieving the highest first-year reduction of all of the Victorian water businesses.

The formation of a Deliberative Panel was a key initiative of the 2018 Price Review Submission. The Panel, made up of 17 independent customers, was formed to advise GWMWater on issues of importance to customers and their communities, including pricing, and environmental and recreational water.

Year 9 and 10 Water Conference

The annual Year 9 and 10 Water Conference remains a popular water educational event for students and schools within our region. This year's theme was 'Living Water, Cultural Water'.

In a slight change of format from previous years, GWMWater representatives visited participating schools and heard presentations from participating students. This year's presentations were of outstanding quality, and showed a high degree of awareness of the importance of water to regional and rural Victoria.

Community events and sponsorship

GWMWater continues to support local communities and the region through in-kind support, donations, water bottles and the use of drinking water trailers for events. Over the course of the year, GWMWater sponsored more than 40 teams, groups or community events across the region, and spoke or provided presentations at many others.

Other major events include our involvement in both the Wimmera and the Mallee Field Days where GWMWater had the opportunity to meet with a large number of our customers to discuss current projects and topical issues.

GWMWater continues to support the Western Victorian Careers Expo which provides a platform to create awareness of GWMWater as a regional employer and promote career opportunities within the water industry. Hundreds of students visited the GWMWater stand during the day, with more than 160 entries received for a contest to win a mini-drone.

Victorian Water Efficiency Strategy

GWMWater undertakes a wide variety of operational and promotional activities in alignment with the Victorian Water Efficiency Strategy. Along with the promotion of Permanent Water Saving Rules and water restrictions, where required, GWMWater also supports the following programs as part of the Victorian Water Efficiency Strategy:

'**Choose Tap' Program**
Providing reusable water bottles, mobile water coolers and water trailers to schools, sports teams and community events to promote health, hydration, and encourage the consumption of tap water.

'Target Your Water Use'
Promoting the State-wide 'Target Your Water Use' campaign through a range of communication tools and channels including the GWMWater website, social media, newspaper and radio advertisements, and through our quarterly newsletter 'Tapping In'. This program focuses on taking a longer-term view of our water usage habits, while providing locals easy access to the information they need to make informed decisions about the amount of water they use. Giveaways, including trigger nozzles, shower timers and plugs, are provided at events sponsored or attended by GWMWater. Links to the Smart WaterMark website are also promoted through multiple channels.

GWMWater Customer Portal
The GWMWater Customer Portal is a free online system that allows rural pipeline customers to monitor their water use using a smart phone, tablet, laptop or home computer. It can also help in the early identification and rectification of pipeline or water tank leaks.

Education and school visitation programs
GWMWater runs or supports a wide variety of educational activities in support of the Victorian Water Efficiency Strategy, including:

- National Water Week poster competition
- GWMWater student high achiever awards
- GWMWater school education program, including visits by Phil The Bucket
- Support for the Schools Water Efficiency Program
- Year 9 and 10 Student Water Conference.

Management Strategies

Corporate Management System

GWMWater is certified to the standards ISO 9001 for quality, ISO 14001 for environment and AS/NZS 4801 for Occupational Health and Safety. Operational sites continue to be periodically audited with opportunities for improvement identified and actioned as required.

Regional Catchment Strategies

GWMWater is a partner with other agencies in the delivery of regional catchment strategies across the Wimmera, Glenelg-Hopkins and Mallee catchment areas. Waterway management strategies have also been developed by catchment management authorities, which outline waterway management objectives over an eight-year timeframe.

Environmental Watering

GWMWater engages with the Commonwealth Environmental Water Office (CEWO), catchment management authorities and the Victorian Environmental Water Holder (VEWH) to deliver environmental water in accordance with Bulk and Environmental Entitlements.

During the 2017/18 water year, a total of 18,427 ML was released from reservoirs to waterways in the Wimmera catchment, including the MacKenzie River, Burnt Creek, Mt William Creek and Wimmera River. Some 19,039 ML (including passing flows) was released to the Glenelg River to provide benefits below Rocklands Reservoir. A trial release of 156 ML from Moora Moora Reservoir occurred to test environmental outcomes in the upper Glenelg River. A volume of 279 ML was distributed to multiple wetlands connected to the Wimmera Mallee Pipeline.

Approximately 3,800 ML of unregulated 'spill' flows from Lake Wartook were shared between the lower MacKenzie River, lower Burnt Creek, Bungalally Creek, Green Lake and Taylors Lake. This occurred in partnership with the Wimmera Catchment Management Authority to achieve environmental, recreational and social outcomes.

	VEWH Authorised Volume (ML)	VEWH Volume Delivered (ML)	CEWO Volume Delivered (ML)
Summary - Regulated Releases			
Lake Lonsdale		3280	1,099
Taylors Lake		3,556	2,009
MacKenzie River and Burnt Creek		6,403	0
Upper Mt William Creek		0	0
Total Wimmera Catchment	18,000	13,239	3,108
Total Glenelg Catchment	11,000	11,000	0
Wimmera Mallee Pipeline Supplied Wetlands	493	279	
Summary - Passing Flow Releases	**Volume Delivered (ML)**		
Wimmera Catchment - Lake Lonsdale & Taylors Lake	2,080		
Wimmera Catchment - Huddlestons Weir	1,750		
Glenelg Catchment - Rocklands Reservoir	8,195		
Glenelg River Compensation Flow	0		

Water for Aboriginal cultural, spiritual and economic values

GWMWater has embraced the concept of cultural water. During 2017/18, GWMWater funded a cultural water investigation for Dja Dja Wurrung Clans Aboriginal Corporation. This identified a number of sites where a secure water supply from one of our extensive rural pipeline networks would enhance cultural values. A preferred site was identified and discussions are ongoing to establish a supply arrangement.

GWMWater has strong relationships with Traditional Owners and Registered Aboriginal Parties in the region. Cultural water has been a matter of discussion and there is potential for significant gains to be made in future years. New rural supply systems like the South West Loddon Pipeline and the Eastern Grampians Pipeline have the capacity to provide water to cultural sites within their respective service areas. Recent developments relating to the Traditional Owners Settlement Act have initiated discussions about water rights attaching to native title rights. There is great potential for cultural water to have a beneficial impact for traditional owners and the broader community.

Greenhouse Gas Emissions and Net Energy Consumption

GWMWater aims to minimise greenhouse emissions for the whole of business by implementing our Energy and Greenhouse Plan. To achieve this GWMWater follows the Environment Protection Authority carbon management principles of avoid, reduce, recycle, switch to cleaner fuels, sequester and offset. We also achieve zero net emissions for our offices, depots and vehicle fleet by retiring voluntary emissions reductions certificates through the Australian Government Greenhouse Friendly Program.

GWMWater has participated in a water industry project to determine an achievable carbon reduction path for Victoria to be carbon neutral by 2050. GWMWater has adopted a carbon reduction pledge target of 19 percent by 2025 based on a 2015/16 baseline. Our pledge for carbon emission reductions has been confirmed in our Statement of Obligations. GWMWater aspires to carbon neutrality by 2050.

Whole of Business Emissions

Source of Emissions	Result 2013/14 Tonnes CO_{2-e}	Result 2014/15 Tonnes CO_{2-e}	Result 2015/16 Tonnes CO_{2-e}	Result 2016/17 Tonnes CO_{2-e}	Result 2017/18 Tonnes CO_{2-e}
Water treatment and pumping	12,172.8	13,141.0	13,192.7	9,476.0	11,558.2
Sewage treatment (includes fugitive emissions)[1]	8,102.1	5,905.5	5,205.4	3,998.7	3,523.9
Vehicle fleet	1001.0	1,029.0	837.0	868.4	932.0
Non-fleet (plant and equipment)	37.0	63.6	61.0	54.8	94.0
Other[2]	630.0	560.2	567.8	547.5	527.2
Total offset from generation of renewable energy from solar panels	(8.7)	0[3]	0[3]	0[3]	0[3]
Total gross emissions[2,4]	**21,934.2**	**20,699.3**	**19,863.9**	**14,945.4**	**16,635.3**
Offsets retired (applied to offices and depots)[3]	(1,638)	(1,612)	(1,446)	(1,450)	(1,523)
Total net emissions[2,4]	**20,296.2**	**19,087.3**	**18,417.9**	**13,495.4**	**15,112.3**

1. Fugitive emissions are calculated according to the requirements of the National Greenhouse Accounts Factors Workbook. The formulae and methodology for calculations are based on the National Greenhouse and Energy Reporting System (NGERS) Measurement Technical Guideline 2011.
2. Air travel as a scope three emission is included in figures as other emissions.
3. 1,523 voluntary offsets were retired to offset office and fleet emissions in 2017/18.
4. As of 2016/17, GWMWater is reporting gross and net emissions to meet reporting requirements for our Carbon Emissions Reduction Pledge, which excludes carbon offsets.

Zero net emissions were achieved for offices, depots and fleet through the surrender of Greenhouse Friendly Certificates. GWMWater also generates solar energy at the corporate office. Whole of business emissions from electricity consumption have increased somewhat after a significant decrease in 2016/17. Fugitive emissions have decreased during 2017/18. Other aspects of our emissions have remained steady.

Energy

Source	Result 2013/14	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18
Water MJ/ML[1]	4,029.2	2,139.0	2,303.0	2,067.0	2,584.0
Sewage MJ/ML	2,202.8	1,945.0	2,316.0	1,970.0	2,174.0
Water kWh/ML[1]	1,120.1	594.2	639.7	574.2	717.8
Sewage kWh/ML	612.4	540.3	643.3	547.2	603.9

1. Water includes urban, rural and bulk water supply. Higher figures up to the end of 2013/14 reflect limited bulk water figures.

Office Based Environmental Data

GWMWater's Sustainability Strategy details actions and outcomes for sustainable practice across the Corporation. All staff contribute to these outcomes and are encouraged to continually improve on prior performance. The environmental footprint of workplaces is measured in terms of greenhouse gas emissions and energy, water, waste and paper use. The results of these programs are communicated to staff quarterly and strategies are developed to further reduce GWMWater's environmental impact.

Energy

Indicator	Result 2013/14	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18
Total energy use (electricity) (MJ)	1,938,365.0	1,711,206.6	1,793,285.2	1,767,728.0	1,757,917.3
Greenhouse emissions associated with energy use (tonnes $CO_{2\text{-}e}$)[1,2]	630.0	560.2	564.7	539.5	527.2
Greenhouse emissions associated with energy use – offset (tonnes $CO_{2\text{-}e}$)[2]	(638.7)	(560)	(565)	(540)	(528)
Energy use per FTE (MJ per FTE)	10,922.7	10,492.2	11,323.6	10,391.0	9,810.3
Energy per square metre of office space (MJ per m^2)[3]	563.5	545.5	594.6	517.2	514.3
Renewable energy generation installed (kW)[4]	29	29	29	29	29
Renewable energy generated (MJ)	34,188.0	139,204.8	120,096.0	120,096.0	132,818.6

1. The greenhouse gas emissions conversion factors have varied from year to year. The appropriate factor for each year has been applied.
2. Emissions for offices, depots and fleet vehicles are offset to achieve zero net emissions from those aspects of the business.
3. Data is for corporate office only.
4. System installed in 2013/14 at GWMWater's corporate office with further expansion planned.

Waste

Activity	Result 2013/14	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Target
Units of waste generated (kg)	7,238	8,154	7,518	7,845	6,982	No target set
Units of waste per FTE (kg)	68.9	77.6	78.1	41.4	36.2	69
Recycling rate (%)	79.5	77.8	78.6	78.3	79.1	85

Strategies to raise staff awareness of waste issues have assisted us to achieve ongoing improvements in our performance.

Paper

Activity	Result 2013/14	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Target
Total units A4 equivalent copy paper used (reams)	1,145	931	792	997	939	No target set
Units of A4 equivalent copy paper used per FTE (reams)	6.5	5.1	4.3	5.5	4.9	6
Percentage of recycled content of all copy paper purchased (% white copy paper)	93.9	100	100	100	100	100

Paper use has decreased per FTE in 2017/18. GWMWater is regularly promoting paper saving measures including technology and behavioural change. Much of the operational work allocation process is now paperless.

Water

Activity	Result 2013/14	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18	Target
Total water consumption (kL)	1,326	1,496	1,212	1,561	1,573	No target set
Total water consumption (kL per FTE)	7.2	8.6	7.1	8.6	8.1	9
Water consumed per unit of office space (corporate office only) (kL per m^2)	0.18	0.19	0.20	0.20	0.20	No target set

GWMWater has had a small decrease in water consumption per FTE during 2017/18. Water consumption at larger sites has been quite stable.

Transportation

Activity	Result 2013/14	Result 2014/15	Result 2015/16	Result 2016/17	Result 2017/18
Energy consumed by fleet vehicles (MJ)					
Diesel	7,822,100	8,396,862	7,964,253	9,105,382	11,569,177
LPG	422,218	359,181	161,936	23,370	-
Unleaded	4,845,433	4,896,648	4,152,613	3,475,977	2,211,821
Total	13,089,751	13,652,691	12,278,803	12,604,729	13,780,998
Distance travelled (km)					
Diesel	1,849,956	1,732,731	1,788,292	2,009,759	2,475,111
LPG	115,574	47,893	29,045	3,819	-
Unleaded	1,271,221	1,312,520	1,238,797	976,367	589,951
Total distance	3,236,751	3,093,144	3,056,134	2,989,945	3,065,062
Distance travelled by air	13,041	18,992	9,102	27,062	37,705
Greenhouse gas emissions (tonnes $CO_{2\text{-}e}$)[1]					
Diesel	588	631	590	674	857
LPG	28	24	10	2	-
Unleaded	363	367	298	248	158
Total[1]	979	1,022	898	924	1,015
Total per 1,000 km	0.30	0.33	0.29	0.31	0.33
Commuting to work					
Percentage of employees regularly using public transport, cycling, walking or carpooling to and from work or working from home[2]	18%	18%	18%	18%	18%

1. GWMWater surrenders voluntary carbon emission certificates to achieve zero net emissions for fleet.

2. Limited public transport available.

Greenhouse Gas Emissions – tonnes CO_{2-e}

Activity	2013/14 Tonnes CO_{2-e}	2014/15 Tonnes CO_{2-e}	2015/16 Tonnes CO_{2-e}	2016/17 Tonnes CO_{2-e}	2017/18 Tonnes CO_{2-e}
Total associated with electricity use	15,645.1	16,530.2	16,437.0	12,147.7	14,270.7
Total from vehicle fleet	979.0	1,029.0	837.3	868.4	932.0
Total from air travel	3.9	5.6	3.1	8.0	11.6
Total offset from generation of renewable energy from solar panels	(8.7)	0[3]	0[3]	0[3]	0[3]
Other sources					
Fugitive emissions	5,365.5	3,076.5	2,525.5	1,866.5	1,338.6
Registered/unregistered plant and equipment	59.0	58.0	61.0	54.8	82.4
Total gross emissions[2,4]	**22,043.80**	**20,699.30**	**19,863.90**	**14,945.4**	**16,635.3**
Total offsets retired[1]	(1,638)	(1,612)	(1,446)	(1,450)	(1,523)
Total net emissions[2,4]	**20,405.80**	**19,087.30**	**18,417.90**	**13,495.4**	**15,112.3**

In October 2010, 19,585 Emission Reduction Units (ERUs) were purchased and banked with the Department of the Environment and Energy. 1,450 ERUs were retired to offset all office, depot and fleet emissions, based on actual totals.

1. Total net emissions are for scopes one and two only.
2. GWMWater is no longer counting renewable energy generation as an additional carbon offset.
3. As of 2016/17, GWMWater is reporting gross and net emissions to meet reporting requirements for our Carbon Emissions Reduction Pledge which excludes carbon offsets.

Procurement

GWMWater procurement activities are underpinned by the following principles:

- Value for money
- Probity, transparency and fair competition
- Compliance, accountability and risk management
- Safety and environmental sustainability

Proper consideration of the impact of proposed purchases is undertaken where it is deemed appropriate and practicable to satisfy the underlying principles.

Suppliers that demonstrate responsibility through accredited quality, safety and environmental systems and policies are highly regarded. Consideration is also given to products which minimise environmental impacts through efficient use of raw materials, energy and water, and minimisation of waste and greenhouse gas emissions.

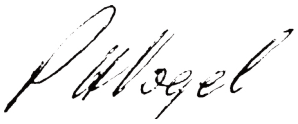
Performance Reporting

Certification of Performance Report for 2017/18

We certify that the accompanying Performance Report of Grampians Wimmera Mallee Water Corporation (trading as GWMWater) in respect of the 2017/18 financial year is presented fairly in accordance with the *Financial Management Act* 1994.

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

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



Peter Vogel
Chairman

Mark Williams
Managing Director
(Accountable Officer)

Sally Marshall
Executive Manager Business Performance and Planning
(Chief Finance Officer)

Dated this 29th day of August 2018.

Financial Performance Indicators

KPI Number	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to Prior Year %	Notes	Variance to target %	Notes
F1	Cash Interest Cover							
	Net operating cash flows before net interest and tax payments / net interest payments (times)	3.2	4.6	4.2	43.8%	1a	9.5%	
F2	Gearing Ratio							
	Total debt (including finance leases) / total assets (%)	6.4%	5.7%	7.5%	-10.9%	2a	-24.0%	2b
F3	Internal Financing Ratio							
	Net operating cash flow / net capital expenditure (%)	92.8%	63.9%	28.2%	-31.1%	3a	126.6%	3b
F4	Current Ratio							
	Current assets / current liabilities (excluding long-term employee provisions and revenue in advance) (times)	1.7	1.0	0.8	-41.2%	4a	25.0%	4b
F5	Return on Assets							
	Earnings before net interest and tax / average total assets (%)	(0.3%)	0.2%	0.3%	-166.7%	5a	-33.3%	5b
F6	Return on Equity							
	Net profit after tax / average total equity (%)	(0.6%)	(0.2%)	(0.2%)	-66.7%	6a	0.0%	
F7	EBITDA Margin							
	Earnings before interest, tax, depreciation and amortisation / total revenue (%)	44.6%	50.5%	53.6%	13.2%	7a	-5.8%	

1a. The favourable movement in the Cash Interest Cover ratio in 2017/18 compared to the previous year is due to higher net operating cash flows of $7.6 million and lower net interest payments of $0.9 million. The increase in net operating cash flows is due to a combination of: $13.2 million increase in receipts before interest arising from a combination of an increase in rates and charges receipts from customers due to customer growth and increased water consumption, higher capital contribution cash flows from new customer contributions and growth water sales from rural pipeline extension projects, higher government grants to deliver funded projects and higher GST receipts from the Australian Tax Office; offset by $5.6 million increase in payments before interest due to increase in payments to suppliers and employees and increase in GST payments on investing activities. The decrease in net interest payments is due to increase in interest receipts on project funding and lower interest rates on borrowings, lower borrowing levels and associated interest payments.

2a. The Gearing Ratio result is favourable compared to 2016/17 due to decrease in borrowing levels and net increase in total assets from higher capital additions. The decrease in borrowing levels in 2017/18 is the result of cash flow differences between government funding for major projects and timing of expenditure on those projects.

2b. The Gearing Ratio result is favourable to target due to lower borrowing requirements associated with delays on the capital program.

3a. The Internal Financing Ratio result is lower than last year due to higher net capital expenditure relative to net operating cash flows, both of which increased from last year. Net cash outflows on investing activities in 2017/18 and 2016/17 were also funded through contributed capital proceeds of $28.4 million and $12.0 million respectively, for the South West Loddon Rural Water Supply Project. Contributed capital proceeds are reported under cash flows from financing activities.

3b. The Internal Financing Ratio result is significantly better than target largely due to delays in the capital program resulting from planning and material supply delays significantly lowering expenditure compared to target.

4a. The decrease in the Current Ratio result reflects higher accrued expenses predominately related to the capital program offset in part from increased cash and cash equivalents the result of timing of a contributed capital funding milestone payment received at year end.

4b. The Current Ratio result is favourable to target mainly due to higher cash and cash equivalents this year largely the result of timing of a contributed capital funding milestone payment received at year end.

5a. Return on Assets are impacted by operating results before net interest and tax. The net surplus before net interest and tax is $3.8 million compared to last year's net deficit before interest and tax of $5.9 million. The improvement in 2017/18 reflects stronger operating revenue from customer growth and higher water consumption, increased operating expenditure from higher demands and maintenance requirements, decommissioning expenditure relating to redundant assets and lower non-operating expenditure. Non-operating expenditure increased in 2016/17 due to grants and other transfers expenditure related to the financial completion of the Wimmera Mallee Pipeline (WMP) Project and WMP Fire Fighting Infrastructure Project.

5b. Return on Assets is lower than target largely due to lower new customer contributions and growth water sales resulting from delays in the South West Loddon Rural Water Supply project.

6a. The improvement in the Return on Equity ratio compared to 2016/17 reflects an improvement in the operating deficit after tax of $9.4 million and increase in average equity largely due to contributed capital from the State Government (including Commonwealth Government contributions) for the South West Loddon Rural Water Supply Project.

7a. Earnings before interest, tax, depreciation and amortisation margin result reflects the impact of seasonal conditions impacting rates and charges revenue, higher government grants and contributions revenue, offset relative to total expenditure which increased to a lesser extent due to higher operating expenditure including decommissioning expenditure.

Water and Sewerage Service Performance Indicators

KPI Number	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to Prior Year %	Notes	Variance to Target %	Notes
WS1	Unplanned water supply interruptions							
	No. of customers receiving more than (5) unplanned interruptions in the year / total number of water (domestic and non-domestic) customers (%)	0.20	0.61	0	210.3%	8a	100.0%	8b
WS2	Interruption time							
	Average duration of unplanned water supply interruptions (minutes)	94.38	103.37	100	9.5%	9a	3.4%	
WS3	Restoration of unplanned water supply							
	Unplanned water supply interruptions restored within (5) hours / total unplanned water supply interruptions (%)	97.85	96.93	97	-0.9%		-0.1%	
SS1	Containment of sewer spills							
	Sewer spills from reticulation and branch sewers contained within five hours / total sewer spills from reticulation and branch sewers (%)	99.11	96.77	98	-2.4%		-1.3%	
SS2	Sewer spills interruptions							
	No. of residential sewerage customers affected by sewerage interruptions restored within five hours %	98.33	98.39	98	0.1%		0.4%	
WSR1	Rural water supply deliveries							
	No. of orders delivered / total number of orders (%)	N/A	N/A	N/A	N/A		N/A	
WSR2	Unavailability of domestic and stock supply							
	Duration that domestic and stock service is unavailable in excess of on-property storage (%)	0.27	0.00	2.50	-100.0%	10a	-100.0%	10b
WSR3	Groundwater supply							
	No. of transfers processed within target period / total number of transfers processed (%)	100.00	100.00	100	0.0%		0.0%	

8a. Repeat failures on the same assets and whole town outages due to power supply issues has severely impacted this indicator. A higher number of repeat failures has been seen in the town of Nhill following ice-pigging to remove iron accumulation from the pipe walls due to water quality issues. All mains where repeat failures has been an issue have been identified and have either been replaced or are on the next program of mains renewals.

8b. Repeat failures on the same assets and whole town outages due to power supply issues has severely impacted this indicator. A higher number of repeat failures has been seen in the town of Nhill following ice-pigging to remove iron accumulation from the pipe walls due to water quality issues. All mains where repeat failures has been an issue have been identified and have either been replaced or are on the next program of mains renewals.

9a. A considerable number of shutdown incidents with outage times in excess of the 5 hour target were experienced this year. This was due to a number of reasons including delays due to safety concerns, complex repairs and extensive repairs on large pipelines which take much longer to drain and recharge than small mains.

10a. Performance improved from last year. There were no domestic and stock service interruptions during 2017/18 in excess of on-property storage. System shutdowns were kept within on-property storage levels for all unplanned works.

10b. This is a positive result to target due to low age of infrastructure, remote monitoring and timely responses to repair failures.

Customer Responsiveness Performance Indicators

KPI Number	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to Prior Year %	Notes	Variance to Target %	Notes
CR1	Water quality complaints							
	No of complaints per 1000 customers (no.)	2.66	4.27	4.00	60.6%	11a	6.7%	11b
CR2	Sewerage service quality complaints							
	No of complaints per 1000 customers (no.)	0.27	0.19	1.20	-28.7%	12a	-83.8%	12b
CR3	Sewerage odour complaints							
	No of complaints per 1000 customers (no.)	0.27	0.31	0.16	14.0%	13a	93.8%	13b
CR4	Billing Complaints							
	No of complaints per 1000 customers (no.)	0.77	0.71	3.00	-7.4%	14a	-76.2%	14b

11a. There was an increase in water quality complaints due to inclusion of all potable and non potable services, and discolouration at Nhill from iron accumulation in the reticulation system. GWMWater has addressed the issue in Nhill through flushing, air scouring and undertaking ice pigging throughout the whole town. Water quality complaints have reduced since the completion of this work.

11b. There was an increase in water quality complaints due to discolouration at Nhill from iron accumulation in the reticulation system. GWMWater has addressed the issue in Nhill through flushing, air scouring and undertaking ice pigging throughout the whole town. Water quality complaints have reduced since the completion of this work.

12a. Contract works to reline sewers in major centres has led to a decrease in complaints.

12b. The rolling maintenance and renewal program has led to a positive result to target. Results consistently better than baseline targets established for the 2013 Water Price Review period. Improved performance to be reflected in future targets.

13a. Only a small number of odour complaints were received. They were all from isolated incidents with no issue creating multiple complaints.

13b. Only a small number of odour complaints were received. They were all from isolated incidents with no issue creating multiple complaints. Result above baseline target established for the 2013 Water Price Review period. 8 complaints received in 2017/18.

14a. Complaints in the category continue to decline as processes and systems are being improved and optimised. Planned extension of Customer Portal to urban customers will assist all customers manage their water accounts. Results consistently better than targets. Target to be reviewed to reflect improved performance.

14b. The decrease in billing complains is attributed to the continual reviewing and updating of procedures which includes more stringent processes around the monitoring and reporting on the quality and accuracy of accounts as they are generated. Improved performance to be reflected in future targets.

CR1, CR2 and CR3 2016/17 results corrected following audit of complaint data for the Essential Services Commission 2018, *Water performance report 2016-17: Performance of Victorian urban water and sewerage businesses*, 1 March.

Environmental Performance Indicators

KPI Number	Key Performance Indicator	2016/17 Result	2017/18 Result	2017/18 Target	Variance to Prior Year %	Notes	Variance to Target %	Notes
E1	Effluent re-use volume (end use)							
	Percentage recycled for each category (%)	59.50	63.60	100	6.9%	15a	-36.4%	15b
E2	Total net CO_2 emissions							
	Net tonnes CO_2 equivalent (tonnes)	13,496.44	15,113.18	17,637	12.0%	16a	-14.3%	16b

15a. The results reflect the impact of a wet winter and spring period in 2016/17. Sites being managed to progressively increase end use. Repairs to re-use infrastructure completed late 2017/18 will improve performance.

15b. Reduced usage due to wet catchments and high storage levels carried over from 2016/17.

16a. Increased electricity consumption from increased water consumption has increased overall emissions. Most other categories are reasonably stable except fugitive emissions which decreased.

16b. The target is based on a number of assumptions about water growth and timing for new projects to come online. Favourable result to target at this stage.

Independent Auditor's Report

VAGO
Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Grampians Wimmera Mallee Water Corporation

Opinion	I have audited the accompanying performance report of the Grampians Wimmera Mallee Water Corporation (the corporation) for the year ended 30 June 2018 which comprises the: • financial performance indicators • water and sewage service performance indicators • customer responsiveness performance indicators • environmental performance indicators • certification of performance report. In my opinion, the performance report of the Grampians Wimmera Mallee Water Corporation for the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994*.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the performance report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the performance report	The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the *Financial Management Act 1994* 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.
Auditor's responsibilities for the audit of the performance report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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.

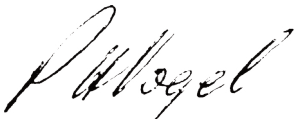
MELBOURNE
31 August 2018

Paul Martin
as delegate for the Auditor-General of Victoria

Financial Management Compliance Attestation

Financial Management Compliance Attestation Statement

I, Peter Vogel, on behalf of the Responsible Body, certify that GWMWater has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act* 1994 and Instructions.



Peter Vogel
Chairman

Dated this 29th day of August 2018.

Financial Statements

Contents

Comprehensive Operating Statement	**56**
Consolidated Balance Sheet	**57**
Consolidated Statement of Changes in Equity	**58**
Consolidated Cash Flow Statement	**59**
Notes to the Financial Statements	**60**
- Note 1 - About this Report	**60**
- Note 2 - Funding Delivery of our Service	**61**
- Note 3 - The Cost of Delivering Service	**63**
- Note 4 - Key Assets Available to Support Output Delivery	**67**
- Note 5 - Other Assets and Liabilities	**79**
- Note 6 - How we Financed our Operations	**83**
- Note 7 - Risks, Contingencies and Valuation Judgements	**88**
- Note 8 - Statutory Obligations	**93**
- Note 9 - Other Obligations	**96**
Statutory Certificate	**105**
Auditors Report	**106**
Disclosure Index	**108**

Grampians Wimmera Mallee Water Corporation
Financial Statements
Comprehensive Operating Statement
For the Financial Year ended 30 June 2018

	Notes	2017/18 $'000	2016/17 $'000
Revenue from Operating Activities			
General Rates and Charges	2.1.1	63,889	59,966
Contributions Revenue	2.1.2	8,092	1,210
Revenue from Non-Operating Activities			
Interest	2.1.3	582	63
Other Revenue	2.1.4	1,163	687
Total Revenue		**73,726**	**61,926**
Expenses from Operating Activities			
Employee Benefits	3.1.1	15,958	14,832
Depreciation and Amortisation Expense	4.2	33,440	33,472
Operation, Maintenance and Administration Expenses	3.2	17,199	16,132
Decommissioning Expenditure Relating to Redundant Assets	3.2	1,089	-
Environmental Contributions	8.2	1,684	1,684
Expenses from Non-Operating Activities			
Net Loss/(Gain) on Disposal of Non-Current Assets	4.3	85	753
Net Fair Loss/(Gain) on Revaluation of Investment Properties	4.5	(84)	(16)
Borrowing and Interest costs	6.1.1	7,914	8,389
Grants and Other Transfers	3.3	-	856
Total Expenses		**77,285**	**76,102**
Net Result Before Tax		**(3,559)**	**(14,176)**
Income Tax Expense/(Revenue)	8.1.1	(1,057)	(4,257)
Net Result After Tax		**(2,502)**	**(9,919)**
Total comprehensive result		**(2,502)**	**(9,919)**

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

Grampians Wimmera Mallee Water Corporation
Financial Statements
Consolidated Balance Sheet
As at 30 June 2018

	Notes	Consolidated 2017/18 $'000	Parent 2016/17 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	9,429	6,093
Receivables	5.1	18,355	16,920
Prepayments		346	234
Inventories	5.3	1,745	1,671
Total Current Assets		**29,875**	**24,918**
Non-Current Assets			
Receivables	5.1	124	133
Property, Plant, Equipment and Infrastructure	4.1	1,920,626	1,899,116
Intangible Assets	4.6	8,340	8,350
Investment Properties	4.5	776	692
Total Non-Current Assets		**1,929,866**	**1,908,291**
TOTAL ASSETS		**1,959,741**	**1,933,209**
LIABILITIES			
Current Liabilities			
Payables	5.2	15,738	7,073
Employee Benefits	3.1.2	6,458	6,097
Borrowings	6.1.1	12,524	7,143
Total Current Liabilities		**34,720**	**20,313**
Non-Current Liabilities			
Employee Benefits	3.1.2	365	377
Borrowings	6.1.1	99,979	115,802
Deferred Tax Liabilities	8.1.2	166,580	167,637
Total Non-Current Liabilities		**266,924**	**283,816**
TOTAL LIABILITIES		**301,644**	**304,129**
NET ASSETS		**1,658,097**	**1,629,080**
Equity			
Contributed Capital	9.1.1	1,214,253	1,185,853
Asset Revaluation Reserves	9.1.2	577,195	575,618
Accumulated Deficit	9.1.3	(133,351)	(132,391)
TOTAL EQUITY		**1,658,097**	**1,629,080**

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

Grampians Wimmera Mallee Water Corporation
Financial Statements
Consolidated Statement of Changes in Equity
For the Financial Year ended 30 June 2018

	Notes	Contributed Capital	Asset Revaluation Reserves	Accumulated Funds Surplus/(Deficit)	Total
		$'000	$'000	$'000	$'000
Balance at 1 July 2016		1,173,853	575,618	(122,472)	1,626,999
Net result after tax		-	-	(9,919)	(9,919)
Other comprehensive income		-	-	-	-
Transactions with the State in its capacity as owner		12,000	-	-	12,000
Balance at 30 June 2017		**1,185,853**	**575,618**	**(132,391)**	**1,629,080**
Net result after tax		-	-	(2,502)	(2,502)
Other comprehensive income		-	-	-	-
Transactions with the State in its capacity as owner		28,400	-	-	28,400
Contributions due to consolidation of controlled entity		-	1,577	1,542	3,119
Balance at 30 June 2018	**9.1**	**1,214,253**	**577,195**	**(133,351)**	**1,658,097**

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

Grampians Wimmera Mallee Water Corporation
Financial Statements
Consolidated Cash Flow Statement
For the Financial Year ended 30 June 2018

	Notes	Consolidated 2017/18 $'000	Parent 2016/17 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		67,968	59,567
Receipts from government		3,934	573
Interest received		543	38
GST received from the Australian Tax Office		5,020	3,576
		77,465	**63,754**
Payments			
Payments to suppliers and employees		(38,868)	(34,309)
GST paid to suppliers in relation to PPE purchases		(3,042)	(1,970)
Interest and other costs of finance paid		(8,213)	(8,607)
		(50,123)	**(44,886)**
Net Cash Inflow/(Outflow) Operating Activities	**6.2**	**27,342**	**18,868**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant, equipment and infrastructure		(43,062)	(20,753)
Payments for intangible assets		(676)	(627)
Proceeds from disposal of property, plant, equipment and infrastructure		962	1,039
Proceeds from controlled entities		813	-
Net Cash Inflow/(Outflow) Investing Activities		**(41,963)**	**(20,341)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings and advances from Government		(9,832)	(5,132)
Proceeds from contributed capital by State Government		28,400	12,000
Repayment of finance leases		(611)	(537)
Net Cash Inflow/(Outflow) Financing Activities		**17,957**	**6,331**
Net Increase/(Decrease) in Cash Held		**3,336**	**4,858**
Cash and cash equivalents at beginning of the financial year		6,093	1,235
Cash and Cash Equivalents at the End of the Financial Year	**6.2**	**9,429**	**6,093**
Financing arrangements	6.1.2		

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

Notes to the Financial Statements
30 June 2018

1 ABOUT THIS REPORT

Basis of accounting
The financial report includes financial statements for Grampians Wimmera Mallee Water Corporation (GWMWater) and Lake Fyans Committee of Management Incorporated (LFCoMI) as a consolidated report. This consolidated financial report is a general purpose financial report that consists of a Comprehensive Operating Statement, Consolidated Balance Sheet, and Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement, directors' declaration and notes accompanying these statements for the period ending 30 June 2018.

The consolidated general purpose financial report has been prepared in accordance with Australian Accounting Standards (AASB's), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, the requirements of the Financial Management Act 1994 and applicable Ministerial Directions. Where applicable, those paragraphs of the AAS's applicable to not-for-profit entities have been applied. The Corporation is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial report has been prepared on a going concern basis.

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 the cash is received or paid.

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

The Principal Address is:

GWMWater
11 McLachlan St
Horsham Victoria 3400

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

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

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

Classification between current and non-current
In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within twelve months being the Corporation's operational cycle.

Goods and Services Tax
Revenues, expenses and assets are recognised net of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows arising from operating activities are disclosed in the Cash Flow Statement on a gross basis, i.e., inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable or payable to the taxation authority is classified as operating cash flows. The net amount of GST received from, or paid to the ATO is included as operating cash flow, in the Cash Flow Statement.

Rounding
All amounts shown in the financial statements are rounded to the nearest thousand dollars, unless otherwise stated. Figures in the financial report 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 financial assets, certain classes of property, plant, equipment and infrastructure and investment properties.

Accounting estimates
Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed.

- Revenue recognition, general rates and charges (Note 2.1.1);
- The fair value of land, buildings, infrastructure, plant and equipment (Note 4.1.4);
- Estimation of useful life (Note 4.2);
- Employee benefit provisions (Note 3.1.2);
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to (Note 3.1.2);
- Deferred Tax Assets and Liabilities (Note 8.1.2).

Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision. It is expected that the estimates and assumptions adopted are not likely to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Basis of consolidation
These statements are presented on a consolidated basis in accordance with AASB 10 Consolidated Financial Statements. The LFCoMI has been consolidated into GWMWater's financial statements for the first time, as at 30 June 2018 as a wholly controlled entity. This consolidation does not have a significant impact on the financial statements of GWMWater. A summary of the LFCoMI financials have been included in Note 9.8 Controlled Entities.

Accounting Policies have been consistently applied and all intercompany balances and transactions have been eliminated.

2 FUNDING DELIVERY OF OUR SERVICES

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

Income is recognised to the extent it is probable the economic benefits will flow to the Corporation and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Structure
2.1 Income from Transactions
  2.1.1 General rates and charges
  2.1.2 Government grants and contributions
  2.1.3 Interest revenue
  2.1.4 Other revenue
2.2 Operating Lease Receivables

2.1 Income from Transactions

2.1.1 General rates and charges

	2017/18 $'000	2016/17 $'000
Service Charges	39,825	38,836
Volumetric Charges	23,788	20,927
Trade Waste	276	203
Total General rates and charges	**63,889**	**59,966**

Service charge are recognised when services have been provided or when a tariff/charge is levied or determined.

Volumetric charges are recognised as income when the services are provided. Meter readings are undertaken progressively through the year and when unread at balance date, an estimate of outstanding revenue is determined by multiplying the number of days since the last meter reading and multiplying by the customer's average consumption adjusted for any seasonal factors.

Trade waste charges are recognised as revenue at the end of the service delivery period. Volume meters are read and appropriate charges levied as per the trade waste agreements. The meters are read on a cyclical basis with accounts sent on a quarterly basis.

2.1.2 Government grants and contributions

Government Contributions	3,934	573
Non-Government Contributions	2,610	202
Developer Contributions – assets received from developers	865	380
Rural Growth Water Sales	683	55
Total Government grants and contributions revenue	**8,092**	**1,210**

Government grants and contributions are recognised as operating revenue on receipt or when the entity obtains control of the contribution and meets certain other criteria as outlined by AASB 1004 – *Contributions* whichever is the sooner, and disclosed in the Comprehensive Operating Statement as contributions revenue.

Developer contributed assets arise where developers pay for the cost of construction of new assets and subsequently gift these assets to the Corporation, which maintains them in perpetuity. In accordance with the requirements of AASB Interpretation 18 - *Transfers of Assets from Customers*, AASB 1004 *Contributions* and AASB 118 *Revenue*, recognition of income occurs when the risks and rewards of ownership have been transferred to the Corporation. This non-cash revenue is recorded as developer contributed assets. Contributions of assets received free of charge or for nominal consideration are recognised at their fair value when the Corporation obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

Grants and contributions received from the State Government, which were originally appropriated by the Parliament as additions to net assets or where the responsible ministers have indicated are in the nature of owners' contributions, are accounted for as Equity – Contributions by Owners in accordance with FRD 119A *Transfers through Contributed Capital* (Note 9.1.1).

2.1.3 Interest revenue

Cash and Cash Equivalents	582	63
Total Interest revenue	**582**	**63**

Interest revenue is recognised using the effective interest rate method, in the period in which it is earned.

2.1.4 Other revenue

Other income includes licence fees, operational lease revenue, general recoveries and water cartage, water hydrant and standpipe sales, information statement income, connection and supervision charges. Other income is recognised when the right to receive payment is established.

	2017/18 $'000	2016/17 $'000
Water Hydrants / Standpipe Sales	314	150
Information Statements	182	179
Tapping/Inspection Fees	133	115
Other Revenue	534	243
Total Other revenue	**1,163**	**687**

2.2 Operating Lease Receivables

The following table summarises the non-cancellable operating lease receivables contracted for at balance date but not provided in the financial statements. Revenue for operating leases, where substantially all risks and benefits remaining with the lessor, are recognised as revenue in the periods in which they are incurred. These commitments recorded below are at their nominal value and are inclusive of GST.

Operating lease receivables		
Not later than 1 year	65	38
Longer than 1 year and not longer than 5 years	129	98
Longer than 5 years	309	239
Total Operating Lease Receivables	**503**	**375**

3 THE COST OF DELIVERING SERVICES

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

Structure
3.1 Our People
- 3.1.1 Employee benefits – Expenses
- 3.1.2 Employee benefits – Liabilities
- 3.1.3 Superannuation Contributions

3.2 Operations, Maintenance and Administration
3.3 Grants and Other Transfers

3.1 Our People

3.1.1 Employee benefits – Expenses

Salaries and Wages	12,385	11,353
Annual Leave	1,098	1,027
Long Service Leave	357	334
Employer Superannuation Contributions	1,210	1,116
Other	908	1,002
Total Employee benefits - Expenses	**15,958**	**14,832**

These expenses include all costs related to employment including salaries and wages, fringe benefits tax, leave entitlements, redundancy payments and WorkCover premiums.

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents the contributions made by GWMWater to superannuation schemes in respect to the services of employees of GWMWater (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each scheme and any relevant compulsory superannuation requirements that GWMWater is required to comply with.

3.1.2 Employee benefits – Liabilities

Provision is made for benefits accruing to employees in respect of annual leave, long service leave (LSL) and rostered days off (RDOs) for services rendered to the reporting date.

Depending on the expectation of the timing of settlement, employee benefits - liabilities are measured at:

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

	2017/18 $'000	2016/17 $'000
Current provisions		
Annual Leave		
- Unconditional and expected to settle within 12 months	915	862
- Unconditional and are expected to settle after 12 months	740	779
RDO Accrual		
- Unconditional and expected to settle within 12 months	250	235
Long Service Leave		
- Unconditional and expected to settle within 12 months	361	371
- Unconditional and are expected to settle after 12 months	3,300	2,949
Provision for on-costs		
- Provisions for on-costs - Unconditional and expected to settle within 12 months	241	250
- Provisions for on-costs - Unconditional and are expected to settle after 12 months	651	651
Total Employee Benefits - Current provisions	**6,458**	**6,097**
Non- current provisions		
Long Service Leave		
- Long Service Leave	314	321
- Long Service Leave on costs	51	56
Total Employee Benefits - Non-current provisions	**365**	**377**

Reconciliation of movement in on-cost provisions

	2017/18 $'000	2016/17 $'000
Opening Balance	957	903
Additional provisions recognised	285	389
Additions due to acquisitions	93	-
Reductions arising from payments/other sacrifices of future economic benefits	(321)	(293)
Reductions resulting from re-measurement or settlement without cost	18	(22)
Unwind of discount and effect of changes in the discount rate	(66)	-
Reduction held for sale	-	(20)
Reduction transfer out	(23)	-
Closing Balance on-cost provision	**943**	**957**
Current on-cost provision	892	901
Non-Current on-cost provision	51	56
Closing Balance on-cost provision	**943**	**957**

Employee benefits, annual leave and RDOs
Liabilities for employee benefits (including non-monetary benefits and annual leave), are recognised as part of the employee benefit provision as current liabilities, because GWMWater does not have an unconditional right to defer settlements of these liabilities.

On-costs
On costs, such as payroll tax and workers' compensation insurance, are recognised as liabilities when the employment to which they relate has occurred. They are not employee benefits and are to be disclosed separately from provisions for employee benefits.

Long service leave
Liability for long service leave is recognised in the provision for employee benefits.

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

Conditional long service leave is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service.

3.1.3 Superannuation Contributions

GWMWater makes employer superannuation contributions in respect of its employees to multiple superannuation funds. Memberships in these funds are categorised as, accumulation or defined benefit, each of which is funded differently. Obligations for superannuation contributions are recognised as an expense in Comprehensive Operating Statement when they become due.

GWMWater has made the following contributions to superannuation plans (excluding any unfunded liability payments):

Fund	2017/18 $'000	2016/17 $'000
	Contributions	
Accumulation Funds		
- State Super Accumulation Scheme	9	13
- Vision Super Saver Plan	745	709
- Other	509	385
Defined Benefit Funds		
- State Super New Scheme	135	141
- Local Authorities Superannuation Fund	79	77
Total Superannuation Contributions	**1,477**	**1,325**

GWMWater had no unfunded liabilities to Vision Super as at 30 June 2018 (30 June 2017 $nil).

Accumulation
The accumulation categories of superannuation funds are able to receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2018, this was 9.5% as required under Superannuation Guarantee (SG) legislation).

Defined Benefit
GWMWater does not use defined benefit accounting for its defined benefit. This is because the defined benefit categories, contributed to by GWMWater, are pooled multi-employer sponsored plans.

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

Regular employer contributions - On the basis of the results of the 2017 full actuarial investigation conducted by LASF Actuary, GWMWater makes employer contributions to LASF's defined benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was between 9.5% and 11.0% of members' salaries (2016/17 9.5% and 11.0%). This rate will increase in line with any increases in the SG contribution rate.

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

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

The 2018 interim actuarial investigation - An interim actuarial investigation is being conducted for LASF's position as at 30 June 2018 as the Fund provides lifetime pensions in the defined benefit category. It is anticipated that this actuarial investigation will be completed by October 2018.

3.2 Operations, Maintenance and Administration

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated. Operations and administration expenses generally represent the day to day running costs incurred in normal operations.

	2017/18 $'000	2016/17 $'000
Operations and Maintenance	11,681	10,997
Decommissioning Expenditure Relating to Redundant Assets	1,089	-
Administration	5,518	5,135
Total Operations, Maintenance and Administration	**18,288**	**16,132**

3.3 Grants and Other Transfers

Other transfers to third parties (other than contributions to owners) are recognised as an expense in the reporting period in which they are paid or payable.

Other transfers transactions for 2016/17 relate to the financial completion of the Wimmera Mallee Pipeline (WMP) Project and WMP Fire Fighting Infrastructure Project. Other transfers includes reimbursements made to Councils for the installation of firefighting tanks on the WMP.

Other transfers	-	856
Total Grants and Other Transfers	**-**	**856**

4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction
GWMWater controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to GWMWater to be utilised for delivery of those outputs.

Structure
4.1 Fixed Assets
- 4.1.1 Initial recognition
- 4.1.2 Subsequent measurement
- 4.1.3 Revaluation of infrastructure, property, plant and equipment
- 4.1.4 Fair Value Determination
- 4.1.5 Fair value determination: Non-financial physical assets

4.2 Depreciation and amortisation
4.3 Net gain/(loss) in disposal of non-current assets
4.4 Infrastructure, Property, Plant and Equipment
- 4.4.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment

4.5 Investment Properties
4.6 Intangible Assets

4.1 Fixed Assets

Carrying values by asset class

2017/18	Gross carrying amount $'000	Accumulated depreciation $'000	Net carrying amount $'000
Land at fair value	25,964	-	25,964
Buildings at fair value	4,696	(473)	4,223
Fixtures and Fittings at fair value	2,187	(1,967)	220
Urban Water Infrastructure at fair value	314,273	(15,979)	298,294
Wastewater Infrastructure at fair value	176,140	(8,583)	167,557
Headworks Infrastructure at fair value	534,197	(10,466)	523,731
Rural Distribution Infrastructure at fair value	867,306	(27,718)	839,588
Plant, Equipment and Vehicles at fair value	10,877	(4,975)	5,902
Work in Progress at cost	55,147	-	55,147
Net carrying values property, plant, equipment and infrastructure	**1,990,787**	**(70,161)**	**1,920,626**
2016/17			
Land at fair value	25,867	-	25,867
Buildings at fair value	4,691	(236)	4,455
Fixtures and Fittings at fair value	2,176	(1,937)	239
Urban Water Infrastructure at fair value	313,545	(8,058)	305,487
Wastewater Infrastructure at fair value	170,982	(4,315)	166,667
Headworks Infrastructure at fair value	531,845	(5,280)	526,565
Rural Distribution Infrastructure at fair value	865,800	(13,823)	851,977
Plant, Equipment and Vehicles at fair value	9,763	(4,538)	5,225
Work in Progress at cost	12,634	-	12,634
Net carrying values property, plant, equipment and infrastructure	**1,937,303**	**(38,187)**	**1,899,116**

4.1.1 Initial recognition

Infrastructure, property, plant and equipment represent non-current assets and are grouped into the following classes comprising of; land, buildings, fixtures and fittings, urban water infrastructure, wastewater infrastructure, rural distribution infrastructure, headworks infrastructure, plant, equipment and vehicles used by the Corporation in its operations. Intangible assets and investment properties are disclosed separately. Items with a useful life of more than one year and cost or fair value in excess of the values identified in the table below, are recognised as an asset. All other assets acquired are expensed.

The level at which expenditure is recognised as capital in each of these categories is consistent with the previous year and fall within the following ranges:

Asset Class	2017/18 $
Land	1
Buildings	1,000
Fixtures and Fittings	100
Urban Water Infrastructure	1,000
Wastewater Infrastructure	1,000
Headworks Infrastructure	1,000
Rural Distribution Infrastructure	1,000
Plant, Equipment and Vehicles	100
Intangible assets	300
Investment Properties	1,000

Infrastructure, property, plant and equipment are recognised initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment, in accordance with the requirements of FRD 103G *Non-current Physical Assets.* Assets acquired at no cost or for nominal consideration by the Corporation are recognised at fair value at the date of acquisition.

Where the Corporation constructs assets, the cost at which they are recorded includes an appropriate share of fixed and variable overheads.

4.1.2 Subsequent measurement

Infrastructure, property, plant and equipment are measured at fair value less accumulated depreciation and impairment in accordance with FRD 103G. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Refer to Note 4.1.4 for fair value disclosures.

4.1.3 Revaluation of infrastructure, property, plant and equipment

Revaluations have been conducted in accordance with FRD 103G. Scheduled revaluation is undertaken every five years with an annual assessment of fair value to determine if it is materially different to carrying value. If the difference to carrying value is greater than 10 per cent, a management revaluation is undertaken while a movement greater than 40 per cent will normally involve an approved valuer (usually the Valuer-General Victoria (VGV)) to perform detailed assessment of the fair value. If the movement in fair value since the last revaluation is less than or equal to 10 per cent, then no change is made to carrying amounts.

Revaluation increments are credited directly to equity in the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in determining the net result, the increment is recognised as revenue in determining the net result.

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

Revaluation increases and revaluation decreases relating to individual assets within a class of infrastructure, property, plant, equipment and infrastructure are offset against one another within that class but are not offset in respect of assets in different classes.

Asset revaluation reserves are not transferred to accumulated surplus/(deficit) on derecognition of the relevant asset.

4.1.4 Fair Value Determination

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Consistent with AASB 13 *Fair Value Measurement*, GWMWater determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment, investment properties and financial instruments, in accordance with the requirements of AASB 13 and the relevant FRDs.

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

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

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

Description of significant unobservable inputs to Level 3 valuations for 2017 and 2018

Asset Class	Examples of Types of Assets	Valuation Technique	Significant Inputs (Level 3 Only)
Specialised Land	• Land subject to restriction as to use and/or sale • Land in areas where there is not an active market	Market Approach	• CSO Adjustments
Specialised Buildings	• Specialised buildings with limited alternative uses and/or substantial customisation e.g. water treatment plant, water pump stations etc.	Depreciated Replacement Cost	• Cost per square metre • Useful life
Fixtures and Fittings	• Specialised items with limited alternative uses and/or substantial customisation	Depreciated Replacement Cost	• Cost per square metre/unit • Useful life
Plant and Equipment	• Specialised items with limited alternative uses and/or substantial customisation	Depreciated Replacement Cost	• Cost per metre/unit • Useful life
Waste Water Infrastructure	• Waste water mains • Waste water treatment plants • Sewer pump stations	Depreciated Replacement Cost	• Cost per unit/metre • Useful life
Urban Water Infrastructure	• Water mains • Water treatment plants • Water pump stations • Water bores • Water storages	Depreciated Replacement Cost	• Cost per unit/metre • Useful life
Rural Distribution Infrastructure	• Pipeline • Channels and structures • Water (distribution) pump stations • Water bores • Water storages • Recycled water mains	Depreciated Replacement Cost	• Cost per unit/metre • Useful life
Headworks Infrastructure	• Major structures • Storages • Headworks channels and structures • Water pump stations • Water bores • Water storages	Depreciated Replacement Cost	• Cost per unit/metre • Useful life

4.1.5 Fair value determination: Non-financial physical assets

Fair value measurement hierarchy for assets as at 30 June

	Carrying Amount	Fair Value Measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2017/18	**$'000**	**$'000**	**$'000**	**$'000**
Land - Specialised	25,964	-	-	25,964
Buildings - Specialised	4,223	-	-	4,223
Fixtures and fittings	220	-	-	220
Infrastructure - Urban water	298,294	-	-	298,294
Infrastructure - Wastewater	167,557	-	-	167,557
Infrastructure - Headworks	523,731	-	-	523,731
Infrastructure - Rural distribution	839,588	-	-	839,588
Plant and equipment	2,711	-	-	2,711
Vehicles	3,191	-	3,191	-
Total Fair value measurement of assets	**1,865,479**	**-**	**3,191**	**1,862,288**
2016/17				
Land - Specialised	25,867	-	-	25,867
Buildings - Specialised	4,455	-	-	4,455
Fixtures and fittings	239	-	-	239
Infrastructure - Urban water	305,487	-	-	305,487
Infrastructure - Wastewater	166,667	-	-	166,667
Infrastructure - Headworks	526,565	-	-	526,565
Infrastructure - Rural distribution	851,977	-	-	851,977
Plant and equipment	2,302	-	-	2,302
Vehicles	2,923	-	2,923	-
Total Fair value measurement of assets	**1,886,482**	**-**	**2,923**	**1,883,559**

There have been no transfers between levels during the period.

Specialised land and specialised buildings
Land and buildings were independently valued at 30 June 2016 by VGV (using Egan Valuers). The market approach was used for specialised land, adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate valuation has been applied to the subject asset.

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

GWMWater has determined from the land indexation factors provided from the VGV and in accordance with subsequent measurements, that there has not been a material movement on land for the non-metro regional areas since the 2016 valuation. In agreement with the VGV a managerial revaluation of land for the 2017/18 will not be conducted under the requirements of FRD 103G.

For GWMWater's specialised buildings, the depreciated replacement cost method has been utilised due to the absence of an active and liquid market. This cost represents the replacement of the building/improvements to a modern equivalent standard, taking into consideration upgrading buildings to meet current regulatory and legislative requirements. The cost is then adjusted by applying an appropriate depreciation rate, on a useful life basis, after making adjustments for condition and general maintenance. Specialised buildings are classified as a level 3 input.

GWMWater has determined from the building indexation factors provided from the VGV and in accordance with subsequent measurements, that there has not been a material movement since the 2016 valuation.

Infrastructure
An independent valuation of GWMWater's infrastructure assets was performed by VGV (using KPMG). The valuation was performed based on the depreciated replacement cost of the assets. The effective date of the valuation is 30 June 2016. GWMWater conducted an assessment at 30 June 2018 with no material movement identified since the 2016 valuation.

GWMWater has determined from the infrastructure indexation factors (Road and Bridge Construction – Reticulation) and Final Domestic Capital (Australia) and market information from major works used to confirm indices movement, that there was not a material movement in the infrastructure asset class.

Water and sewer infrastructure are valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

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

When applying the depreciated replacement cost approach to infrastructure assets the direct method was used. This method involved researching the current cost to replace a water infrastructure asset with a new asset of equivalent functionality. After determining the replacement cost an adjustment was made for depreciation due to physical deterioration. The useful lives were also reviewed for each infrastructure asset class and adjusted in accordance with an assets condition and expected remaining useful life.

Vehicles
Vehicles are valued at level two, using the depreciated replacement cost method. GWMWater acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the active market, is managed by experienced fleet managers at GWMWater who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment
Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. As plant and equipment are specialised in nature and modified to meet our requirements, fair value is measured at level three. There were no changes in valuation techniques throughout the period to 30 June 2018.

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

Property, plant, equipment and infrastructure
Reconciliation of level 3 assets at fair value

2017/18	Land Specialised $'000	Buildings Specialised $'000	Fixtures and Fittings $'000	Infrastructure Urban Water $'000	Infrastructure Waste Water $'000	Infrastructure Headworks $'000	Infrastructure Rural Distribution $'000	Plant and Equipment $'000
Opening balance	25,867	4,455	239	305,487	166,667	526,565	851,977	2,302
Additions (disposals)	97	5	24	1,731	5,163	2,352	610	905
Transfers between financial classes	-	-	-	(895)	2	-	893	-
Transfers in (out) of Level 3	-	-	-	-	-	-	-	-
Gains or losses recognised in net result								
Depreciation	-	(237)	(43)	(8,029)	(4,275)	(5,186)	(13,892)	(496)
Impairment loss	-	-	-	-	-	-	-	-
Subtotal	25,964	4,223	220	298,294	167,557	523,731	839,588	2,711
Closing balance	**25,964**	**4,223**	**220**	**298,294**	**167,557**	**523,731**	**839,588**	**2,711**
2016/17								
Opening Balance	25,878	4,671	261	306,724	169,256	534,019	845,678	1,796
Additions (disposals)	(11)	20	23	6,588	1,565	141	18,008	933
Transfers between financial classes	-	-	-	204	230	(2,429)	1,991	4
Transfers in (out) of Level 3	-	-	-	-	-	-	-	-
Gains or losses recognised in net result								
Depreciation	-	(236)	(45)	(8,029)	(4,384)	(5,166)	(13,700)	(431)
Impairment loss	-	-	-	-	-	-	-	-
Subtotal	25,867	4,455	239	305,487	166,667	526,565	851,977	2,302
Closing balance	**25,867**	**4,455**	**239**	**305,487**	**166,667**	**526,565**	**851,977**	**2,302**

4.2 Depreciation and amortisation

Depreciation and amortisation expense

	2017/18 $'000	2016/17 $'000
Buildings	237	236
Fixtures and Fittings	43	45
Urban Water Infrastructure	8,029	8,029
Wastewater Infrastructure	4,275	4,384
Headworks Infrastructure	5,186	5,166
Rural Distribution Infrastructure	13,892	13,700
Plant, Equipment and Vehicles	1,092	1,027
Intangibles	686	885
Total Depreciation and amortisation expenses	**33,440**	**33,472**

All non-current physical assets that have a limited useful life are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values a separate depreciation rate is determined for each component.

Depreciation is calculated using the straight line method to allocate their cost or revalued amounts, less any estimated residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each annual reporting period.

Depreciation rates and useful lives have been reviewed as at 30 June 2018; to reflect asset condition, expected usage and utility to GWMWater and no adjusted changes were made compared to prior year.

Asset Class	Useful Life
Land	Nil
Buildings	10 - 50
Fixtures and Fittings	5 - 40
Urban Water Infrastructure	10 - 350
Wastewater Infrastructure	10 - 350
Headworks Infrastructure	15 - 350
Rural Distribution Infrastructure	10 - 350
Plant, Equipment and Vehicles	3 - 50
Intangible assets other than water entitlements	2 - 25
Intangible assets - water entitlements	N/A
Investment Properties	N/A

4.3 Net gain/(loss) in disposal of non-current assets

The surplus/(deficit) from ordinary activities includes the following net gains and expenses.

Proceeds on disposal of non-financial assets	(962)	(1,039)
Less Written Down Value on disposal	1,047	1,792
Total net (gain)/loss in disposal of non-current assets	**85**	**753**

4.4 Infrastructure, Property, Plant and Equipment

Indefinite life assets
Land is considered to have an indefinite life and does not depreciate. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment
Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the Comprehensive Operating Statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. The recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Notes to the Financial Statements
30 June 2018

4.4.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment

Carrying values by asset class at the end of a reporting period is represented by closing WDV on the following table:

2017/18	Opening Value $'000	Additions $'000	Disposals $'000	Depreciation $'000	Transfers $'000	Revaluation Adjustment $'000	WIP Movement $'000	Closing WDV $'000
Land	25,867	-	(56)	-	-	-	153	25,964
Buildings	4,455	-	-	(237)	-	-	5	4,223
Fixtures and Fittings	239	-	-	(43)	-	-	24	220
Urban Water Infrastructure	305,487	212	(207)	(8,029)	(895)	-	1,726	298,294
Wastewater Infrastructure	166,667	446	(31)	(4,275)	2	-	4,748	167,557
Headworks Infrastructure	526,565	2,296	-	(5,186)	-	-	56	523,731
Rural Distribution Infrastructure	851,977	67	(7)	(13,892)	893	-	550	839,588
Plant, Equipment and Vehicles	5,225	-	(742)	(1,092)	-	-	2,511	5,902
Capital Work in Progress	12,634	53,914	-	-	-	-	(11,401)	55,147
Total property, plant, equipment and infrastructure	**1,899,116**	**56,935**	**(1,043)**	**(32,754)**	**-**	**-**	**(1,628)**	**1,920,626**
2016/17								
Land	25,878	-	(49)	-	-	-	38	25,867
Buildings	4,671	-	-	(236)	-	-	20	4,455
Fixtures and Fittings	261	-	-	(45)	-	-	23	239
Urban Water Infrastructure	306,724	218	(654)	(8,029)	204	-	7,024	305,487
Wastewater Infrastructure	169,256	121	(54)	(4,384)	230	-	1,498	166,667
Headworks Infrastructure	534,019	-	(7)	(5,166)	(2,429)	-	148	526,565
Rural Distribution Infrastructure	845,678	41	(98)	(13,700)	1,991	-	18,065	851,977
Plant, Equipment and Vehicles	4,743	-	(925)	(1,027)	4	-	2,430	5,225
Capital Work in Progress	21,631	22,000	-	-	-	-	(30,997)	12,634
Total property, plant, equipment and infrastructure	**1,912,861**	**22,380**	**(1,787)**	**(32,587)**	**-**	**-**	**(1,751)**	**1,899,116**

4.5 Investment Properties

Investment properties represent properties held to earn rentals or for capital appreciation or both, but exclude properties held to meet service delivery objectives of the Corporation.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to the Corporation. Where an investment property is acquired at no cost or for nominal consideration, its cost shall be deemed to be its fair value as at the date of acquisition.

Subsequent to initial recognition at cost, investment properties are revalued to fair value with changes in the fair value recognised as revenue or expenses in the period that they arise. These properties are not depreciated nor tested for impairment.

An independent valuation of the Corporation's investment properties was performed by VGV, to determine the fair value. This conforms to Australian Valuation Standards, and was based on independent assessments with an effective date 30 June 2018. GWMWater obtains independent valuations for its investment properties annually.

GWMWater has four investment properties; all investment properties were valued using market evidence to ascertain fair value. Fair value of investment properties are classified as level 2 in accordance with AASB Standards. Inputs such as sales evidence and unit of value on a comparative basis ($ per m2), were used to evaluate these properties.

Rental revenue from the leasing of investment properties is recognised in the Comprehensive Operating Statement in the periods in which it is receivable, as this represents the pattern of service rendered through the provision of the properties.

	Carrying Amount	Fair Value Measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
2017/18	**$'000**	**$'000**	**$'000**	**$'000**
Investment Properties	776	-	776	-
Total Fair Value Measurement of Assets		**-**	**776**	**-**
2016/17				
Investment Properties	692	-	692	-
Total Fair Value Measurement of Assets		**-**	**692**	**-**

	2017/18 $'000	2016/17 $'000
Balance at beginning of financial year	692	676
Net gain/(loss) from fair value adjustments	84	16
Additions	-	-
Disposals	-	-
Transfers from land and buildings	-	-
Balance at end of financial year	**776**	**692**

4.6 Intangible Assets

2017/18	Opening Value $'000	Additions $'000	Disposals $'000	Amortisation $'000	Closing Balance $'000
Intangible Assets					
Water Entitlements	6,706	-	-	-	6,706
Software	736	-	-	(471)	265
Other	908	680	(4)	(215)	1,369
Total Intangible Assets	**8,350**	**680**	**(4)**	**(686)**	**8,340**
2016/17					
Intangible Assets					
Water Entitlements	6,706	-	-	-	6,706
Software	856	394	-	(514)	736
Other	1,046	238	(5)	(371)	908
Total Intangible Assets	**8,608**	**632**	**(5)**	**(885)**	**8,350**

Recognition
Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Impairment
Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually and useful life is consistent with prior year.

Permanent water entitlements
Permanent water entitlements purchases are treated as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109 *Intangible Assets*), and will not be subject to amortisation or revaluation, as permanent water entitlements have an indefinite life. Permanent entitlements will be tested annually for impairment.

5 OTHER ASSETS AND LIABILITIES

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

Structure
5.1 Receivables
5.1.1 Movement in the provision for impaired receivables
5.1.2 Ageing analysis of contractual receivables
5.2 Payables
5.2.1 Ageing analysis of contractual payables
5.3 Inventories
5.4 Fair value determination of financial assets and liabilities

5.1 Receivables

	2017/18 $'000	2016/17 $'000
Receivables - Current		
Contractual Receivables		
Rates and Charges Debtors	14,385	14,112
Pensioner Debtors	413	395
Other Debtors	472	613
Less – Provision for Impaired Receivables	(373)	(205)
Accrued Income	2,403	1,756
Statutory Receivables		
GST Receivable	1,055	249
Total Receivables - Current	**18,355**	**16,920**
Receivables - Non-Current		
Contractual Receivables		
Private Schemes	124	133
Total Receivables - Non-current	**124**	**133**
Total Receivables	**18,479**	**17,053**

Receivables consist of contractual receivables and statutory receivables and are stated inclusive of GST.

Contractual receivables, such as debtors in relation to goods and services, and accrued income; are classified as financial instruments and categorised as loans and receivables.

Statutory receivables, such as Goods and Services Tax (GST) input tax credits recoverable; are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An estimate allowance for impaired receivables is established, based on objective evidence that GWMWater will not be able to collect all amounts due according to the original terms of receivables.

5.1.1 Movement in the provision for impaired receivables

As at 30 June 2018, current receivables of GWMWater with a nominal value of $250,983 (2016/17 $95,202) were impaired. The amount of the provision was $372,817 (2016/17 $205,064). The individually impaired receivables mainly relate to urban debtors. It was assessed that a portion of the receivables is expected to be recovered.

	2017/18 $'000	2016/17 $'000
Movements in the provision for impaired receivables are as follows:		
At 1 July	205	214
Provision for impairment recognised during the year	251	95
Receivables written off during the year as uncollectable	(83)	(104)
	373	**205**

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for impaired receivables is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB *136 Impairment of Assets*.

The creation and release of the provision for impaired receivables has been included as an expense in the Comprehensive Operating Statement. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

5.1.2 Ageing analysis of contractual receivables

Past due but not impaired trade receivables relate to a number of independent customers for whom there is no recent history of default. The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

	Carrying amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets
			Less than 1 Month	1-3 Months	3 months - 1 year	Greater than 1 year	
2017/18	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Rates and Charges Debtors #	14,012	7,402	607	220	2,070	3,713	373
Pensioner Rebate Debtors	413	413	-	-	-	-	-
Other Debtors	466	281	115	-	46	24	-
Private Schemes	130	130	-	-	-	-	-
Accrued Income	2,403	2,403	-	-	-	-	-
	17,424	**10,629**	**722**	**220**	**2,116**	**3,737**	**373**
2016/17							
Rates and Charges Debtors #	13,907	7,959	817	261	2,059	2,811	205
Pensioner Rebate Debtors	395	395	-	-	-	-	-
Other Debtors	613	468	19	30	39	57	-
Private Schemes	133	133	-	-	-	-	-
Accrued Income	1,756	1,756	-	-	-	-	-
	16,804	**10,711**	**836**	**291**	**2,098**	**2,868**	**205**

Under the Water Act, GWMWater has the right to charge interest on aged debts and this is levied at the legislated rate as published in the government gazette of 5.5%

The Private Schemes debtors represent new town sewerage scheme customers that have elected to pay contributions on the basis of a deferred payment arrangement of 20 years which carries an effective rate of 6.29%

5.2 Payables

	2017/18 $'000	2016/17 $'000
Contractual Payables		
General Creditors	459	41
Unearned Income	1,029	1,042
Accrued Expenditure	11,834	4,943
Other Payables	2,416	1,047
Total Payables - Current	**15,738**	**7,073**

Payables consist of contractual and statutory payable and are stated inclusive of GST.

Contractual payables, are classified as financial instruments and measured at amortised cost. Contractual payables include general creditors, accrued expenditure and other payables which represent liabilities for goods and services provided to GWMWater prior to the end of the financial year that are unpaid. Payables are unsecured and are usually paid within 28 days of recognition.

Payables are initially recognised at fair value, being the cost of the goods and services, and subsequently measured at amortised cost.

Unearned income is recorded as income in advance, when GWMWater has a present obligation to repay them and the present obligation can be reliably measured.

5.2.1 Ageing analysis of contractual payables

	Carrying amount	Nominal amount	Maturity Date			
			Less than 1 Month	1-3 Months	3 months - 1 year	Greater than 1 Year
2017/18	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
General creditors	459	459	459	-	-	-
Accrued expenditure	11,834	11,834	11,834	-	-	-
Other payables	2,416	2,416	1,096	-	583	737
	14,709	**14,709**	**13,389**	**-**	**583**	**737**
2016/17						
General creditors	41	41	41	-	-	-
Accrued expenditure	4,943	4,943	4,943	-	-	-
Other payables	1,047	1,047	1,041	6	-	-
	6,031	**6,031**	**6,025**	**6**	**-**	**-**

5.3 Inventories

	2017/18 $'000	2016/17 $'000
Maintenance Stock	1,745	1,671
Total Inventories	**1,745**	**1,671**

Inventories comprise stores and materials used in the construction of new works and for the repair and maintenance of existing assets. These inventories are held for consumption in the ordinary course of business operations and measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost (WAC) basis.

Inventories also include goods held for distribution at no or nominal cost. Inventories held for distribution are measured at cost, adjusted for any loss of service potential.

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

5.4 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

GWMWater currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2017/18 reporting period. The financial instruments have been listed in Note 7.1.1.

Due to the short-term nature of the financial assets and liabilities held by the Corporation, their carrying value is assumed to approximate their fair value.

6 HOW WE FINANCED OUR OPERATIONS

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 provides additional, specific financial instrument disclosures.

Structure
6.1 Interest Bearing Liabilities
- 6.1.1 Borrowings
- 6.1.2 Maturity analysis of interest bearing liabilities
- 6.1.3 Financing activities

6.2 Cash Flow Information
- 6.2.1 Reconciliation of net result for the period to cash flow from operating activities

6.3 Commitments for Expenditure
- 6.3.1 Public Private Partnership commitments
- 6.3.2 Finance lease commitments
- 6.3.3 Operating lease commitments
- 6.3.4 Other commitments
- 6.3.5 Capital Commitments

6.1 Interest Bearing Liabilities

6.1.1 Borrowings

Borrowing and interest expense

	2017/18 $'000	2016/17 $'000
Interest Paid/Payable	5,930	6,136
Financial Accommodation Levy	1,327	1,553
Interest on Finance Lease	657	700
Total Borrowing and interest expenses	**7,914**	**8,389**

Borrowing and interest costs are recognised as expenses in the period in which they are incurred.

Borrowing and interest costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, financial accommodation levy and finance lease charges.

Financial accommodation levy
When GWMWater carries borrowings in excess of $5 million it is obligated to pay to the Victorian Government a Financial Accommodation Levy (FAL).

The amount of the levy is based on the credit risk of GWMWater relative to the State of Victoria as assessed by an independent ratings agency. FAL rates had been capped at 110 basis points for the period 1 July 2008 to 30 June 2013. From 1 July 2013 FAL margins reverted to market based rates which are applied to all financial accommodation accessed from Treasury Corporation Victoria (TCV).

After a Department of Treasury and Finance (DTF) desk top review for 2017/18, FAL incurred by GWMWater was 151 basis points (2016/17 165 basis points) and is accounted for as a borrowing cost for the purpose of presentation in general purpose financial statements.

Borrowing and interest expense

	2017/18 $'000	2016/17 $'000
Borrowings - Current		
Borrowings - current (i)	11,700	6,400
Borrowings (Finance Lease) - current	691	611
Advances from government - current (ii)	133	132
Total Borrowings - Current	**12,524**	**7,143**
Borrowings - Non-current		
Borrowings - non-current (i)	92,000	107,000
Borrowings (Finance Lease) – non-current	7,729	8,419
Advances from government - non-current (ii)	250	383
Total Borrowings - Non-current	**99,979**	**115,802**
Total Borrowings	**112,503**	**122,945**

(i) Borrowings from TCV are secured by the Victorian Government.

(ii) Unsecured advance from the Department of Environment, Land, Water and Planning (DELWP) under the Greener Government Building Program.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the initial amount recognised (net of transaction costs) and the redemption amount is recognised in the Comprehensive Operating Statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

6.1.2 Maturity analysis of interest bearing liabilities

	Carrying amount	Nominal amount	Maturity Date			
			Less than 1 Month	1-3 Months	3 months - 1 year	1 - 20 years
2017/18	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings – TCV	103,700	103,700	3,700	-	8,000	92,000
Borrowings – Finance Lease (BOOT)	8,420	8,420	56	110	525	7,729
Advances from government - DELWP ^	383	383	-	-	133	250
	112,503	**112,503**	**3,756**	**110**	**8,658**	**99,979**
2016/17						
Borrowings – TCV	113,400	113,400	-	-	6,400	107,000
Borrowings – Finance Lease (BOOT)	9,030	9,030	48	97	466	8,419
Advances from government - DELWP ^	515	515	-	-	132	383
	122,945	**122,945**	**48**	**97**	**6,998**	**115,802**

^ Unsecured advance which bears no interest from the DELWP under the Greener Government Building Program. The remaining term of the advance is 3 years.

6.1.3 Financing activities

	2017/18 $'000	2016/17 $'000
Credit standby arrangements		
Total facilities		
Bank Overdraft	1,000	1,000
Total facilities	**1,000**	**1,000**
Unused at balance date		
Bank Overdraft	1,000	1,000
Total unused at balance date	**1,000**	**1,000**

The bank overdraft facility may be drawn at any time and may be terminated by the bank without notice. Loans and Bank Overdraft are secured by the future revenue of the Corporation and a guarantee from the Treasurer of Victoria.

6.2 Cash Flow Information

Cash and cash equivalents		
Cash in Hand and at Bank/(Overdraft)	9,429	1,093
Deposits at call	-	5,000
Total Cash and Cash Equivalents	**9,429**	**6,093**

GWMWater considers cash and cash equivalents on the Balance Sheet to include cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and are readily convertible to known amounts of cash with an insignificant risk of changes in value.

For Cash Flow Statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as borrowings on the Balance Sheet.

Cash at the end of the year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows.

6.2.1 Reconciliation of net result for the period to cash flow from operating activities

Net result for the year before tax	(3,559)	(14,176)
Non-cash movements:		
Assets acquired for nil consideration	(865)	(380)
Depreciation and amortisation	33,440	33,472
(Gain)/loss on disposal of fixed assets	85	753
(Gain)/loss on revaluation of investment properties	(84)	(16)
Change in assets and liabilities:		
(Increase)/decrease in receivables	(1,417)	(1,355)
(Increase)/decrease in prepayments	(111)	20
Increase/(decrease) in payables	(423)	289
Increase/(decrease) in employee provisions	350	332
(Increase)/decrease in inventory	(74)	(71)
Net cash provided by operating activities	**27,342**	**18,868**

6.3 Commitments for Expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and inclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the Balance Sheet.

6.3.1 Public Private Partnership commitments

Private Public Partnerships - Water Treatment Services Agreement (finance lease)

Commissioned BOOT Schemes related to finance lease liabilities.

	Minimum future lease payments		Present value of minimum future lease payments	
	2017/18	2016/17	2017/18	2016/17
	$'000	$'000	$'000	$'000
Not later than 1 year	1,299	1,267	691	611
Longer than 1 year and not longer than 5 years	5,523	5,390	3,707	3,313
Longer than 5 years	4,510	5,942	4,022	5,106
Minimum lease payments	**11,332**	**12,599**	**8,420**	**9,030**
Less Future interest charged in accounts	(2,912)	(3,569)	-	-
Total future lease payments	**8,420**	**9,030**	**8,420**	**9,030**
Representing lease liabilities				
Current			691	611
Non-current			7,729	8,419
Total lease liabilities			**8,420**	**9,030**

In 1999 GWMWater entered into a Water Treatment Services Agreement (WTSA) with Aquatower Pty Ltd to provide water treatment services to Ararat, Stawell, Halls Gap, Great Western and Pomonal.

The WTSA relates to the construction of four water treatment plants on a Build Own Operate/Transfer (BOOT) basis. The contract term for the WTSA is 25 years. Under the contract, the Corporation will pay a volumetric charge for water treated as metered at the point of delivery to GWMWater's reticulation system. At the end of the 25 year period, ownership of the water treatment plants revert to the Corporation for one dollar.

Under the WTSA all substantial risks of ownership and operation of the water treatment facilities are vested with Aquatower. Toll payments under the agreement are based solely on the volume of water treated and toll reductions apply for excursions from agreed water quality parameters. The risks assumed by the contractor under the agreement include raw water supply risk, demand risk, raw water quality risk and risk of technical obsolescence.

The WTSA has been assessed in the context of AASB Interpretation 4 to determine whether the WTSA contains a lease. Based on the assessment made the following conclusions have been made:

The WTSA conveys to GWMWater the right to use the water treatment facilities and, therefore, the arrangement contains a lease.

The lease element of the WTSA should be classified as a finance lease. As there are no minimum payments under the lease a method needed to be determined to establish a minimum lease obligation. On transition to AIFRS, the contract was reassessed to determine its appropriate value in the context of water volumes delivered under the contract. This reassessment was based on volumes that would reflect the minimum volumes to be supplied at the consumptive levels of the relevant town(s) at the most extreme level of restriction under the restriction by law.

These minimum volumes were considered the most appropriate basis for establishing the minimum lease obligations and the respective value of the asset and liability were impaired from the previously assumed minimum volume of 2,700 ML.

Beijing Enterprises Water Group International Pte Ltd a Singaporean wholly owned subsidiary of Beijing Enterprises Water Group Limited purchased all of the issued shares of Aquatower Pty Ltd on 5 September 2017. This transaction was not finalised until early 2018 as all the entities that held a contract with Aquatower were required to consent. GWMWater forwarded its consent on 18 January 2018.

6.3.2 Finance lease commitments

Leases of property, plant, equipment and infrastructure where the Corporation has substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The interest element of the finance cost is charged to the Comprehensive Operating Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant, equipment and infrastructure acquired under a finance lease are depreciated over the shorter of the asset's useful life and the lease term.

6.3.3 Operating lease commitments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the Comprehensive Operating Statement on a straight-line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Lease commitments are recorded at their nominal value and are inclusive of GST.

	2017/18 $'000	2016/17 $'000
Not later than 1 year	50	71
Longer than 1 year and not longer than 5 years	157	159
Longer than 5 years	31	89
Total Operating lease commitments	**238**	**319**

6.3.4 Other commitments

Total other commitments at balance date, not recognised in the financial statements as liabilities, are recorded at their nominal value and are inclusive of GST.

Not later than 1 year	686	468
Longer than 1 year and not longer than 5 years	116	66
Longer than 5 years	-	-
Total Other commitments	**802**	**534**

6.3.5 Capital Commitments

Capital commitments arise from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2017/18 $'000	2016/17 $'000
South West Loddon Rural Pipeline Extension	33,735	-
Mallee Towns Drinking Water Supply	9,049	-
Green Lake - Sea Lake Bed Remediation	1,117	-
Other works	2,917	4,316
Total Capital Commitments	**46,818**	**4,316**

7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

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

Structure
7.1 Financial Instruments Specific Disclosures
  7.1.1 Financial instruments: Categorisation
7.2 Contingent Assets and Liabilities
  7.2.1 Contingent assets
  7.2.2 Contingent liabilities

7.1 Financial Instruments Specific Disclosures

Financial instruments arise out of contractual agreements that give rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

7.1.1 Financial instruments: Categorisation

Categories of financial instruments
Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment).

GWMWater recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables), and
- term deposits.

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

GWMWater recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Impairment of financial assets
At the end of each reporting period, the Corporation assesses whether there is objective evidence that a financial instrument is impaired.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Impairment losses are recognised in the Comprehensive Operating Statement except for equity instruments classified as available for sale.

Financial risk management objectives and policies
GWMWater's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and foreign and commodity price risk), and GWMWater's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Corporation.

GWMWater's treasury activities are regulated by a Treasury Policy consistent with the Victorian Government Treasury Standing Directions. The Treasury Policy outlines the underlying risks associated with GWMWater's risk profile. The Treasury Policy regulates the financial instruments that can be used to avoid or mitigate against these risks.

GWMWater's Treasury Policy specifically restricts the use of derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. GWMWater uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk and TCV advice in respect of investment portfolios to determine market risk. To provide greater flexibility in managing interest rate risk GWMWater has approval to enter into forward settling loans. The Treasury Policy approved by the Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk management is coordinated by the GWMWater Regulation and Assurance Division. The risk management framework for Treasury activities is monitored by the Audit Governance and Risk Committee.

Credit risk
Credit risk is the potential for loss of capital or income when counterparty fails to honour a financial obligation during the term of the transaction. Credit risk arises principally from the Corporation's receivables.

The goal of credit risk management is to reduce the possibility of default by the counterparty. GWMWater mitigates against credit risk, by establishing authorised counter parties setting appropriate transaction limits with each counterparty, monitoring limit usage, and updating and reviewing counterparties and limits. These principles are annexures to the GWMWater Treasury Policy.

Where GWMWater enters into a contract for the provision of construction services, the risk of performance and/or default is managed by provision of appropriate securities. These securities are in the form of guarantees and/or retentions that are held for the term of the contract. The amount of security is based on the level of risk and potential consequential loss as a consequence of inadequate or non-performance. The risk of the contractor is assessed by credit references and checks and the extent of these checks will depend on the materiality of the contract.

In relation to the provision of water and wastewater services, GWMWater has preferential ranking over other creditors. Under the Water Act, GWMWater can take possession of property after three years and sell the property to settle unpaid monies owed. In addition to this GWMWater can restrict supply to enforce payment of unpaid accounts.

Liquidity risk
Liquidity risk is the risk that an unforeseen event or miscalculation in the required level of available cash results in insufficient funds being available to meet ongoing cash requirements.

GWMWater manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

GWMWater operates under the Governments fair payments policy of settling financial obligations within 30 days and in the event of dispute, make payments within 30 days of resolution. GWMWater has sufficient cash flow from operations and accommodation to meet its operating requirements and contractual commitments for capital works.

Market risk
Market risk is the risk that changes in market prices will affect the fair value or future cash flows of GWMWater's financial instruments. Market risk comprises of interest rate risk, foreign exchange risk and other price risk. GWMWater's exposure to market risk is primarily through interest rate risk, there is insignificant exposure to foreign exchange risk and insignificant exposure to other price risks.

Interest rate risk
The GWMWater minimises its exposure to interest rate changes on its long term borrowings by holding a mix of fixed and floating rate debt. Debt is sourced from Treasury Corporation Victoria and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly.

GWMWater has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. GWMWater manages its interest rate risk by minimising the long term cost of debt within the risk framework identified by the GWMWater policy. GWMWater has been granted approval from the Treasurer to enter into Forward Settling Loans.

The following table summarises the sensitivity of the Corporation's financial assets and financial liabilities to interest rate risk.

Interest rate risk and exposure of contractual financial assets

			Interest Rate Risk				Interest rate exposure		
			-1%		+1%				
2017/18	Carrying amount $'000	Weighted average effective interest rate	Result $'000	Equity $'000	Result $'000	Equity $'000	Fixed interest rate $'000	Variable interest rate $'000	Non-Interest Bearing $'000
Financial assets									
Cash and cash equivalents ^	9,429	1.4%	(94)	(94)	94	94	-	9,427	2
Rates and charges debtors *	14,012	0.0%	-	-	-	-	-	-	14,012
Pensioner rebate debtors	413	0.0%	-	-	-	-	-	-	413
Other debtors	466	0.0%	-	-	-	-	-	-	466
Private schemes	130	6.3%	-	-	-	-	130	-	-
Accrued income	2,403	0.0%	-	-	-	-	-	-	2,403
	26,853						130	9,427	17,296
2016/17									
Cash and cash equivalents ^	6,093	1.6%	(61)	(61)	61	61	-	6,093	-
Rates and charges debtors *	13,907	0.0%	-	-	-	-	-	-	13,907
Pensioner rebate debtors	395	0.0%	-	-	-	-	-	-	395
Other debtors	607	0.0%	-	-	-	-	-	-	613
Private schemes	139	6.3%	-	-	-	-	133	-	-
Accrued income	1,756	0.0%	-	-	-	-	-	-	1,756
	22,897						133	6,093	16,671

* Rates and Charges Debtors are net of provisions

^ All Cash and Cash Equivalents are held in Financial Institutions with a AAA credit quality rating.

Notes to the Financial Statements
30 June 2018

Interest rate risk and exposure of contractual financial liabilities

			Interest Rate Risk				Interest rate exposure		
			-1%		+1%				
2017/18	Carrying amount $'000	Weighted average effective interest rate	Result $'000	Equity $'000	Result $'000	Equity $'000	Fixed interest rate $'000	Variable interest rate $'000	Non-Interest Bearing $'000
Financial liability									
Bank overdraft	-	0.0%	-	-	-	-	-	-	-
General creditors	459	0.0%	-	-	-	-	-	-	459
Borrowings – TCV	103,700	4.9%	1,037	1,037	(1,037)	(1,037)	103,700	-	-
Borrowings – Finance lease (BOOT)	8,420	7.5%	-	-	-	-	8,420	-	-
Advances from government - DELWP*	383	0.0%	-	-	-	-	-	-	383
Accrued expenditure	11,834	0.0%	-	-	-	-	-	-	11,834
Other payables	2,416	0.0%	-	-	-	-	-	-	2,416
	127,212						112,120	-	15,092
2016/17									
Bank overdraft	-	0.0%	-	-	-	-	-	-	-
General creditors	41	0.0%	-	-	-	-	-	-	41
Borrowings – TCV	113,400	5.1%	1,134	1,134	(1,134)	(1,134)	113,400	-	-
Borrowings – Finance lease (BOOT)	9,030	7.5%	-	-	-	-	9,030	-	-
Advances from government - DELWP*	515	0.0%	-	-	-	-	-	-	515
Accrued expenditure	4,943	0.0%	-	-	-	-	-	-	4,943
Other payables	1,047	0.0%	-	-	-	-	-	-	1,047
	128,976						122,430	-	6,546

* Advances from government - DELWP are unsecured advances under the Greener Government Building Program which bare no interest. The remaining term of the advance is 3 years.

Foreign exchange and commodity price risks
GWMWater should not maintain any foreign currency exposure. GWMWater carries no foreign exchange risk in relation to its debt portfolio or normal business activities. GWMWater generally transacts with counterparties and suppliers that are domiciled in Australia and therefore does not carry risks in the areas of commodity and foreign risk.

Commodity price risk refers to the uncertainty of fluctuations in the cost of raw materials purchased and/or the proceeds received for commodities sold. GWMWater will enter into contractual arrangements to reduce the risk of any undue movements in price.

7.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in 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 respectively.

7.2.1 Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

On 7 April 2000 GWMWater (Grampians Water) entered into an agreement with Stawell Gold Mines to be paid $15,000 per year for ten years resulting from the possible relocation of the water storages at Stawell in the event that approval was granted to mine Big Hill in Stawell. The State Government rejected planning approval to mine Big Hill on that occasion and a further proposal in October 2014. There are seven annual payment anniversaries remaining under this agreement before the obligation on Stawell Gold Mines expires. Due to changes in operations since the agreement was established it is unlikely that the terms of this original agreement will be acted on.

As at 30 June 2018 the gifting of a private pipeline asset for the Landsborough Valley Pipeline Project remains outstanding. GWMWater Board is continuing with legal action to finalise the transfer of the pipeline to GWMWater.

As at 30 June 2018 as a result of purchasing a native vegetation block of land, creation of Biodiversity offsets were pending approval and are currently listed as a contingent asset.

7.2.2 Contingent liabilities

Contingent liabilities are possible obligations that arise from past events,

- whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or the amount of the obligations cannot be measured with sufficient reliability.

As at 30 June 2018 there are no known contingent liabilities.

8 STATUTORY OBLIGATIONS

Introduction
This section included disclosures in relation to the Corporation's statutory obligations.

Structure
8.1 Tax
  8.1.1 Income tax
  8.1.2 Deferred tax assets and liabilities
8.2 Environmental contributions
  8.2.1 Environmental contribution levy

8.1 Tax

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

8.1.1 Income tax

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

	2017/18 $'000	2016/17 $'000
Components of tax expense/(revenue)		
Deferred tax relating to temporary differences	(1,057)	(4,257)
Income Tax Expense/(Revenue) disclosed in financial statements	**(1,057)**	**(4,257)**
Deferred income tax expense included in income tax expense comprises:		
(Decrease)/increase in deferred tax liabilities	(1,057)	(4,257)
	(1,057)	**(4,257)**
Reconciliation of income tax to prima facie tax payable		
Net result before income tax expense	(3,559)	(14,176)
Tax at the Australian tax rate of 30% (2016/17: 30%)	-	-
Tax expense (relating to items of other comprehensive income)		
Gain/(loss) on revaluation of property, plant, equipment and infrastructure	-	-

8.1.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted at balance date. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

The Corporation's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the Balance Sheet.

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

	2017/18 $'000	2016/17 $'000
The balance comprises temporary differences attributable to:		
Amounts recognised in the Comprehensive Operating Statement		
Cumulative Tax Losses	(137,272)	(140,045)
Depreciation	59,342	63,016
Provisions	(2,073)	(1,967)
Other net deferred tax liabilities/(assets)	(111)	(61)
	(80,114)	**(79,057)**
Amounts recognised directly in equity		
Revaluation of property, plant, equipment (PPE) and infrastructure	246,694	246,694
Net deferred tax liabilities	**166,580**	**167,637**
Movements:		
Opening balance at 1 July	167,637	171,894
(Credited)/debited to the comprehensive operating statement	(1,057)	(4,257)
Reallocation deferred tax liability recognised in comprehensive operating statement	-	-
(Credited)/debited to other comprehensive income	-	-
Reallocation deferred tax liability recognised in equity	-	-
(Credited) / debited to equity	-	-
Closing balance at 30 June	**166,580**	**167,637**
Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities to be recovered after more than 12 months	166,580	167,637

8.2 Environmental contributions

The *Water Industry (Environmental Contributions) Act* 2004 (the Act) amended the *Water Industry* Act 1994 (the Water Act) to make provision for environmental contributions to be paid by water supply corporations.

The Victorian Government has committed to a fourth round or ('tranche') of the environmental contribution. The four-year tranche commenced on 1 July 2016. The Act establishes an obligation for authorities to pay into the consolidated fund annual contributions for the first period, from 1 July 2016 to 30 June 2020 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each corporation.

The purpose for the environmental contribution is set out in the Act, and the funding may be used for the purpose of funding initiatives that seek to promote the sustainable management of water or address water-related initiatives.

GWMWater has a statutory obligation to pay an environmental contribution to the DELWP. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental contribution levy

In accordance with the gazettal order GWMWater will be required to make the following payment for the environmental contribution levy.

	2017/18 $'000	2016/17 $'000
Not later than 1 year	2,258	1,684
Longer than 1 year and not longer than 5 years	2,258	4,516
Total Environmental Contribution Levy Commitments	**4,516**	**6,200**

9 OTHER DISCLOSURES

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

Structure
9.1 Equity
- 9.1.1 Contributed capital
- 9.1.2 Asset revaluation reserves
- 9.1.3 Accumulated surplus/ (deficit)

9.2 Events Occurring after the Balance Date
9.3 Remuneration of Executives
9.4 Responsible Persons
9.5 Related Parties
9.6 Ex-gratia Expense
9.7 Remuneration of Victorian Auditor-General
9.8 Controlled Entities
9.9 Parent entity information – Grampians Wimmera Mallee Water Corporation
9.10 New Accounting Standards and Interpretations Issued that are not yet Effective

9.1 Equity

Consistent with the requirements of AASB 1004 *Contributions* and FRD 119A Contributions by Owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of GWMWater.

9.1.1 Contributed capital

Balance at 1 July	1,185,853	1,173,853
Contributions for South West Loddon Rural Water Supply	28,400	12,000
Balance at 30 June	**1,214,253**	**1,185,853**

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

9.1.2 Asset revaluation reserves

The asset revaluation reserve is used to record the asset revaluation increments and decrements in the value if non-current physical assets.

	2017/18 $'000	2016/17 $'000
Balance at 1 July	575,618	575,618
Movement in Asset Revaluation Reserves due to consolidation of controlled entity	1,577	-
Balance at 30 June	**577,195**	**575,618**
Representing asset revaluation reserves:		
Land	12,819	12,819
Buildings	684	684
Urban Water Infrastructure	73,549	73,549
Wastewater Infrastructure	41,239	41,239
Headworks Infrastructure	156,355	156,355
Asset revaluation reserves of consolidated entity	1,577	-
Rural Distribution Infrastructure	290,972	290,972
Balance at 30 June	**577,195**	**575,618**

9.1.3 Accumulated surplus/ (deficit)

Balance at 1 July	(132,391)	(122,472)
Net result for the period after income tax	(2,502)	(9,919)
Accumulated funds of controlled entity	1,542	-
Balance at 30 June	**(133,351)**	**(132,391)**

9.2 Events Occurring after the Balance Date

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

9.3 Remuneration of Executives

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

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

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

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

Other long-term benefits include long service leave, other long-service benefit or deferred compensation. Termination benefits include termination of employment payments, such as severance packages.

Executive Remuneration	2017/18 $	2016/17 $
Short-term benefits	745,015	688,219
Post-employment benefits	82,207	75,402
Other long-term benefits	20,165	18,357
Termination benefits	-	-
Share-based payments	-	-
Total remuneration	847,387	781,978
Total number of executive officers	4	7
Total Annualised employee equivalent	4	4

The total number of executive officers includes some persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure (Note 9.5).

Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

9.4 Responsible Persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period. The responsible Minister during the 2017/18 reporting period was the Hon Lisa Neville MP, Minister for Water. Remuneration paid to the respective Minister is shown in the financial statements of the Department of Parliamentary Services. The names of persons who were responsible persons of GWMWater at any time during the financial year are as follows:

- The Hon Lisa Neville - Minister of Water
- Mr. Peter Vogel - Chairperson of the Board
- Ms. Caroline Welsh - Deputy Chairperson
- Ms. Mary Bignell - Board Director
- Mr. David Jochinke - Board Director
- Mr. Paul Battista - Board Director (01/07/2017 to 30/09/2017)
- Ms. Bronwen Clark - Board Director (01/07/2017 to 30/09/2017)
- Ms. Peta Maddy - Board Director (01/07/2017 to 30/09/2017)
- Mr. Desmond Powell - Board Director (01/07/2017 to 30/09/2017)
- Ms. Eliza De Wit - Board Director (01/10/2017 to 30/06/2018)
- Ms. Linda Kwok - Board Director (01/10/2017 to 30/06/2018)
- Mr Andrew Nicolaou - Board Director (01/10/2017 to 30/06/2018)
- Mr Scott Williams - Board Director (01/10/2017 to 30/06/2018)
- Mr. Mark Williams - Managing Director (Accountable Officer)

All positions were held for the period 01 July 2017 to 30 June 2018 unless otherwise stated.

All responsible persons list above are also considered as key management personnel and are included with in Note 9.5 Related Parties.

Remuneration of responsible persons
The numbers of Responsible Persons are shown below in their relevant income bands (excluding the Responsible Minister).

$	$	2017/18 No.	2016/17 No.
0 -	9,999	4	-
20,000 -	29,999	5	1
30,000 -	39,999	2	6
60,000 -	69,999	1	1
280,000 -	289,999	-	1
300,000 -	309,999	1	-

Total remuneration received or due and receivable to Responsible Persons from the reporting entity amounted to $627,544 (2016/17: 575,584). The Minister's remuneration is disclosed in the financial statements of the Department of Parliamentary Services.

9.5 Related Parties

Related parties of the GWMWater include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and 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.

Significant transactions with government-related entities
GWMWater received funding and made the following payments:

		2017/18 $'000	2016/17 $'000
Funding Received from Government Authorities			
DELWP - Contributed capital	South West Loddon Rural Water Supply	28,400	12,000
DELWP	Other Project Funding	2,253	540
Mildura Rural City Council	Ouyen Recreational Lakes Project	909	-
Victorian Regional Development	Landsborough Valley Pipeline Project	763	-
Other Receipts from Government Authorities			
Coliban Water	New Customer Contribution Rural Pipeline Grampians	2,719	-
Payments to Government Authorities			
Wimmera Catchment Authority	Project Funding	-	110
Buloke Shire Council	Project Funding	83	115

GWMWater also had significant transactions with the following corporations

TCV as outlined in note 6.1 - Interest bearing liabilities

DTF as outlined in note 6.1.1 - Financial Accommodation Levy

DELWP as outlined in notes 6.1 Interest Bearing Liabilities and 8.2 Environmental Contributions

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly, this comprises independent Directors and the Managing Director. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in note 9.4 who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, during the financial year.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. 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.

- Ms Sally Marshall - Executive Manager Business Planning and Performance (Chief Financial Officer)
- Mr Andrew Rose - Executive Manager Stakeholders and Governance
- Ms Victoria Hart - Executive Manager Service Delivery
- Mr Robert Atkin - Executive Manager Infrastructure

Key Management Personnel	2017/18 $	2016/17 $
Short-term benefits	1,320,531	1,214,415
Post-employment benefits	126,760	117,620
Other long-term benefits	27,474	25,527
Termination benefits	-	-
Share-based payments	-	-
Total remuneration	1,474,765	1,357,562
Total number of Key Management Personnel	17	16

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

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

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

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

9.6 Ex-gratia Expense

Ex-gratia expenses are the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability or claim against GWMWater.

GWMWater made no ex-gratia payment in 2017/18 (2016/17 $5,631), that were greater than or equal to $5,000.

GWMWater made nil compensation payments to employees for reporting period 2017/18, (2016/17 $nil) which would be recognised in Employee Benefits in the Comprehensive Operating Statement.

9.7 Remuneration of Victorian Auditor-General

	2017/18 $'000	2016/17 $'000
Amounts received or due and receivable, by the auditor of the Corporation for Auditing the accounts of the Corporation.	55	53

9.8 Controlled Entities

The consolidated financial statements at 30 June 2018 include the following controlled entity. The financial year of the controlled entity is the same as that of the parent entity.

Controlled Entity	Place of incorporation
Lake Fyans Committee of Management Incorporated	Australia

The Lake Fyans Reserve is Crown Land, managed and operated by GWMWater as a water supply reservoir. The Lake Fyans Recreational Area Committee of Management (LFRACoM) was constituted in 1978 through regulation pursuant to powers conferred by section 20A of the Water Act 1958, to oversee and manage the areas “above the water” of the Lake Reserve. LFRACoM incorporated as an association, trading as Lake Fyans Committee of Management Incorporated, on 18 March 2011 under the Associations Incorporation Reform Act 2012.

In March 2017, the Board of Directors resolved to appoint three officers of the Corporation as the Committee of Management of the Lake Fyans Recreational Area, under Section 122C(1)(b) of the Water Act 1989. This was for an interim period, and that this Interim Management Committee be delegated the full functions and responsibilities of the LFCoMI.

Information relating to Lake Fyans Committee of Management Incorporated

Current assets	823
Non-current assets	2,297
Total assets	**3,120**
Current liabilities	1
Non-current liabilities	-
Total Liabilities	**1**
Contributed equity	-
Reserves	1,577
Retained earnings	1,542
Total Equity	**3,119**

9.9 Parent entity information – Grampians Wimmera Mallee Water Corporation

Information relating to Grampians Wimmera Mallee Water Corporation	2017/18 $'000	2016/17 $'000
Current assets	29,052	24,918
Non-current assets	1,927,569	1,908,291
Total assets	**1,956,621**	**1,933,209**
Current liabilities	34,719	20,313
Non-current liabilities	266,924	283,816
Total Liabilities	**301,643**	**304,129**
Contributed equity	1,214,253	1,185,853
Reserves	575,618	575,618
Retained earnings	(134,893)	(132,391)
Total Equity	**1,654,978**	**1,629,080**
Net result of the parent entity	(2,502)	(9,919)
Total comprehensive result of the parent	(2,502)	(9,919)

9.10 New Accounting Standards and Interpretations Issued that are not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period, below are the standards applicable to GWMWater. As at 30 June 2018, the following relevant standards and interpretations had been issued but were not mandatory for financial year ending 30 June 2018. GWMWater has not and does not intend to adopt these standards early.

Standard/Interpretation Effective Date	*Summary*	*Impact on financial statements*
AASB 9 *Financial Instruments* Effective Date: 1 Jan 2018 GWMWater Effective Date: 1 July 2018	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed by GWMWater.
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]* Effective Date: 1 Jan 2018 GWMWater Effective Date: 1 July 2018	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018, and to amend reduced disclosure requirements.	While the preliminary assessment has not identified any material impact arising from AASB 2014-1, it will continue to be monitored and assessed by GWMWater.
AASB 15 *Revenue from Contracts with Customers* Effective Date: 1 Jan 2019 GWMWater Effective Date: 1 July 2019	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. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018 (1 January 2019 for not-for-profit entities), instead of 1 January 2017.	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. While the preliminary assessment has not identified any material impact arising from AASB 15, it will continue to be monitored and assessed by GWMWater.

AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15* Effective Date: 1 Jan 2018 GWMWater Effective Date: 1 July 2018	Amends the measurement of trade receivables and the recognition of dividends as follows: • Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. • Dividends are recognised in the profit and loss only when: - the entity's right to receive payment of the dividend is established; - it is probable that the economic benefits associated with the dividend will flow to the entity; and - the amount can be measured reliably.	While the preliminary assessment has not identified any material impact arising from AASB 2014-5, it will continue to be monitored and assessed by GWMWater.
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* Effective Date: 1 Jan 2018 GWMWater Effective Date: 1 July 2018	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	While the preliminary assessment has not identified any material impact arising from AASB 2015-8, it will continue to be monitored and assessed by GWMWater with the implementation of AASB 15.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to* AASB 15 Effective Date: 1 Jan 2018 GWMWater Effective Date: 1 July 2018	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	While the preliminary assessment has not identified any material impact arising from AASB 2016-3, it will continue to be monitored and assessed by GWMWater with the implementation of AASB 15.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities Effective Date: 1 Jan 2019 GWMWater Effective Date: 1 July 2019	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	The amending standard will defer the application period of AASB 15 for GWMWater to the 2019-20 reporting period.
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities* Effective Date: 1 Jan 2019 GWMWater Effective Date: 1 July 2019	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments:	While the preliminary assessment has not identified any material impact arising from AASB 2016-8, it will continue to be monitored and assessed by GWMWater with the implementation of AASB 9 and AASB 15.
AASB 16 *Leases* Effective Date: 1 Jan 2019 GWMWater Effective Date: 1 July 2019	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	While the preliminary assessment has not identified any material impact arising from AASB 16, it will continue to be monitored and assessed by GWMWater.
AASB 1058 *Income of Not-for-Profit Entities* Effective Date: 1 Jan 2019 GWMWater Effective Date: 1 July 2019	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	While the preliminary assessment has not identified any material impact arising from AASB 1058, it will be assessed with the impact of AASB 15 by GWMWater.

AASB 1059 *Service Concession Arrangements: Grantor* Effective Date: 1 Jan 2019 GWMWater Effective Date: 1 July 2019	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time. The State has 2 types of PPPs: 1. Social Infrastructure: A PPP that requires the government to make payments to the operator upon commencement of services: • Operator finances and constructs the infrastructure; and • State pays unitary service payments over the term. 2. Economic Infrastructure: A PPP that is based on user pays model: • Operator finances and constructs the infrastructure; • State does not pay for the cost of the construction; and • Operator charges asset users and recovers the cost of construction and operation for the term of the contract.	While the preliminary assessment has not identified any material impact arising from AASB 1059, it will continue to be monitored and assessed by GWMWater.
AASB 17 *Insurance Contracts* Effective Date: 1 Jan 2021 GWMWater Effective Date: 1 July 2021	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.	While the preliminary assessment has not identified any material impact arising from AASB 17, it will continue to be monitored and assessed by GWMWater.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2017/18 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on GWMWater.

- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-3 Amendments to Australian Accounting Standards – Clarifications to AASB 4
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement

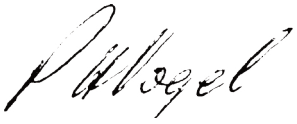
Financial Statutory Certificate 2017/18

We certify the, attached financial statements for the Grampians Wimmera Mallee Water Corporation (trading as GWMWater) have been prepared in accordance with Standing Directions 5.2.2 of the *Financial Management Act* 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and financial position of the Corporation at 30 June 2018.

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

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



Peter Vogel
Chairman

Mark Williams
Managing Director
(Accountable Officer)

Sally Marshall
Executive Manager Business Performance and Planning
(Chief Finance Officer)

Dated this 29th day of August 2018.

Independent Auditor's Report

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of the Grampians Wimmera Mallee Water Corporation

Opinion	I have audited the consolidated financial report of the Grampians Wimmera Mallee Water Corporation (the corporation) and its controlled entity (together the consolidated entity), which comprises the: • consolidated balance sheet as at 30 June 2018 • consolidated comprehensive operating statement for the year then ended • consolidated statement of changes in equity for the year then ended • consolidated cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • financial statutory certificate. In my opinion, the consolidated financial report presents fairly, in all material respects, the financial position of the consolidated entity as at 30 June 2018 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the corporation and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the consolidated entity'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.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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 consolidated 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 consolidated entity'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 consolidated entity'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 consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the corporation and consolidated entity to express an opinion on the financial report. I remain responsible for the direction, supervision and performance of the audit of the corporation and the consolidated entity. I remain solely responsible for my audit opinion.

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
31 August 2018

Paul Martin
as delegate for the Auditor-General of Victoria

Appendix A

Disclosure Index

The Annual Report of GWMWater has been prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the corporation's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Charter and Purpose		
FRD 22H	Manner of establishment and relevant Minister	4 & 98
FRD 22H	Purpose, functions, powers and duties	4
FRD 22H	Objectives, indicators and outputs	4 & 5
FRD 22H	Initiative and key achievements	2
FRD 22H	Nature and range of services provided	4
Management and Structure		
FRD 22H	Organisational structure	13
FRD 22H	Names of Board Directors	13
Financial and other information		
FRD 8D	Performance against output performance measures	30-31
FRD 10A	Disclosure index	108
FRD 12B	Disclosure of major contracts	32
FRD 15D	Executive officer disclosures	98
FRD 22H	Employment and conduct principles	17
FRD 22H	Occupational Health and Safety Policy	19
FRD 22H	Summary of the financial results for the year	30-31
FRD 22H	Significant changes in financial position during the year	30-31
FRD 22H	Significant changes or factors affecting performance	2-3, 30-31
FRD 22H	Subsequent events	31 & 97
FRD 22H	Application and operation of *Freedom of Information Act* 1982	14
FRD 22H	Compliance with building and maintenance provisions of *Building Act* 1993	16
FRD 22H	Statement on National Competition Neutrality Policy	16
FRD 22H	Application and operation of *Protected Disclosure Act* 2012	15
FRD 22H	Details of consultancies over $10,000	32
FRD 22H	Details of consultancies under $10,000	32
FRD 22H	Disclosure of government advertising expenditure	32
FRD 22H	Disclosure of ICT expenditure	32
FRD 22H	Statement of availability of other information	14
FRD 24D	Reporting of Office Based Environmental Data by Government Entities	41
FRD 25C	Victorian Industry Participation Policy disclosures	32
FRD 29C	Workforce data disclosures	18
FRD 27C	Presentation and reporting of performance information	45
MRD 01	Performance Reporting	45
MRD 02	Water Consumption and Drought Response Reporting	20-22 & 35
MRD 03	Environmental and Social Sustainability Reporting	28 & 33-37
MRD 04	Bulk Entitlements Reporting	23-27
MRD 05	Major Non-residential Water Users	34
MRD 06	Greenhouse Gas and Energy Reporting	39-40
MRD 07	Letter of Expectations Reporting	110

Legislation	Requirement	Page Reference
Compliance attestation and declaration		
SD 5.1.4	Financial Management Compliance Attestation	53
SD 5.2.3	Declaration in report of operations	2 & 45

Financial Statements		
Declaration		
SD 5.2.2	Declaration in financial statements	105
Other requirements under Standing Directions 5.2		
SD 5.2.1 (a)	Compliance with applicable Australian Accounting Standards and other authoritative pronouncements	60
SD 5.2.1 (a)	Compliance with Ministerial Directions	60
SD 5.2.1 (b)	Compliance with Model Financial Report	105
Other disclosures as require by FRDs in notes to the financial statements		
FRD 11A	Disclosure of ex gratia expenses	100
FRD 21C	Disclosures of responsible persons, executive officers and other personnel	98
FRD 103F	Non-financial physical assets	57
FRD 110A	Cash Flow Statements	59
FRD 112D	Defined Benefit Superannuation Obligations	66

Legislation	Reference
Freedom of Information Act 1982	14
Building Act 1993	16
Protected Disclosure Act 2012	15
Victorian Industry Participation Policy Act 2003	32
Financial Management Act 1994	45

Appendix B

MRD07 Disclosure of Information on Letter of Expectations

This index has been prepared to facilitate identification of the corporation's compliance with the statutory disclosure requirements of MRD07 Letter of Expectations Reporting.

Priority Area	Key Performance Indicator	Page Reference
Climate Change Provide services that minimise environmental impacts, mitigate climate change and put in place adaption strategies.	E2 Emission reduction pledges.	39
	Climate adaption.	35
Customer and community outcomes All aspect of service delivery will be customer and community centred.	C3 Appropriate engagement methods used when working with communities.	36-37
	CR1 Water quality complaints about colour, turbidity, taste and odour reduced year on year.	49
	CR4 Billing/payment issue complaints.	49
Water for Aboriginal cultural, spiritual and economic values Recognise and support Aboriginal cultural values and economic inclusion in the water sector.	AC1 Effective engagement of Aboriginal communities for involvement in business opportunities and access to water for economic development.	39
	AC2 Effective engagement of Traditional Owners for inclusion of Aboriginal values in water planning.	17 & 39
Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.	L1 Enabling local government and communities to realise liveability outcomes.	28 & 35-37
	L2 Water efficiency.	37
	L3 Victorian water bills are amongst the lowest in Australia.	36
Recognising recreational values Support the wellbeing of rural and regional communities by considering the recreational values in water management.	Explicit inclusion of recreational values in planning and reporting activities.	28 & 36-37
Leadership and Culture Water corporations reflect the needs of our diverse communities.	G1 Gender and cultural diversity in workforce including gender equity in executive leadership.	17
	G3 Health and safety.	19
Financial Sustainability Delivering safe and cost-effective water and wastewater services in a financially sustainable way.	F1 interest cover F2 gearing ratio F3 internal financing ratio F4 current ratio F5 return on assets F6 return on equity F7 EBITDA margin	46

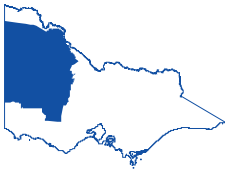
Service Area

GWMWater

Legend

- Drinking water services
- Drinking water with sewer services
- Non drinking water services
- Non drinking water with sewer services
- Main Lakes
- Reservoirs
- Rivers
- Highways
- Main Roads
- Pipeline supplied from Murray River
- Pipeline supplied from Grampians System
- West Wimmera Groundwater Management Area (GMA)
- Murrayville Groundwater Management Area (GMA)

0 5 10 20 30 40 Kilometres



GWMWater
11 McLachlan Street (PO Box 481)
Horsham Victoria 3402
☎1300 659 961
info@gwmwater.org.au
www.gwmwater.org.au

MANAGEMENT SYSTEM CERTIFICATION
DNV·GL
ISO 9001 = ISO 14001
AS/NZS 4801

ISSN 1838-2495
© State of Victoria, GWMWater 2018.
This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.