GWMWater

Annual Report 2020/21

Organisational 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.

Our Vision

Healthy environment, thriving community.

Our Mission

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

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Message from the Chairman and Managing Director

The 2020/21 financial year has presented many interesting challenges as a consequence of coronavirus (COVID-19). Despite being a relatively low inflow year from a rainfall perspective, the rain fell at the right times to produce another very good agricultural season, insulating the region from some of the economic impacts of the societal restrictions that have impacted the broader economy.

Perhaps our biggest achievement this year was the completion of the Urban Remote Metering (URM) Project. In December 2020, we completed the conversion of the urban meter fleet in all towns with the exception of Kaniva which is being delayed until water quality upgrades are delivered. By virtue of the completion of the URM project, all urban customers other than those in Kaniva now have access to the consumption information that has been available to our rural customer base for five years. As at the end of June 2021, approximately 12 percent of our urban customers had registered to use our customer portal to monitor their water consumption.

In parallel with the meter conversion process, GWMWater reassessed the network performance from a water pressure perspective. Concurrently we have advanced works to facilitate pressure improvements to ensure customer experience was either maintained or enhanced. GWMWater urban customers now generally have better water pressure than at any other time since water reform was implemented in the mid 1990s.

During the year we commenced work on the Goroke Sewerage Scheme, the Horsham North Backlog Sewerage Scheme and completed the Rupanyup Integrated Water Cycle Management project that is an integral part of the Dunmunkle Creek remediation project. An upgrade to the Lake Fyans to Stawell pipeline was completed at Lake Fyans to improve the security of the Stawell Water Supply and, in doing so, improve the security of water supply to the Landsborough Valley.

Planning for the East Grampians Rural Pipeline continued with considerable refinement from project concept to detailed design. The revised design commits Mt Cole as a water source for the project as well as maximising the use of water available from the Mt William headworks. Enhanced energy efficiency has been introduced to the design with water being delivered to high points to maximise the use of gravity and, as a result, reducing the number of pumping stations and increasing the number balancing storage tanks.

We have continued to deliver our Behind the Meter Renewable Energy program that is the first stage of our Clean Energy Strategy. As at 30 June 2021, we had installed 1,436 kW of solar panels across 48 sites providing 12 percent of our electricity requirements, and this combined with past investments and efficiency improvements has reduced our carbon emissions by 23 percent compared to our carbon pledge baseline. Other renewable technologies such as bioenergy, microwind and in-line hydro continued to be developed as potential solutions to further improve our efficiency and reduce our carbon footprint. We also have many ‘front of meter’ opportunities that are yet to be advanced but we are working with the C4Net consortium to develop a framework upon which GWMWater could participate in microgrid projects and, in doing so, help facilitate community energy schemes.

The end of the year coincided with the wind up of our involvement in the AgTIDE project sponsored by Regional Partnerships. GWMWater participated in the development of the business case for the project, was the auspice of the funding and participated in governance oversight of delivery of the project. The project scope included the development of a technology laboratory at Longerenong College, near Horsham, acquisition of high-tech farm machinery equipped with leading edge precision agriculture and a digital sensor outlet for a broad range of devices enabling improved farm intelligence.

During the year, we built on our relationship with indigenous groups on country upon which we operate. The relationship formed with Dja Dja Wurrung through the construction of the South West Loddon Pipeline has been extended to Eastern Maar, Barengi Gadjin Land Council and Wadawurrung in our planning for the East Grampians Rural Pipeline project. Our commitment to respect cultural heritage whilst working on country extends to helping build and document the history of indigenous occupation in the centuries prior to European settlement. We also continue to explore ways that cultural water can be delivered within the existing water entitlement and accounting framework.

We continue to work with the community to deliver projects that enhance the livability of the region. Passive recreation water projects in Rainbow and Yaapeet have been completed using decommissioned urban water storages on the edge of these townships. These watering holes require relatively small volumes of water but are hubs that underpin the social fabric of these remote rural communities. The value of recreation water to the region remains high but their value to the regional community reduced from $33.68 million to $28.49 million in the 2019/20 Socio-Economic Value of Recreational and Environmental Water Study as a consequence of coronavirus and the COVIDSafe Settings implemented in the last four months of 2019/20. The study has been extended to assess the impact in the 2020/21 year when restrictions were lifted.

When planning for the Wimmera Mallee Pipeline project, the funding model assumed that GWMWater would potentially be carrying debt levels that would maintain a credit rating of BBB- for the foreseeable future. The success of the growth water sales program, support for the buyout of the Wimmera irrigation system and ongoing improvements in business efficiency has allowed GWMWater to improve its financial performance and financial sustainability. At the end of the 2020/21 financial year, we continue to carry forward an A- credit rating.

The maturity of our asset management system has developed to the point where we will achieve the maximum value for our investment in the renewal of our infrastructure. During the year we completed the revaluation of our infrastructure that occurs every five years and this gave rise to a value of $2.7 billion on a gross replacement cost basis. With an infrastructure asset portfolio of $2.7 billion under our stewardship, it is critical that we maximise the value of our renewal spend relative to the operation and maintenance program. Urban water and wastewater asset renewal will be a key focus moving forward as we start to articulate our service obligations relative to price for the 2023-28 Water Price Submission.

Our people are our greatest asset and they are also an integral part of the community in our region. The commitment of our staff to service our community is significant and goes well beyond providing a water and wastewater service. There are a number of staff who have left the service of GWMWater during the past 12 months but due to the restrictions in place as a consequence of coronavirus we have not been able to provide appropriate farewells; so for those who have moved on, we wish you all the best.

We acknowledge the contribution of the GWMWater Board to continue to challenge us to ensure we are delivering value to the communities of the Grampians, Wimmera and Mallee. The diversity and skills of the Board ensures a good understanding of the operating environment and gives rise to a well-articulated strategy that is mindful of the risks as well as the opportunities.

The Victorian Government is our sole shareholder and we thank the Andrews government for its support of the water sector in our region. The importance of water from a livability perspective has been embraced and this is reflected in the policy framework of Water for Victoria. The value of reticulated rural water supplies has been acknowledged and this has been evidenced in the funding support provided to the South West Loddon Pipeline and the East Grampians Rural Pipeline project.

Peter Vogel OAM
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 responsible Minister for the period from 1 July 2020 to 30 June 2021 was the Hon Lisa Neville MP, Minister for Water, with the Hon Richard Wynne Acting Water Minister from 15 February 2021 until 30 June 2021.

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 operational area is similar in size to Tasmania and includes 13 municipalities; seven with 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 use desalination technology, operate pipelines, major storages, dams, weirs and pump stations to service our customers.

We have the responsibility of performing Resource Manager and Storage Manager functions in respect to the Wimmera and Glenelg Rivers bulk entitlement orders. GWMWater is also Resource Manager for groundwater and surface water licensing.

Our large operational 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.

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 16,000 km of pipes.

Water Services

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

Sewer Services

In sewered urban areas, we collect wastewater which is transferred, treated and reused.

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

Strategic Directions

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

'Healthy environment, thriving community'

Strategic Themes

The below themes are integrated throughout our corporate and business planning so all actions contribute to the 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 the state. From a water supply perspective, this complements the water policy framework of the Murray Darling Basin Plan and the Western Region Sustainable Water Strategy (Western Region SWS). GWMWater's 2018-23 Strategic Directions support 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 livability of our region, which is a key focus of our current strategic directions and Vision statement.

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 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 of all key business and operational risks including public health and safety, occupational health and safety, environmental protection, cyber security 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 of the Corporation to ensure 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, Chairman

Peter, a long-established primary producer in the Watchem area, now retired, has a wealth of knowledge and experience in primary production and the water industry. Peter is Chairman of the GWMWater Board of Directors.

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

Caroline Welsh, Deputy Chairperson

Caroline is a partner in Renney Farms, the family grain farm in Berriwillock. She is a Director of the Birchip Cropping Group. She previously worked for the State Government in agricultural communication, irrigation development and climate variability and is now on the Victorian Agriculture Climate Change Council. 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 Chair to the GWMWater Board of Directors and also chairs the Water Resources Committee.

Andrew Nicolaou

Andrew 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 and a Fellow of the Institute of Chartered Accountants. He is the Chair of audit committees at the Department of Transport, Parliament of Victoria and Fire Rescue Victoria, is a Director and a member of the Audit Committee of the Victorian Funds Management Corporation and a member of the Audit Committee of the Department of Education.

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

Jennifer Comerford

Jennifer is a professional project manager and strategic advisor with extensive experience working within both state and federal government authorities. She now lives on a rural property in the Grampians region. Jennifer has skills in business planning, procurement, statutory governance and general management. Jennifer holds a Bachelor of Commerce and Graduate Diploma in Taxation, and is a graduate of the Australia Institute of Company Directors.

David Jochinke

Born and bred in the Wimmera, David is a third-generation broad acre farmer at Murra Warra. A strong advocate for rural communities and the farming industry, he has held numerous significant high-profile leadership roles representing the Wimmera and Victoria. He is currently Vice President of the National Farmers Federation, Chair of the Wimmera Southern Mallee Regional Partnership and Director of the Melbourne International Flower and Garden Show. David holds a Diploma of Applied Science, is a Nuffield Scholar, Australian Rural Leadership Fellow and a member of the Australian Institute of Company Directors.

David is Chair of the GWMWater Environment and Works Committee.

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 national head of the firm's climate change and sustainability practice. Elisa has 30 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 Chair of the Carbon Market Institute, a Director of Beyond Zero Emissions and a Graduate of the Australian Institute of Company Directors.

Linda Kwok

Linda is an architect and director of LHLK Architects. She has held senior project architect roles in various public and private building projects in Victoria. Linda is a Board Director at Wimmera Health Care Group. She has taught at universities in architecture, environmental design, construction and management. Linda holds a Bachelor of Architecture, a Post-Graduate Diploma in Planning and Design (Urban Design) and a Master of Business Administration. She is 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. 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; Graduate Diplomas of Management and Strategic Foresight; and is a graduate of the Australian Institute of Company Directors.

Mark Williams

Mark has been with GWMWater and the former Grampians Water since 1996. Mark was Chief Financial Officer up until November 2011 when appointed to the position of Managing Director. 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 Victorian public service where he started his career in 1985. Mark served on the Wimmera Health Care Group Board from 2001 to 2016 and 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.

Mark joined the Board of the Horsham Golf Club in 2017 where he has held the positions of Secretary and Treasurer. Mark has assisted the return of the club to a sustainable financial position.

Board and Committee Attendance 1 July 2020 – 30 June 2021

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	12[2]	5[2]	4	2	2
Caroline Welsh	12[2]	5[2]	2	3	2
David Jochinke	10[1]	2[2]	4	2	-
Andrew Nicolaou	12[2]	6[2]	-	-	2
Linda Kwok	11[2]	6[2]	4	3	-
Elisa de Wit	11[1]	2[2]	4	3	2
Scott Williams	12[2]	5[2]	3	1	-
Jennifer Comerford#	6	2	2	-	-
Mark Williams, Managing Director	12[2]	6[2]	4	3	2
Ross Davies, Independent	n/a	n/a	n/a	3	n/a
Total number of meetings	**12[2]**	**6[2]**	**4**	**3**	**2**

Notes to this table:

Superscript depicts the number of Special Board and Committee Meetings as part of overall total

2 x Special Board Meeting

2 x Special Audit, Governance and Risk Committee Meeting

n/a Not applicable

 # Incoming Member appointed as at 14 December 2020

Standing Committees of the Board

Audit, Governance and Risk Committee

1 July 2020 – 20 October 2020
- Andrew Nicolaou (Chair)
- Scott Williams
- Linda Kwok
- Peter Vogel (Ex-Officio)

21 October 2020 – 30 June 2021
- Andrew Nicolaou (Chair)
- Scott Williams
- Linda Kwok
- Caroline Welsh
- Jennifer Comerford*
- Peter Vogel (Ex-Officio)

*appointed as a Director as at 14 December 2020

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 of 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 2020/21, the Committee met on six occasions, inclusive of two special meetings. Attendance of committee members is detailed in the Board and Committee Attendance table, together with attendance of members of other board committees.

Environment and Works Committee

1 July 2020 – 20 October 2020
- Caroline Welsh (Chair)
- David Jochinke
- Linda Kwok
- Elisa de Wit
- Peter Vogel (Ex-Officio)

21 October 2020 – 30 June 2021
- David Jochinke (Chair)
- Scott Williams
- Linda Kwok
- Elisa de Wit
- Jennifer Comerford*
- Peter Vogel (Ex-Officio)

*appointed as a Director as at 14 December 2020

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

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

j) Reviewing 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 as considered appropriate by the Chair. In 2020/21, 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.

Remuneration Committee

1 July 2020 – 30 June 2021

- Peter Vogel (Chair)
- Caroline Welsh
- Andrew Nicolaou
- Elisa de Wit

The Committee has responsibility for the following:

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

b) Receiving a recommendation of executive staff remuneration if outside the guidelines of the Victorian Government Public Entity Remuneration Policy (PEER) as administered by the Victorian Independent Remuneration Tribunal (VIRT).

c) Ensuring the State Government guiding principles for executive remuneration are observed.

d) Observing the requirements of VIRT as varied from time-to-time.

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

f) Establishing processes for the review of the performance of the Managing Director, the Board and the operation of Board committees.

g) Ensuring the State Government policies on remuneration in the public sector are observed.

h) Overseeing the establishment of a remuneration policy and the associated productivity objectives of the Enterprise Bargaining Agreement.

i) Receiving reports prepared that facilitate GWMWater's compliance with the PEER, including disclosures in its annual report.

The Committee Chair is GWMWater's Board of Directors Chairman. 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 as considered appropriate by the Chair, or at any other time on request of a committee member or the internal or external auditor. In 2020/21, the committee met on two 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 2020 – 20 October 2020
- David Jochinke (Chair)
- Scott Williams
- Elisa de Wit
- Linda Kwok
- Peter Vogel (Ex-Officio)
- Ross Davies (External Member)

21 October 2020 – 30 June 2021
- Caroline Welsh (Chair)
- David Jochinke
- Elisa de Wit
- Linda Kwok
- Peter Vogel (Ex-Officio)
- Ross Davies (External Member)

The Committee has responsibility for the following:

a) Providing oversight of the execution of water resource related delegations from the Minister under the *Water Act 1989*, not limited to Storage Manager and Resource Manager delegations.

b) Fulfilling of GWMWater's Statement of Obligations relating to water resource activities, planning and information, including water resource security, drought response, groundwater and surface water compliance activities, water allocation, and the impact of climate change.

c) Providing oversight of GWMWater's water entitlements, including the adequacy of entitlements to meet the required level of service and provide security of supply to customers.

d) Maintaining awareness of GWMWater's multiple roles and any potential for actual or perceived conflicts of interest between its role as Entitlement Holder and Storage Manager/Resource Manager.

e) Providing oversight of compliance with the Storage Management Rules and Storage Manager Objectives in operation of the Headworks system.

f) Providing oversight of GWMWater's role in Victorian water markets, including its involvement in future refinement of water market frameworks, water market regulations and trade rules.

g) Providing oversight of development and/or implementation of climate adaptation strategies as they apply to water resources.

h) Providing oversight of modelling and forecasting in respect to the potential impacts of climate change on water resources in the region in accordance with any government or regulatory requirements.

i) Providing strategic advice and guidance on matters relating to the communication of water resource information, groundwater resource management information and water sharing arrangements.

j) Providing guidance on governance matters relating to water resource functions, and to participate within the governance framework for strategic water resource matters.

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

l) Maintaining line of sight to corporate risks as they apply to water resource matters, and to the corporate compliance calendar.

m) Assessing the quality of GWMWater's reporting, and management policies and procedures as they relate to water resources.

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

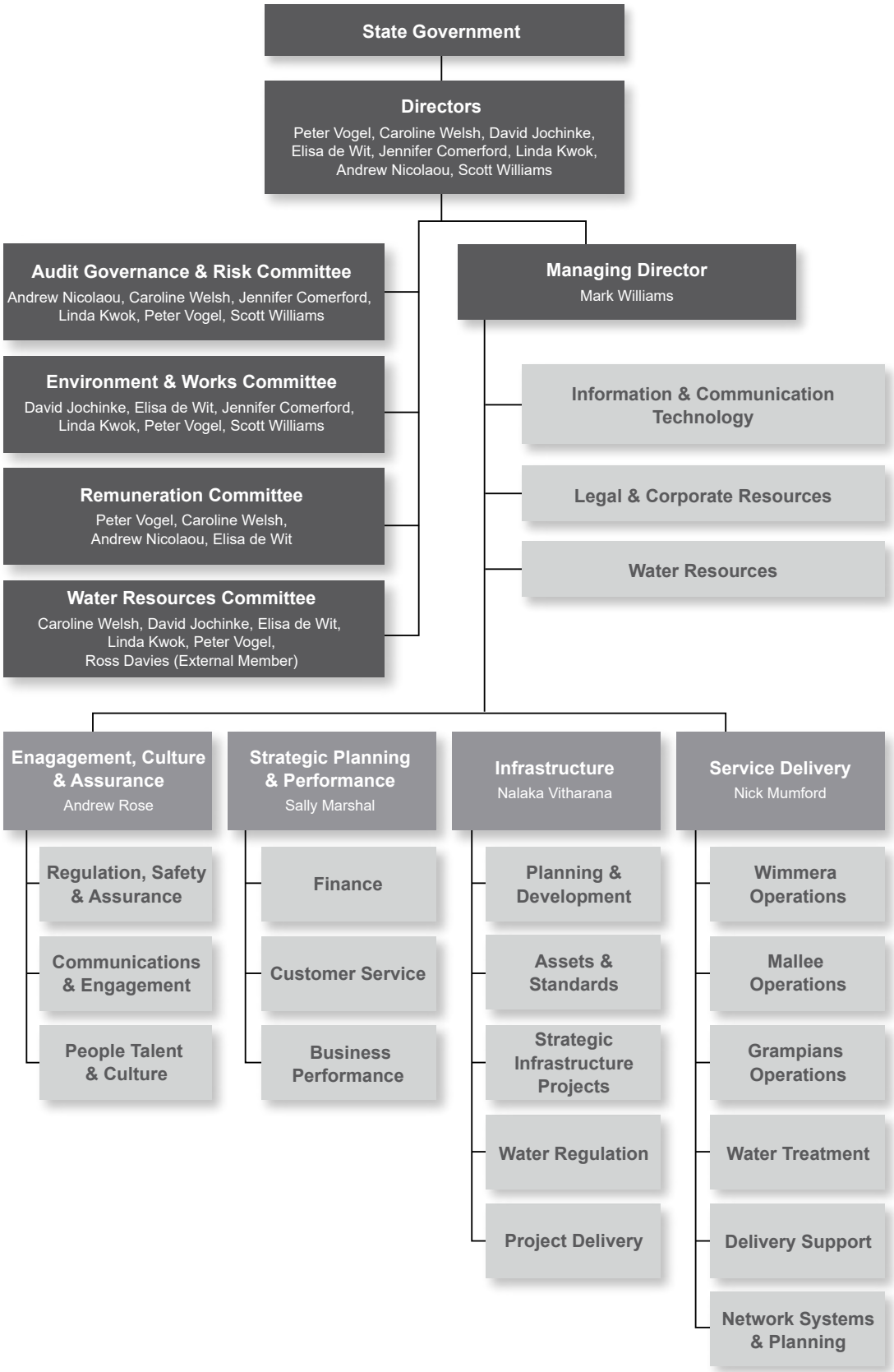
o) Providing guidance and advice in relation to the adequacy and effectiveness of internal controls and processes specific to water monitoring and water accounting.

p) Where appropriate, evaluation of internal annual audit plans and review outcomes.

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. The term of the current incumbent has been extended to coincide with the term of appointment of the GWMWater Chairman.

Meetings are held biannually and at any other time as considered necessary by the Chair. The Water Resources Committee met on three occasions during 2020/21. 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 a 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 also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by GWMWater is available on GWMWater's website.

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; and information provided to GWMWater in confidence.

The Act requires a processing time for requests received of 30 days. However, when external consultation is required the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times.

If an applicant is not satisfied by a decision made by GWMWater, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner 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 $30.10 applies. Access charges may also be payable if the document pool is large and the search for material is time consuming.

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

When making an FOI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

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

GWMWater
Att: Freedom of Information Officer
PO Box 481
Horsham Victoria 3402

Freedom of Information statistics/timeliness

During 2020/21, GWMWater did not receive any FOI applications.

GWMWater made no FOI decisions during the 12 months ended 30 June 2021. During 2020/21, no requests were subject to a complaint/ internal review by OVIC with no requests progressing to VCAT.

Further information

Further information regarding the operation and scope of FOI can be obtained from the Act; regulations made under the Act; and www.foi.vic.gov.au.

Statement of Availability of Other Information

Additional information available on request

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, 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 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:

GWMWater
Att: Freedom of Information Officer
PO Box 481
Horsham Victoria 3402

Additional information included in Annual Report

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

a) Assessment and measures undertaken to improve the Occupational Health and Safety of employees (page 21).

b) A list of GWMWater's major committees, the purpose of each committee, and the extent to which the purposes have been achieved (pages 9 to 13).

Information that is not applicable to GWMWater

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

- A declaration of shares in GWMWater held by senior officers. No shares have ever been issued in GWMWater as the Victorian Government is the shareholder.

Compliance with the *Public Interest Disclosure Act 2012*

The *Public Interest 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 public interest disclosure?

A public interest disclosure is reporting 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:

a) Mismanagement of public resources.

b) Health or safety, or the environment.

c) Corruption.

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

How do I make a public interest disclosure?

You can make a protected disclosure about GWMWater or its Board Directors, officers or employees by contacting the Independent Broad-based Anti-corruption Commission on the contact details provided below. Please note that GWMWater is not able to receive public interest disclosures.

Independent Broad-based Anti-corruption Commission Victoria

Level 1, North Tower
459 Collins Street
Melbourne Victoria 3000

Mail: 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.

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

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

	2019/20	2020/21
The number of disclosures made by an individual to the Independent Broad-based Anti-corruption Commission		
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.

Compliance with the *Building Act 1993*

Buildings owned or controlled by GWMWater comply with 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 annual through existing maintenance contracts.

In 2020/21:

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

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 will be reviewed and modified to aspire to the targets of the Water Industry Equity Diversity and Inclusion Strategy.

Target	Target	Current %
Gender balance in senior leadership positions	50%	20%
Percentage of employees who identify as a person with a disability	10%	0%
Percentage of employees who speak a language other than English	20%	12%
Percentage of employees who identify as Aboriginal and/or Torres Strait Islander	2.5%	0%
Percentage of employees who identify as having caring responsibilities (for children, elderly family, or a person with a disability)	35%	35%
Percentage of employees who identify as belonging to the LGBTI+ (Lesbian, Gay, Bisexual, Transgender and Intersex) communities	7%	0.5%

It should be noted that:

a) Flexible work arrangements are available to all employees unless there is a specific operational constraint.

b) 75 percent of employees work flexibly (through informal and formal flexible working arrangements).

Current figures have been sourced from the People Matter Survey 2020 and current workforce data.

Our strategy will ensure:

a) We value and respect the diversity of our employees and that of the communities in which we operate.

b) 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:

a) Be an employer of choice for people from diverse backgrounds and improve our ability to attract, develop and retain staff from these groups.

b) Make diversity and inclusion a central part of how our organisation and employees work.

c) Support and empower our employees to be able to do their best and bring their whole selves to the workplace.

d) 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, inclusion and treating all individuals – our employees, customers and the communities in which we operate – with fairness and respect.

The GWMWater Board consisted of four women which equated to 44 percent. Women are employed in 20 percent of senior management positions.

GWMWater provides cross-cultural training opportunities for staff. During the financial year no staff completed Cultural Diversity and Awareness training due to coronavirus (COVID-19) restrictions.

GWMWater is a member of the Communities of Respect and Equality Alliance, and the Wimmera Against Family Violence Committee.

Compliance with the *Disability Act 2006*

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The Victorian State Disability Plan 2021-2025 is currently being developed. GWMWater will develop future Disability Action Plans within the framework of the State Disability Plan.

Reducing barriers to accessing goods, services and facilities

GWMWater buildings meet current Australian Building Standards relating to physical barriers. Policies relating to discrimination, Equal Employment Opportunity (EEO) and Reasonable Adjustment have been developed.

Reducing barriers to persons with a disability obtaining and maintaining employment

Policies relating to discrimination, EEO and Reasonable Adjustment have been developed. The Manager People Talent and Culture is a member of VicWater's Diversity and Inclusion Steering Committee.

Promoting inclusion and participation in the community of people with a disability

GWMWater has an alliance with the Community of Respect and Equality (CoRE).

Achieving tangible changes in attitudes and practices that discriminate against people with a disability

Discrimination policies and EEO guidelines are regularly presented to staff, and a training module is completed by staff through e-Learning.

Staff Numbers 2020/21

Ongoing Employees (Excludes Casual and Fixed Term)					Fixed Term and Casual Employees
	Employee (headcount)	Full Time (headcount)	Part Time (headcount)	FTE	FTE
June 2021	176	155	21	168.21	21.07
June 2020	181	160	21	173.01	25.41

	JUNE 2021		Fixed Term and Casual Employees	JUNE 2020		Fixed Term and Casual Employees
	Employee (headcount) Excludes Casual & Fixed Term	FTE Excludes Casual & Fixed Term	FTE	Employee (headcount) Excludes Casual & Fixed Term	FTE Excludes Casual & Fixed Term	FTE
Gender						
Man (M)	120	118.98	14.63	128	127.14	12.63
Woman (W)	56	49.23	6.44	53	45.87	12.78
Self-described (S)	0	0	0	0	0	0
Age						
Under 25	8	8	2	12	12	2
25-34	49	46.77	4.76	48	44.55	8.78
35-44	39	36.31	5.68	36	34.49	9
45-54	41	39.09	4	38	41.94	2
55-64	34	34	3	44	37.4	2
Over 64	5	4.03	1.63	3	2.63	1.63
Classification						
BTWA	53	50.99	3.76	49	47.71	8.26
BTWB	47	45.09	4.68	50	47.21	3.52
BTWC	24	21.73	1.63	28	25.59	3.63
BTWD	7	7	0	6	6	0
PROFB	7	6.84	3	10	10	1
PROFC	6	5.36	0	6	5.31	0
PROFD	9	8.53	0	7	6.53	1
SENIOR OFFICER	23	22.67	3	25	24.67	3
EXECUTIVES						
PEERS			5	0	0	5
Total Employees	**176**	**168.21**	**21.07**	**181**	**173.02**	**25.41**

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. Employees have been correctly classified in workforce data collections.
4. Due to rounding some totals may not correspond with the sum of the separate figures.

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 2020/21 was the lower number of incidents recorded, during a difficult time for all due to the coronavirus (COVID-19) pandemic, to operate and provide continued business services. Average claim costs have increased, due to a low number of standard claims, but estimated claim costs from the Workcover Insurer were higher. The continued delivery of occupational health and safety training was another highlight, considering it was also a difficult time to bring together staff and external trainers. Hazard reports and actions are higher, due to an ongoing and continued focus on improving hazard reporting systems and support for staff to report and complete actions.

Occupational Health and Safety Performance Indicators

Measure	KPI	2016/17	2017/18	2018/19	2019/20	2020/21
Incidents	Number of incidents	65	75	89	87	73
	Rate per 100 FTE	40.34	44.08	51.81	50.29	43.40
Claims	Number of lost time claims	7	2	3	1	2
	Rate per 100 FTE	4.34	1.18	1.75	0.58	1.19
Claim Costs	Average cost per standard claim	$85,475	$5,532	$29,132	$2,051	$23,847
First Aid Treatment Injuries	Number of first aid treatment injuries	9	13	1	4	5
Medical Treatment Injuries	Number of medical treatment injuries	2	1	0	1	1
Lost Time Injuries	Number of lost time injuries	6	0	3	0	2
Hazards	Number of hazard reports completed	222	133	140	165	183
	Rate per 100 FTE	137.76	78.17	81.50	95.37	108.79

Occupational Health and Safety (OH&S) training completed in the past 12 months included:

- Asbestos Class B removal and supervision
- Confined space entry and breathing apparatus
- Construction induction
- Noise awareness
- Electrical spotters
- Fall prevention (safe working at heights)
- Mobile plant operation
- First Aid Level 2 and CPR
- Fire extinguisher selection and use
- Implement traffic management and traffic control
- Dangerous goods and hazardous substances
- Manual handling
- OH&S representative refresher
- Operate four wheel drive vehicles
- Trenching and shoring
- Agvet chemical users
- Contractor safety surveillance skills
- Operate and maintain chainsaw
- Dial Before You Dig
- Heavy vehicle operator training on:
  - completing a work diary and apply chain of responsibility
  - secure cargo and load restraint
  - apply fatigue risk management
- Heavy vehicle operator management training on apply chain of responsibility

Water Consumption

Water Consumption Report 1 July 2020 to 30 June 2021

	Industrial and Concessional		Non-Residential and Municipal		Residential		Total		Average Annual Consumption*
	ML	No	ML	No	ML	No	ML	No	ML
Antwerp	0.0	1.0	0.0	2.0	3.1	9.0	3.2	12.0	3.3
Apsley	1.1	8.0	5.7	19.0	20.3	96.0	27.1	123.0	22.6
Ararat	136.3	41.0	284.6	442.0	655.4	3,761.0	1,076.3	4,245.0	1,136.7
Berriwillock	0.3	9.0	3.9	11.0	16.8	70.0	21.1	90.0	23.1
Beulah	5.6	12.0	4.9	30.0	37.7	136.0	48.2	178.0	45.2
Birchip	1.9	13.0	19.1	81.0	109.6	371.0	130.6	465.0	123.3
Brim	1.7	6.0	0.2	5.0	10.3	47.0	12.2	58.0	11.1
Buangor	0.1	3.0	0.2	2.0	8.2	37.0	8.6	42.0	10.9
Charlton	6.8	16.0	106.2	123.0	127.6	566.0	240.7	705.0	195.4
Chillingollah	-	-	0.0	1.0	1.0	5.0	1.0	6.0	1.4
Chinkapook	0.0	1.0	0.0	2.0	2.3	13.0	2.3	16.0	3.2
Cowangie	0.1	2.0	2.0	2.0	1.1	9.0	3.1	13.0	1.8
Culgoa	1.0	3.0	2.7	15.0	15.6	60.0	19.3	78.0	18.9
Dimboola	5.6	22.0	41.1	96.0	164.9	772.0	211.6	890.0	214.8
Donald	4.3	14.0	58.6	172.0	152.4	717.0	215.3	903.0	211.8
Dooen	-	-	0.3	3.0	4.6	16.0	5.0	19.0	3.7
Edenhope	3.6	16.0	23.8	83.0	81.1	450.0	108.5	549.0	99.5
Elmhurst	0.2	7.0	2.0	14.0	11.1	103.0	13.4	124.0	16.4
Glenorchy	0.1	2.0	0.0	3.0	8.0	57.0	8.1	62.0	7.9
Goroke	4.0	11.0	2.5	32.0	30.2	140.0	36.7	183.0	34.2
Great Western	21.9	7.0	17.9	19.0	22.8	129.0	62.5	155.0	56.3
Halls Gap	5.5	7.0	104.6	93.0	45.9	539.0	156.0	639.0	161.0
Harrow	3.8	8.0	1.2	17.0	22.4	71.0	27.3	96.0	23.5
Hopetoun	13.5	19.0	17.1	67.0	86.9	306.0	117.5	392.0	113.6
Horsham	14.6	59.0	398.7	1,021.0	1,909.4	8,051.0	2,322.7	9,131.0	2,362.9
Jeparit	0.7	12.0	9.1	42.0	41.5	251.0	51.3	305.0	52.8
Jung	0.1	1.0	0.0	2.0	9.1	40.0	9.2	43.0	9.6
Kaniva	3.7	16.0	32.5	106.0	118.6	408.0	154.9	530.0	164.4
Kiata	-	-	0.2	3.0	3.2	19.0	3.4	22.0	3.7
Lake Bolac	11.2	13.0	11.5	32.0	32.3	133.0	55.1	178.0	62.4
Lalbert	1.0	4.0	4.6	11.0	9.6	41.0	15.2	56.0	15.8
Lascelles	-	-	3.3	7.0	3.9	24.0	7.2	31.0	7.0
Lillimur	-	-	0.0	1.0	6.3	18.0	6.3	19.0	6.0
Manangatang	1.4	8.0	20.5	27.0	46.0	132.0	68.0	167.0	62.3
Marnoo	1.5	5.0	1.7	15.0	13.9	51.0	17.1	71.0	14.4
Minyip	2.9	14.0	13.9	34.0	39.9	236.0	56.7	284.0	55.9
Miram	-	-	-	-	0.8	9.0	0.8	9.0	0.8
Moyston	0.2	2.0	2.4	7.0	21.0	88.0	23.6	97.0	25.7

	Industrial and Concessional		Non-Residential and Municipal		Residential		Total		Average Annual Consumption*
	ML	No	ML	No	ML	No	ML	No	ML
Murrayville	4.4	8.0	53.8	32.0	63.2	157.0	121.4	197.0	107.4
Murtoa	1.0	17.0	19.9	59.0	89.6	415.0	110.5	491.0	102.4
Nandaly	0.5	7.0	0.7	5.0	3.0	21.0	4.2	33.0	5.2
Natimuk	11.3	14.0	10.0	28.0	49.6	231.0	70.9	273.0	70.2
Nhill	256.7	25.0	137.0	152.0	261.1	984	654.7	1,161.0	513.5
Nullawil	2.8	3.0	4.6	15.0	7.2	31.0	14.6	49.0	14.8
Ouyen	32.4	10.0	76.5	113.0	200.8	572.0	309.7	695.0	324.8
Patchewollock	0.5	4.0	1.1	13.0	9.0	37.0	10.7	54.0	10.7
Pimpinio	0.1	2.0	0.3	3.0	6.8	33.0	7.1	38.0	8.5
Pomonal	4.0	2.0	5.5	8.0	25.3	129.0	34.8	139.0	32.4
Quambatook	6.2	12.0	10.7	24.0	36.2	132.0	53.0	168.0	51.6
Rainbow	2.5	20.0	21.3	52.0	76.7	306.0	100.5	378.0	95.3
Rupanyup	1.9	10.0	10.9	43.0	37.8	196.0	50.6	249.0	50.3
Sea Lake	3.5	9.0	28.4	70.0	113.0	352.0	145.0	431.0	150.7
Serviceton	1.0	2.0	0.0	3.0	3.8	25.0	4.8	30.0	4.7
Speed	0.0	3.0	1.0	7.0	6.1	29.0	7.1	39.0	7.5
St Arnaud	2.9	27.0	125.7	208.0	226.5	1,215.0	355.2	1,450.0	388.2
Stawell	260.0	32.0	139.5	373.0	566.7	2,989.0	966.3	3,394.0	1,219.9
Streatham	0.2	4.0	0.5	6.0	4.5	40.0	5.2	50.0	6.0
Tarranyurk	-	-	0.9	4.0	1.5	4.0	2.4	8.0	2.5
Tempy	0.2	5.0	1.9	6.0	5.3	19.0	7.4	30.0	8.2
Ultima	0.4	5.0	7.0	12.0	27.1	85.0	34.5	102.0	32.5
Underbool	2.0	7.0	27.4	19.0	39.6	107.0	69.0	133.0	69.7
Waitchie	-	-	0.0	3.0	0.0	3.0	0.0	6.0	0.2
Walpeup	0.5	4.0	7.9	14.0	18.0	58.0	26.5	76.0	30.0
Warracknabeal	7.1	24.0	60.6	183.0	310.1	1,251.0	377.8	1,458.0	361.2
Watchem	0.0	4.0	5.1	10.0	11.5	71.0	16.7	85.0	15.3
Westmere	-	-	4.1	7.0	1.0	10.0	5.0	17.0	5.6
Wickliffe	0.0	1.0	5.8	9.0	9.9	35.0	15.7	45.0	18.1
Willaura	0.9	13.0	53.0	51.0	66.3	201.0	120.3	265.0	106.4
Woomelang	4.7	12.0	2.8	24.0	26.5	110.0	34.0	146.0	36.1
Wycheproof	4.2	14.0	25.6	68.0	100.0	351.0	129.8	433.0	121.8
Yaapeet	-	-	0.7	5.0	8.8	29.0	9.5	34.0	9.5
Total	**866.7**	**662.0**	**2,047.6**	**4,271**	**6,307.3**	**28,209**	**9,221.6**	**33,143**	**9,364.5**

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 2016 and 30 June 2021.
3. ML = Megalitre (1,000,000 litres)
   0.0 = minimal usage less than 0.05 ML (50,000 litres)
   - = nil usage or customers during the year.

Non-revenue Water

GWMWater's estimated total unaccounted for water in 2020/21 was 1,018.9 ML (7.8 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 2020/21

We provided drinking water to a population of about 58,387. The total consumption of water was 5,790 ML across this population of our region which averages out to 272 litres per person, per day.

Total residential bill 2020/21

The total residential bill for a drinking water customer based on average consumption of 222 kL in a town with sewerage services was $1,346, or based on consumption of 200 kL was $1,308.

Supply and Distribution

Inflows into the Grampians reservoir system were approximately 69,500 ML for the 2020/21 water year, equivalent to around 33 percent of the historic average. Reservoir inflows (excluding Taylors Lake) were equivalent to 73 percent of the observed average inflow since the year 2000.

The volume stored in the Grampians reservoir system peaked in September 2019 at 227,800 ML (40.6 percent) and decreased over the year as water was released to meet entitlement holder demands and lost to evaporation. The volume in storage reached a low of 160,420 ML (28.6 percent) in early June 2021.

Towns serviced by groundwater and local surface water supply were routinely monitored, with good water availability throughout the year.

Both Murray and Goulburn systems failed to reach 100 percent seasonal determination during the 2020/21 water year. This allocation in combination with existing carryover reserves was sufficient to meet Permanent Water Saving Rules level of demand for GWMWater supplied towns and pipeline users serviced from the River Murray, and secure a further carryover reserve for the 2021/22 water year.

GWMWater's urban customers were required to observe Permanent Water Saving Rules during the 2020/21 water year, with no water restrictions implemented in any town serviced by GWMWater.

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 for the Wimmera-Glenelg and East Grampians headworks systems, and the Resource Manager for bulk and environmental entitlements in the Wimmera, Glenelg and Avoca basins.

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
18.1 (b)	**Offtake Points**	**Supply to**		
	Dad and Dave Weir	Mt Zero Channel	3,010 ML	
	Brimpaen Storages	Wimmera Mallee Pipeline Supply System 6	519 ML	
	Taylors Lake Outlet	Wimmera Mallee Pipeline Supply Systems 1, 2, 3, 4, 6 and 7 Supply By Agreement customers	44 ML	1
	Licenced Diversion Offtakes	Domestic & stock diverters from Rocklands - Toolondo Channel	0 ML	2
	Rocklands Offtake	Supply By Agreement customers direct from Headworks	0 ML	
	Rocklands Offtake	Glenelg River compensation flow	0 ML	
	Lake Fyans Outlet	Urban systems and Supply By Agreement customers	2,000 ML	
	Lake Bellfield	Urban systems & Wimmera Mallee Pipeline Supply Systems 1, 2, 3, 4, 6 and 7	10,249 ML	
	Lake Lonsdale Outlet	Commonwealth Environmental Water Holder	0 ML	4
	Stawell Diversion Weir	Stawell urban system	744 ML	
	Mt Cole Reservoir	Ararat urban system and Supply By Agreement customers	434 ML	
	Langi Ghiran Reservoir	Urban systems and Supply By Agreement customers	0 ML	3
	Panrock Reservoir	Urban systems and Supply By Agreement customers	0 ML	3
	Green Lake Inlet Channel	Green Lake (Horsham)	0 ML	4
	Total Offtake		**16,999 ML**	

BE Clause	Item		Report		Notes
	Offtake Points	**Supply to**			
	Water supplied to primary entitlements (Schedule 2, Table 1)				
18.1 (c)	GWMWater	Pipeline and balancing storage losses		679 ML	
		Commonwealth Environmental Water Holder		0 ML	
		Glenelg River compensation flow		0 ML	
		Recreation		2,348 ML	
		Wimmera Mallee Pipeline product		13,973 ML	
	Coliban Water	Wimmera Mallee Pipeline product		117 ML	
	Victorian Environmental Water Holder	Wetlands		117 ML	
		Wimmera Mallee Pipeline product		14,816 ML	
	Wannon Water	Wimmera Mallee Pipeline product		135 ML	
	Total Supplied to Primary Entitlements			**32,185 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 River compensation flow		1%	(33 ML)	
	Recreation		0%	(0 ML)	
	Wimmera Mallee Pipeline product		57%	(25,490 ML)	
18.1 (e)	Metering Program			Pending	5
18.1 (f)	Transfers of an entitlement or part of this BE			None	
18.1 (g)	BE, 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 BE granted to GWMWater under this Order			None	
18.1 (j)	BE compliance failures			Yes	6
18.1 (k)	BE compliance difficulties and actions			No	

Notes to this table:

1. Volume supplied by agreement from Horsham Weir Pool.
2. No regulated diversion licences are held.
3. Storage was not used for water supply purposes during 2020/21.
4. GWMWater received agreement from the Minister for Water to supply Green Lake Horsham, and supply the Commonwealth Environmental Water Holder from Lake Lonsdale, under Clause 11.1 (b).
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, and have been deferred to follow the update of Victorian Water Corporations' Non-Urban Metering Action Plans in 2020, and the update of Bulk Entitlement Metering Plan Guidelines by the Department of Environment, Land, Water and Planning in 2021.
6. GWMWater has not yet implemented a metering plan approved by the Minister.

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	237 ML	
11.1 (c)	Metering program approved under sub-clause 10.4	Pending	1
11.1 (d)	Any temporary or permanent transfer of this BE	None	
11.1 (e)	Any BE, licence or water right in respect of the waterway transferred to GWMWater	None	
11.1 (f)	Any amendment to this BE	None	
11.1 (g)	New BE granted to GWMWater with respect to the waterway	None	
11.1 (h)	BE compliance failures	Yes	2
11.1 (i)	BE 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, and have been deferred to follow the update of Victorian Water Corporations' Non-Urban Metering Action Plans in 2020, and the update of Bulk Entitlement Metering Plan Guidelines by the Department of Environment, Land, Water and Planning in 2021.
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's reporting requirements in accordance with Section 21.1 of this Bulk Entitlement (BE):

BE Clause	Item		Report	Notes
21.1 (b)	**Offtake Points**	**Supply to**		
	Nyah Pump Station	Northern Mallee Pipeline (Nyah and Eureka system)	360 ML	
	Piangil Pump Station	Northern Mallee Pipeline (Piangil and Manangatang system)	388 ML	
	Swan Hill Pump Station	Wimmera Mallee Pipeline (Supply System 5 - Swan Hill and Sea Lake)	1,314 ML	
	Liparoo Pump Station	Northern Mallee Pipeline (Ouyen system)	2,095 ML	
	Annuello Pump Station	Private pipeline scheme	83 ML	
	Hayesdale Pump Station	Private pipeline scheme	56 ML	
	Koolonong Pump Station	Private pipeline scheme	32 ML	
	Total Offtake		**4,329 ML**	1
21.1 (c)	Any new offtake points		None	
21.1 (d)	Amount of water returned under sub-clause 16.2		None	
21.1 (e)	**Annual amount supplied to primary entitlement holders**			
	GWMWater	Urban supply systems	814 ML	
		Rural properties	1,554 ML	
		Supply By Agreement customer	19 ML	
		Community requirements	801 ML	
		Pipeline operating requirements (excludes private pipeline schemes)	969 ML	
		Private pipeline schemes	171 ML	
	Total Supplied to Primary Entitlements		**4,329 ML**	1
21.1 (f)	Metering program approved under sub-clause 20.2		Pending	2
21.1 (g)	Any temporary or permanent transfer of this BE		None	
21.1 (h)	Transfer of BE or assignment of water allocation under the Act		None	
21.1 (i)	Amendments to this BE		None	
21.1 (j)	New BE granted to GWMWater with respect to the River Murray		None	
21.1 (k)	BE compliance failures		Yes	3
21.1 (l)	BE compliance difficulties and actions		None	

Notes to this table:

1. The sum of component line items does not equal the total volume due to rounding of the respective components.
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, and have been deferred to follow the update of Victorian Water Corporations' Non-Urban Metering Action Plans in 2020, and the update of Bulk Entitlement Metering Plan Guidelines by the Department of Environment, Land, Water and Planning in 2021.
3. GWMWater has not yet implemented an approved metering plan.

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	86 ML	
12.1 (c)	Metering program approved under sub-clause 11.2	Pending	1
12.1 (d)	Any temporary or permanent transfer of this BE	Yes	2
12.1 (e)	Any period of restriction imposed on this entitlement	None	
12.1 (f)	Any amendment to this BE	None	
12.1 (g)	New BE granted to GWMWater with respect to this entitlement	None	
12.1 (h)	BE compliance failures	Yes	3
12.1 (i)	BE 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, and have been deferred to follow the update of Victorian Water Corporations' Non-Urban Metering Action Plans in 2020, and the update of Bulk Entitlement Metering Plan Guidelines by the Department of Environment, Land, Water and Planning in 2021.
2. A temporary allocation transfer of 15 ML was made to another GWMWater Allocation Bank Account.
3. GWMWater has not yet implemented an approved metering plan.

Recreation Water

During the past year, recreation water pricing volumetric discounts were applied to recreational, sporting clubs and schools with more than 431 organisations benefiting from the discounts and a further 17 locations receiving a discounted recreation lake water supply.

The availability of affordable water for these organisations provides significant benefits to the livability of the region; from health and wellbeing, to local businesses and the environment. The impact of the coronavirus (COVID-19) pandemic further highlights the importance of recreation water and the contribution that it has on the future economic prosperity, health and wellbeing of our communities.

A longitudinal study by Street Ryan and Associates reaffirms these benefits in a report titled 'Wimmera Southern Mallee Socio-Economic Value of Recreational and Environmental Water Trends and Insights 2016/17 to 2019/20'.

Over the four-year period, 31 recreational waterbodies were included in the assessment across eight Local Government Areas. Of the sites featured in the study, 13 benefited from the discounted supplies made possible through the Recreation Contribution Charge; with the remaining sites supplied by natural flows.

The outcomes of this study confirmed the significant benefits and value of the water supplied to these sites which would be unlikely to occur to the current extent without the current volumetric discounts.

Recreation water discounts are funded through a recreation contribution charge of $18.00 per customer; $9.00 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 2020/21:

	Note	Number / Volume Delivered	2020/21 $
Revenue			
Rural Recreation Contributions		4,716	82,179
Urban Recreation Contributions		28,209	439,668
Recreation Lake Water Revenue	1		74,210
Total Revenue			**596,057**
Expenditure			
Recreational and Sporting Club			
Rural Volumetric Discounts (90 entities)		210.5 ML	88,528
Urban Volumetric Discounts (254 entities)		252.8 ML	172,021
Schools Volumetric Discounts (87 entities)		262.2 ML	135,975
Distribution Costs			274,732
Public Recreation Facilities			(55,173)
Recreation Water Planning and Administration			76,351
Total Expenditure			**692,434**
Net Result for the Year			**(96,378)**

Note to this table:
Includes revenue from supply to Nhill Lake from a groundwater bore.

Statement of Obligations

On 20 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 obligations specific to emissions reductions were outlined in a separate instrument on 14 March 2018.

The GWMWater Board supports the amendments to the SoO with climate variability presenting some significant challenges to water resource management in our region. GWMWater is committed to taking a lead role in ensuring a sustainable environment for our region by investing in renewable energy to reduce our carbon footprint. In time, GWMWater will not only be self-sufficient, but expects to become a net generator of energy.

Dam Safety

GWMWater manages dam safety for all the dams, embankment water storages and wastewater storages. 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 are 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 Australian National Committee on Large Dams (ANCOLD) to promote further understanding and latest advances in managing dams safely.

Specific actions carried out during 2020/21 to meet the SoO requirements were:

a) Intermediate dam safety inspection and reports on Copes Hill, Oliver's Gully, Taylors Lake, Lake Bellfield, Lake Lonsdale, Rocklands and Lake Fyans reservoirs.

b) Comprehensive dam safety inspection and reports on Moora Moora Reservoir and Lake Wartook.

c) Annual Dam Safety Report submission to DELWP for all reportable water and wastewater storages managed by GWMWater.

d) 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. Management and surveillance of reportable major storages.

e) Completion of a risk assessment of Langi Ghiran Reservoir as part of the scheduled review of dam assessments according to ANCOLD Guidelines. The reservoir is not currently used but subject to feasibility studies may be used to augment water supplies to extend water services.

f) Repairs to one of the outlet valves at Lake Wartook after the shaft broke on the valve during normal operations. The works included using the bulkhead to seal the outlet works to enable the works to be to be completed safely.

g) Planning has commenced for major upgrade works to the Lake Fyans embankment and outlet.

Economic Sustainability

Financial Summary 2016/17 to 2020/21 ($ Million)

	2016/17	2017/18	2018/19	2019/20	2020/21
Operating revenue	59.97	63.89	64.60	63.84	64.27
Contribution revenue	1.21	8.09	4.71	6.96	1.83
Other revenue	0.75	1.75	2.21	1.67	1.32
Total Revenue	**61.93**	**73.73**	**71.52**	**72.47**	**67.42**
Operating expenditure	30.97	33.16	35.14	35.47	32.98
Decommissioning Expenditure	-	1.09	0.91	0.26	0.54
Environmental Levy	1.68	1.68	2.26	2.26	2.60
Depreciation	33.47	33.44	33.90	35.90	35.33
Loss on disposal of assets	0.75	0.09	1.71	0.56	0.11
Net fair loss/(gain) on revaluation of investment properties	(0.02)	(0.08)	(0.01)	(0.00)	(0.08)
Borrowing costs	8.39	7.91	7.61	7.44	6.76
Grants and other transfers	0.86	-	1.94	1.60	0.99
Total Expenditure	**76.10**	**77.29**	**83.46**	**83.49**	**79.23**
Net result before tax	**(14.18)**	**(3.56)**	**(11.94)**	**(11.02)**	**(11.81)**
Current assets	24.92	29.05	22.84	38.60	34.49
Non-current assets	1,908.29	1,927.57	2,047.61	2,043.19	2,090.73
Total Assets	**1,933.21**	**1,956.62**	**2,070.45**	**2,081.79**	**2,125.22**
Current liabilities	20.31	34.72	30.98	26.11	27.57
Non-current liabilities	283.82	266.92	304.56	310.19	313.17
Total Liabilities	**304.13**	**301.64**	**335.53**	**336.30**	**340.74**
Net Cash From Operations	18.87	27.34	22.43	27.03	24.15
Payments for property, plant and equipment (including infrastructure)	20.75	43.06	73.45	34.34	23.13

Performance indicator	2016/17	2017/18	2018/19	2019/20	2020/21
Immediate Liquidity and Debt Servicing (Cash Interest Cover) Cash flow from operations before net interest and tax payments ÷ net interest payments	3.2	4.6	4.0	4.6	4.6
Long Term Financial Viability (Gearing Ratio) Total debt (including finance leases) ÷ total assets	6.4%	5.7%	6.2%	6.5%	6.9%
Internal Financing Ratio Net operating cash flow ÷ capital expenditure	92.8%	63.9%	30.9%	80.0%	108.4%
Current Ratio Current assets ÷ current liabilities (excluding long-term employee provisions and revenue in advance)	1.7	1.0	0.9	2.1	1.7
Long Term Profitability (Return on Assets) Earnings before net interest and tax ÷ average total assets	(0.3%)	0.2%	(0.2%)	(0.2%)	(0.2%)
EBITDA Margin Earnings before interest, tax, depreciation and amortisation ÷ total revenue	44.6%	50.5%	40.9%	44.3%	44.7%

GWMWater recorded a net result before tax of $11.81 million loss for the 2020/21 financial year which is $0.79 unfavourable compared to the $11.02 million loss for 2019/20.

The result reflects the impact of:

a) Decrease in developer contributions of $4.45 million as no new capital contribution charges were collected due to delay in commencement of the East Grampians Rural Pipeline project.

b) Decrease of $2.49 million in expenditure from operating activities. The decrease is due to a number of factors including decrease in leave liabilities; reduced costs in relation to fuel, energy and contractors.

c) Decrease of $0.4 million in expenditure from non-operating activities. The decrease is due to a number of factors including increased loss taken up on disposal of non-current assets as a consequence of increase in number of redundant assets disposed offset by reduced finance costs due to lower interest paid due to favourable financing market conditions and lower borrowings associated with delays on the capital program.

Our financial performance summarises our key performance indicators over the years. Indicators that varied significantly to plan over the year are explained in the Performance Report section of this annual report.

Financial Performance

The improvement in financial performance from previous years is reflected in Cash Interest Cover increasing from 3.2 times in 2016/17 to 4.6 times in 2020/21. The internal financing ratio increased from 92.8 percent in 2016/17 to 108.4.5 percent in 2020/21, reflecting the impact of delay in capital expenditure on growth and service improvement projects funded from future rates and contributed capital proceeds. Net operating cash flow does not include contributed capital proceeds from the Victorian Government of $5 million which relates to the East Grampians Rural Pipeline project. These proceeds are reported under cash flows from financing activities.

Subsequent Events

Since 30 June 2021, the State of Victoria has introduced more restrictions post balancing date in response to the ongoing coronavirus (COVID-19) pandemic and spread of the delta variant. The measures implemented include limitations on the operation of businesses in Victoria. GWMWater has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operation as of and for the year ended 30 June 2021 have not been adjusted to reflect their impact. The duration and impact of the coronavirus pandemic remain unclear at this time. It is not possible to reliably estimate the severity of these consequences as well as their impact on the financial position and results for future periods.

Local Jobs First – Victorian Industry Participation Policy

The *Local Jobs First Act 2003*, introduced in August 2018, brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

GWMWater is required to apply the Local Job First Policy in all regional projects valued at $1 million or more. MPSG applies to all construction projects valued at $20 million or more. Projects of value greater than $50 million are classified as Strategic Projects and they are subject to minimum local content requirements.

Projects Commenced – Local Jobs First Standard

Four Local Jobs First Standard projects (Goroke Sewerage Scheme, Urban Remote Meter Upgrade, stage 3 of behind the meter solar and sewer pump station refurbishments) commenced or were in progress during 2020/21, with combined expected value $11.7 million. The MPSG did not apply to these projects. The outcomes expected from the implementation of the Local Jobs First Policy to these projects where information was provided, were as follows:

a) An average of 88 percent of local content commitment was made.

b) A total of 35 jobs (annualised employee equivalent (AEE)) were committed, including the creation of 18 new jobs and retention of 17 existing jobs AEE.

c) A total of 23 apprentice, trainee or cadet positions are committed to being created or retained.

Projects Completed – Local Jobs First Standard

During 2020/21, GWMWater completed three Local Jobs First Standard Projects (Lake Fyans – Stawell pipeline upgrade, data farm sensors (AgTIDE) and stage 1 of behind the meter solar installations) with combined value of $4.8 million. The outcomes achieved from the implementation of the Local Jobs First Policy to these projects where information was provided, were as follows:

a) An average of 82 percent local content was achieved.

b) A total of 11 jobs (annualised employee equivalent (AEE)) were supported, including the creation of two new jobs and retention of nine existing jobs AEE.

Projects Commenced – Local Jobs First Strategic Projects

One Local Jobs First Strategic Project (East Grampians Rural Pipeline project) was in progress during 2020/21, of expected value $85.2 million. This project is in regional Victoria with a local content requirement of 89 percent. The MPSG also applies to this project. The outcomes expected from the implementation of the Local Jobs First Policy to this project are as follows:

a) An average of 95 percent of local content commitment was made.

b) A total of 95 jobs annualised employee equivalent (AEE) were committed, including the creation of 44 new jobs and retention of 51 existing jobs AEE.

c) A total of 12 apprentice, trainee or cadet positions are committed to being created or retained.

Projects Completed – Local Jobs First Strategic Projects

During 2020/21, GWMWater did not complete any Local Jobs First Strategic Projects.

Reporting requirements - all projects

During 2020/21, three contractors were appointed with a Local Industry Development Plan and were not required to prepare an MPSG Plan.

Reporting requirements – grants

No grants were provided during 2020/21.

Consultancies and Major Contracts

In 2020/21, there were 18 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2020/21 in relation to these consultancies is $2,055,493 (excluding GST). Details of individual consultancies can be viewed on GWMWater's website at www.gwmwater.org.au.

In 2020/21, GWMWater engaged 34 consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $148,796 (excluding GST).

GWMWater did not enter into any major contracts during 2020/21. A 'major contact' is a contract entered into during the reporting period valued at $10 million or more.

Government Advertising Expenditure

GWMWater's expenditure in the 2020/21 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
$3,933,070	$860,820	-	$860,820

Social Sustainability

Urban Water Restriction Levels/ Permanent Water Saving Rules

Under the Water Restrictions By-Law No.105 there were no water restrictions in place at 30 June 2021 in any of the towns GWMWater services. State-wide Permanent Water Saving Rules applied in all of GWMWater's 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 2021. Rural pipeline customers are encouraged to comply with the state-wide Permanent Water Saving Rules.

Exemptions

GWMWater's Water Reference and Assessment Panel received no applications for exemption for 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*

GWMWater investigations staff made eight initial property visits while three matters were initially addressed by telephone; all of which required numerous follow-up telephone calls to investigate reports submitted by the public and staff in relation to possible breaches of the *Water Act 1989* (the Act) or GWMWater by-laws.

There were three summonses issued (all for the same incident) in relation to alleged breaches of the Act and there was one notice issued relating to a breach of the Act. The breach notice was resolved.

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 megalitres (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
Stawell Gold Mine	Nil
Frewstal Pty Ltd	Nil
Alindare Pty Ltd	Nil

Community Service Obligations

Value of Community Service Obligation Provided	2019/20	2020/21
Provision of concessions to pensioners	$2.674 M	$2.739 M
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme	$397,307	$397,437
Utility Relief Grant Scheme payments	$108,210	$106,848
Water concessions on life support machines – Haemodialysis	$299	$299
Hardship Relief Grant Scheme (Sewerage Connection Scheme)	$0	$0
Number of instalment plans at the end of the reporting period	2,468	2,214
Number of customers awarded hardship grants	178	180

Environmental Sustainability

Water Resource Strategy

Sustainable Water Strategy

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

A five-year assessment of the Western Region SWS, led by the Department for Environment, Land, Water and Planning, was completed in 2019. This assessment recognised the achievements and learnings resulting from the Sustainable Water Strategy and identified actions requiring further attention. An implementation plan has been developed for incomplete actions.

Urban and Rural Water Strategy

GWMWater has started development of its Urban and Rural Water Strategy 2022-2027. The Strategy will assess long-term water security for urban and rural users under a range of water supply and climate scenarios. GWMWater's strategy will use the most recent Victorian 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 our fully pipelined systems have significantly improved water security for our region.

Our Drought Preparedness Plan focusses on contingencies and strategies to manage future short-term water security and water quality issues for each of GWMWater's supply areas. This Plan forms a supplementary document to the Urban and Rural Water Strategy, and will be reviewed and updated alongside the development of our 2022-2027 Urban and Rural Water Strategy.

The current planning and detailed design for the East Grampians Rural Pipeline Project includes 256 km of 'trunk' pipelines and 1,112 km of distribution water pipelines. Construction is scheduled to commence in late 2021. This project will provide a secure raw water supply for up to 750 rural enterprises and households, primarily in Ararat Rural City Council area. When completed in 2023, the project will improve water security in the region and increase Victoria's water grid by linking the Grampians reservoir system with several smaller, isolated supply systems, including Mt Cole Reservoir and Mt William headworks.

Water Recycling

GWMWater reused 98.9 percent of reclaimed wastewater generated from its wastewater treatment plants. A total of 2,698 ML was delivered to GWMWater onsite irrigation areas and to offsite reuse customers during 2020/21.

Biodiversity

Biodiversity is a key consideration in the planning processes for environmental management of our major infrastructure projects and operational activities. We plan our activities to minimise impacts, achieve no net habitat loss and meet our obligations under State and Commonwealth regulations.

We are investigating opportunities for large scale revegetation and natural regeneration projects on GWMWater managed land. These projects have the potential to provide positive biodiversity and carbon sequestration outcomes. A new native vegetation policy is also in preparation to clearly outline our obligations in relation to a range of operational, maintenance and capital works scenarios.

Vegetation and biodiversity assessments are carried out in line with the 'Guidelines for the removal, destruction or lopping of native vegetation (DELWP 2017)' and other environmental legislation. Works are located to avoid known sites of ecological significance, such as listed ecological vegetation classes and threatened species habitat. Appropriate planning approvals are obtained and vegetation clearance is offset through appropriate measures.

Water Resource Licensing and Compliance

Groundwater and unregulated surface water

Under section 306 of the *Water Act 1989* (the Act) the Minister for Water delegated GWMWater the authority to exercise certain powers and duties under the Act in relation to licensing the take and use of surface water and groundwater water resources across GWMWater's jurisdictional area. These duties include the monitoring of compliance with licence conditions and authorisations to take water, and where necessary, undertaking enforcement activities. All compliance and enforcement activities are undertaken in accordance with the requirements of the Act, GWMWater's Compliance and Enforcement Strategy and related policies and procedures.

GWMWater undertakes a range of activities to monitor and promote compliance, including review of both local and remote meter readings, onsite inspections, issuing of water usage information statements, and communication with licence holders and water users.

Compliance exceptions and enforcement activities are reported to the Water Resources Committee of the GWMWater Board, and summary reporting occurs directly to the Board.

Compliance priorities for the 2020/21 year included:

a) Implementation of our Compliance and Enforcement Strategy, which was approved by the Board in March 2020.

b) Implementation of recommendations arising from the 2020 Independent Review into Compliance and Enforcement.

c) Meter reading, site inspection and water use data validation activities.

d) Continuing to educate water users regarding their obligations, and reinforcing 'zero tolerance' messaging through communication material and direct interaction with water users.

e) Timely detection and follow-up of instances of alleged unauthorised take.

f) Delivery of planned metering upgrades, including installation of telemetry, consistent with GWMWater's Non-Urban Metering Action Plan.

Actions taken in response to 2020/21 compliance priorities and the 2020 Independent Review into Compliance and Enforcement included:

a) Review and updating of policies and procedures supporting the Compliance and Enforcement Strategy, and the embedding of the Minister for Water's 'zero tolerance' approach to unauthorised take within those policies and procedures.

b) Refinement of compliance and enforcement reporting to the Board and Water Resources Committee.

c) Implementation of a communication plan regarding compliance and enforcement, and the Minister for Water's 'zero tolerance' approach to unauthorised take.

d) Inclusion of a 'Zero Tolerance for Water Theft' banner on rural water accounts.

e) Update of Compliance and Enforcement content on the GWMWater website.

f) Participation in the Department of Environment, Land, Water and Planning Compliance and Enforcement Community of Practice, Water Compliance Communications Working Group, and Authorised Water Officer Network.

g) Finalisation and publication of GWMWater's Non-Urban Metering Action Plan.

Total Breaches and Investigations

	2019/20	2020/21	Notes
Potential breaches detected - Total	19	9	
Investigations commenced - Total	18	10	1
Investigations finalised - Total	18	8	

Note to this table:

1. The number of investigations commenced in 2020/21 exceeds the number of possible breaches detected due to one detection having occurred in the prior year.

Compliance Action

	2019/20	2020/21	Notes
Under Investigation (at end of year)	-	2	
Dismissed (insufficient evidence)	0	0	
No further action required	2	2	
Referred to another agency	0	0	
Verbal warning	0	2	
Advisory letter	0	0	
Formal warning	14	2	
Penalty Infringement Notices issued	N/A	N/A	
s. 151 Notice of Contravention	7	0	1
s. 133 Notice of Entry	0	0	
s. 141 Lockdown	0	0	
Recommended for prosecution	0	1	2
Prosecution commenced	0	1	2
Finalised prosecution	0	0	

Notes to this table:

1. Seven notices were issued in July 2019 in respect to non-compliances confirmed in June 2019 (i.e. 2018/19 season).
2. Matter relates to wrongful taking of water from a GWMWater pipeline, however is included in this report for completeness.

Other compliance and enforcement related activities undertaken during the year included:

a) Desktop audit of water use volume per licence at mid-season and end of season.

b) Desktop review of telemetered meters reporting ‘zero’ water use, and risk-based prioritisation for on-ground inspection.

c) Validation of telemetry data for a selection of meters against on-site meter readings.

d) Site inspections to identify any non-compliances with infrastructure works or metering installation.

e) Issue of notification letter to licence holders with water use exceeding 80 percent of available volume at the time of mid-season water use audit.

f) Direct contact with licence holders to promote forward planning of water use requirements and proactive water management.

Compliance Monitoring Statistics

	2020/21	Notes
Number of meter readings manually reviewed (remote and local)	615	
Percent of meters read on-site at least once	45%	1
Number of site visits / site inspections (incl. meter inspection)	334	
Number of water usage information statements issued	387	2

Notes to this table:
1. Number includes on-site meter reading of both telemetered and non-telemetered meters as a percentage of all meters.
2. Licence holders are generally issued with two water usage information statements per water year. Licence holders with multiple meters receive this information on a single statement.

Unauthorised Take Performance

Unauthorised take typically occurs when water users draw beyond what they have in their account – even if they have the intention of squaring it up later. Within GWMWater's jurisdiction, unauthorised take performance is reported in respect to groundwater and surface water licence holders only.

Unauthorised take performance is reported against state-wide key performance indicators (KPIs) being:

a) No more than 1 percent of volume of total water take is taken without authorisation at any time.

b) No more than 3 percent of accounts (ABAs) are to be in negative at any time.

A declining trend in unauthorised take was observed between 2019/20 and 2020/21.This is attributed to an increased level of education and communication with licence holders in relation to their obligations, and the importance of maintaining a high level of water use compliance.

Although unauthorised take was detected in both 2019/20 and 2020/21, all matters were promptly rectified by the respective licence holders upon being contacted by GWMWater. Manual meter reading processes has meant that some detections of unauthorised take occurred late in the season. GWMWater is progressing the installation of telemetry for non-telemetered groundwater and surface water diversion meters, consistent with its Non-Urban Metering Action Plan.

Unauthorised Take Key Performance Indicators

	Licences		Volume			
Year	Number of ABAs	KPI %	Volume (ML) of water taken under corporation issued licences	Volume (ML) of unauthorised take	KPI %	Notes
2019/20	8	1.8%	31,374	875	2.8%	1, 2
2020/21	2	0.4%	31,903	225	0.7%	1, 2

Notes to this table:
1. Domestic and Stock licences and Pipeline Water Allowances are excluded.
2. Number of Allocation Bank Accounts (ABAs) and Volume (ML) of unauthorised take reflect the maximum detected at any time during the year.

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.

There were 13 GWMWater customers approved to receive rebates during 2020/21.

The Victorian Government announced during the year that the Community Rebate Program will continue to be funded until 30 June 2023.

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 25 organisations benefiting from this initiative.

Sustainable and Resilient Water Services Systems

GWMWater is committed to working collaboratively to deliver the objectives of the Victorian Water Efficiency Strategy. We have representation on the Victorian Water Efficiency Resources Committee and leverage Smart Water Advice content to inform and educate our customers about water conservation.

We also work to ensure Permanent Water Saving Rules remain front-of-mind and incorporate Target Your Water Use messaging when appropriate in all of our customer touchpoints. During April and May 2020, our 'Phil the Bucket' mascot visited local schools to promote and educate the students about conserving water.

Our rural pipeline network across the Wimmera, Mallee and South West Loddon regions continues to provide security for customers and long-term sustainability through a reduction in seepage and evaporation.

Customer and community engagement

GWMWater takes pride in maintaining good relationships with the community and in our record as a good corporate citizen. We are committed to continuing to develop and implement policies and activities that will build and foster these close relationships, as reflected in our Vision, Mission and Values statements.

In November 2019, GWMWater adopted a Communications and Engagement Strategy 2019-2024. The strategy provides direction for how we can further develop our approach to customer and stakeholder engagement to support the organisation to achieve its vision. It is founded on the recognition that GWMWater's communications and engagement is at an important point in time, when it must balance the needs of its customers and stakeholders, who more than ever, have varied expectations in the way they prefer to be engaged and provided information. The strategy is available on our website.

We take a structured and planned approach to community engagement using the IAP2 Model of Engagement.

Due to the barriers associated with face-to-face engagement as a result of the coronavirus (COVID-19) pandemic, GWMWater shifted its biannual Customer and Stakeholder workshops online during 2020. Virtual workshops in July and November 2020 attracted attendees from councils, government departments and agencies, businesses, agricultural enterprises, community and recreational groups and members of the public (urban and rural) from around the region.

In May 2021, GWMWater hosted its first 'hybrid' workshop; allowing attendees to participate either in-person or virtually. The format was well received and enabled fruitful discussion about a range of operational and strategic topics in the lead-up to our 2023-2028 Pricing Submission. Topics included:

a) Water Resources Update and Outlook.

b) Urban and Rural Water Strategy.

c) Managing Drying Lakes.

d) Water Quality Upgrades.

e) Fire Flows.

f) Renewable Energy opportunities for GWMWater.

Rural Customer Survey

GWMWater has actively participated in a working group to establish an agreed and consistent approach to evaluating and reporting customer trust and satisfaction across Victorian Rural Water Corporations. We ran a trial survey in March 2020, incorporating four mandatory questions to further inform and refined the survey approach ahead of the formal pilot which occurred in May and June 2021 in conjunction with the GWMWater biennial Customer Survey.

Customer and stakeholder committees

GWMWater facilitates a range of committees which meet regularly to provide advice and feedback on specific issues or developments. Our customer and stakeholder committees include:

a) East Grampians Rural Water Supply Project Steering Group.

b) Irrigation Diverters Committee.

c) Lake Fyans Committee of Management.

d) Regional Recreation Water Users Group.

e) South West Loddon Project Steering Committee.

f) Dunmunkle Creek Asset Decommissioning Project Steering Committee.

g) Storage Manager Reference Group.

h) Wimmera-Glenelg Headworks Operations Review Project Steering Committee.

i) Wimmera-Glenelg Bulk and Environmental Entitlement Storage Manager Reference Group.

j) West Grampians Rural Water Supply Project Steering Committee.

Our Customer Relations and Stakeholder Committees or Working Groups policies appear on our website.

Community events and sponsorship

GWMWater continues to support local communities and the region through in-kind support and merchandise, sponsorship, and the use of drinking water trailers and portable drinking water stations for events. Due to coronavirus (COVID-19), GWMWater received fewer sponsorship applications as many events or activities did not take place across the state. Over the course of the year, GWMWater sponsored 18 teams, groups or community events across our operational area, including support for the region's Agricultural and Pastoral Shows and science excellence awards for 19 secondary colleges.

Despite many annual events such as annual field days and the careers expo being cancelled due to the pandemic, GWMWater:

a) Embarked on a regional roadshow in March and April 2021, visiting nine urban towns across the operational area to promote the launch of GWMWater's customer portal, discuss renewable energy and seek feedback ahead of our 2023-2028 Pricing Submission.

b) Hosted a 'turning on the tap' celebratory event in December 2020 at Yaapeet Lake; a re-purposed water storage that now provides an important recreation area for locals, tourists and native wildlife.

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, GWMWater supported the following programs as part of the Victorian Water Efficiency Strategy:

Integrated Water Management

GWMWater actively contributes to Integrated Water Management (IWM) forums established by the Department of Environment, Land, Water and Planning. The Wimmera model leverages existing relationships and strong, strategic alignments with local government and the Wimmera Catchment Management Authority.

In 2020/21, GWMWater collaborated with local partners on two IWM projects funded by the Regional IWA Program. The projects align with strategic outcomes for the region and contribute to community resilience and livability outcomes:

a) St Arnaud Urban Space Greening Project – maximising water reuse opportunities for the town by integrating recycled water and stormwater supplies to public open spaces.

b) Stawell Raw Water for Green Spaces – connecting an untreated water main to stormwater storages to supplement supply to green spaces.

'Choose Tap' Program

GWMWater provides reusable water bottles, temporary water stations and drinking water trailers to schools, sports teams and community events to promote health, hydration and encourage the consumption of tap water. However, due to coronavirus (COVID-19) these activities were relatively limited during 2020/21.

GWMWater actively promotes the Choose Tap Program through range of customer touchpoints including our website, social media platforms and through our quarterly customer newsletter 'Tapping In'.

'Target Your Water Use'

This program focuses on taking a longer-term view of our water use habits, while providing our customers with easy access to the information they need to make informed decisions about the amount of water they use. Giveaways, including trigger nozzles, shower timers, plugs and buckets, are provided at events sponsored or attended by GWMWater. We leverage Smart Water Advice content to inform and educate our customers and schools about water conservation.

GWMWater Customer Portal

GWMWater extended its Customer Portal to urban customers during 2020/21. The Customer Portal allows residential, commercial and rural customers to see all of their water accounts under one login, monitor water use, set alerts for high usage, identify leaks and track spending or, where allocations apply, the volume used year to date.

On various devices, they can view their historical water use and any water use patterns, reduce unnecessary water use / expense, and set up automatic SMS message alerts to notify them of high usage or potential leaks.

Potential leaks are identified if water is continuously running over a 48-hour period. Typically, customers don't use water all day every day, the Customer Portal expects the flow to stop going through the meter at some point during each 48-hour period. If it doesn't, and the flow is continuous, an alert may be triggered.

The customer themselves sets their own threshold for what they consider high usage to trigger an email warning or text message alert. GWMWater encourages customers to look at their average daily and weekly consumption to determine their threshold, which can be set in either volume (litres or kilolitres) or cost ($). The thresholds can be amended at any time if they are triggering notifications too often or not enough.

Education and school visitation programs

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

a) National Water Week poster competition.

b) GWMWater student high achiever awards.

c) GWMWater school education program, including visits by Phil The Bucket and tours of GWMWater facilities.

d) Teacher resources and fun educational activities for children on GWMWater's website.

e) Support for the Schools Water Efficiency Program.

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, Mallee and North Central catchment areas. This includes managing potential impacts of capital works and operational activities on biodiversity and cultural heritage values as well as the management of invasive plants and animals on GWMWater land.

The Victorian Waterway Management Strategy is delivered through regional planning processes led by catchment management authorities.

GWMWater is a key partner in the development and implementation of regional waterway management strategies, which outline waterway management objectives over an eight-year timeframe. GWMWater directly contributes to waterway improvement actions through the delivery of targeted water releases to streams and wetlands.

GWMWater seeks to meet State Environment Protection Policy (Waters) 2018 and makes provision for any improvement in its capital works program and allocation of reclaimed water for beneficial reuse.

GWMWater manages its wastewater treatment facilities to avoid off-site impacts, including groundwater monitoring. GWMWater is also a partner in regional programs for surface and groundwater resource monitoring.

Environmental Watering

GWMWater engages with the Commonwealth Environmental Water Office, catchment management authorities and the Victorian Environmental Water Holder (VEWH) to deliver environmental water in accordance with bulk and environmental entitlements and the relevant environmental watering plans. Seasonal Watering Plans are the overarching planning documents developed by the VEWH which set priorities for the use of water for the environment across Victoria each year. Seasonal Watering Plans are prepared using Seasonal Watering Proposals submitted by waterway managers, such as Catchment Management Authorities. Seasonal Watering Proposals include priority watering actions to primarily maintain and enhance environmental values, but also consider aspects such as environmental, cultural and social outcomes from the use of water for the environment.

In the Wimmera catchment, environmental water releases were made between October 2020 and June 2021, with releases to the Glenelg River from September 2020 to May 2021. During the 2020/21 water year, a total of 6,613 ML was released from reservoirs to waterways in the Wimmera catchment, including the MacKenzie River, Burnt Creek, Mt William Creek and Wimmera River. Some 11,694 ML (including passing flows) was released to the Glenelg River to provide benefits below Rocklands Reservoir.

A volume of 124 ML was distributed to multiple wetlands connected to the Wimmera Mallee Pipeline.

	VEWH Authorised Volume (ML)	VEWH Volume Delivered (ML)	CEWO Volume Delivered (ML)
Summary - Regulated Releases			
Lake Lonsdale		0	0
Taylors Lake		3,911	0
MacKenzie River		2,333	0
Burnt Creek		0	0
Upper Mt William Creek		0	0
Total Wimmera Catchment	10,000	6,244	0
Total Glenelg Catchment	8,977	8,572	0
Wimmera Mallee Pipeline Supplied Wetlands	201	124	N/A
Summary - Passing Flow Obligations	**Volume Passed (ML)**		
Wimmera Catchment - Lake Lonsdale			369
Wimmera Catchment - Huddlestons Weir			11,319 (2,133 ML required to be passed)
Glenelg Catchment - Rocklands Reservoir			3,122
Glenelg River Compensation Flow			0

Notes to this table:
VEWH - Victorian Environmental Water Holder
CEWO - Commonwealth Environmental Water Office

Water for Aboriginal cultural, spiritual and economic values

GWMWater has embraced the concept of cultural water and we are supportive of projects to deliver water to enhance sites of cultural significance and have a beneficial impact for Traditional Owners and the broader community.

Cultural Heritage management is important to GWMWater as we operate and deliver projects across a large area, involving a number of Traditional Owner groups. In 2020/21, GWMWater acted as the sponsor on 11 Cultural Heritage Management Plans (CHMPs) and engaged Traditional Owners in many discussions. At least five CHMPs will start in the next financial year as well as numerous activities to be carried out with Traditional Owner involvement. GWMWater undertook a review of procedures relating to Cultural Heritage and native title matters and is preparing an Aboriginal Inclusion Plan to enable meaningful conversations with Indigenous stakeholders and ensure their involvement in water related matters.

Traditional Owners are involved in GWMWater projects, alongside heritage advisors during cultural heritage surveys, working as site monitors to ensure works follow the requirements of CHMPs. GWMWater is specifically engaging Traditional Owners (Eastern Maar Aboriginal Corporation, Barengi Gadjin Land Council and Wadawurrung Traditional Owners Aboriginal Corporation) and First Peoples - State Relations as part of planning for the East Grampians Rural Pipeline Project.

Greenhouse Gas Emissions and Net Energy Consumption

GWMWater aims to minimise greenhouse emissions for the whole of business by implementing our Clean Energy Strategy. GWMWater has almost completed construction and commissioning of 1.44 MW of behind the meter solar spread across 48 sites. System sizes range from 10 kW to 250 kW. The solar systems are reducing our reliance on grid electricity, GWMWater's energy costs and net carbon emissions.

GWMWater achieved zero net emissions for offices, depots and vehicle fleet by retiring voluntary emissions reductions certificates through the Australian Government Greenhouse Friendly Program.

Progress towards emissions pledge

The Take2 Program was launched in 2016 with the long-term goal for the Victorian Government to be carbon neutral by 2050. Given the energy intensive nature of the water industry, Water Corporations were encouraged to set interim targets for carbon reduction by 2024/25 with the long-term goal of carbon neutrality for the industry. This commitment is aligned with Water for Victoria as the main policy document for Victorian Water Corporations. GWMWater's supply system covers a vast area and pumping is often required to move water to users. Our 2024/25 carbon reduction target includes expansions of the service area for both rural and urban water supply systems. The demand for water is the key driver of our electricity consumption and emissions. GWMWater has embraced carbon reduction and is actively implementing renewable energy and efficiency projects to meet our carbon pledge.

GWMWater reduced its annual emissions with a result 12.5 percent below the annual target for 2020/21 and 23 percent below the carbon pledge baseline. We remain on the path to exceeding our target for 2024/25 of 16,244 t CO2-e.

Whole of Business Emissions

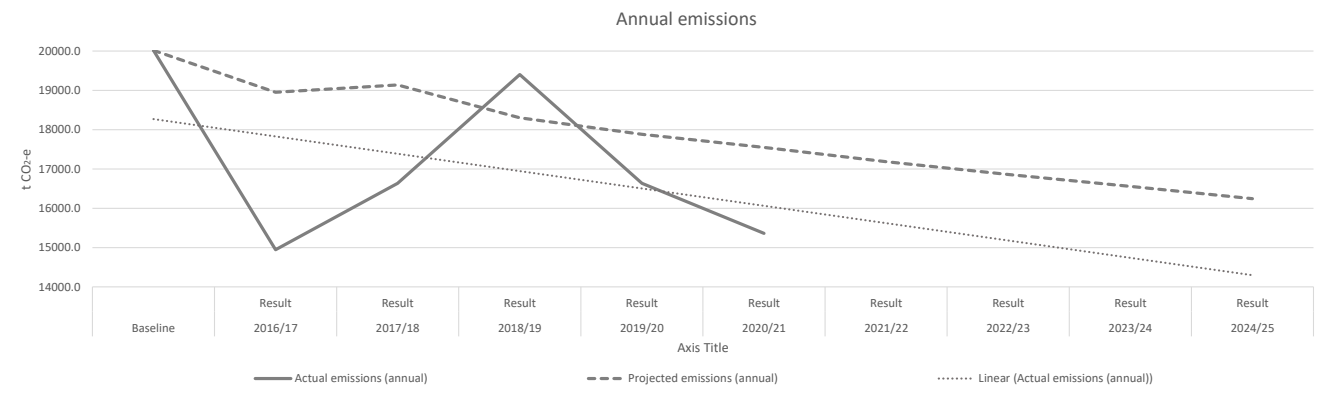
Source of Emissions	Result 2016/17 Tonnes CO_2e	Result 2017/18 Tonnes CO_2e	Result 2018/19 Tonnes CO_2e	Result 2019/20 Tonnes CO_2e	Result 2020/21 Tonnes CO_2e
Scope 1 Emissions					
Wastewater emissions[1]	1,866.5	1,338.6	1,330.8	1,686.5	1,121.0
Vehicle fleet	868.4	932.0	943.7	870.9	762.8
Scope 2 Emissions					
Water treatment and supply	9,476.0	11,558.2	14,321.9	11,508.4	11,643.6
Wastewater treatment	2,132.2	2,185.3	2,277.1	2,179.9	1,829.2
Other (non-fleet, offices and depots)	602.3	621.2	651.6	618.5	460.3
Total gross emissions[2]	**14,945.4**	**16,635.3**	**19,525.1**	**16,864.1**	**15,817.0**
Solar energy exported to grid[3]	0	0	(0.3)	(229.4)	(456.0)
Total net emissions[2]	**14,945.4**	**16,635.3**	**19,524.8**	**16,634.7**	**15,361.0**

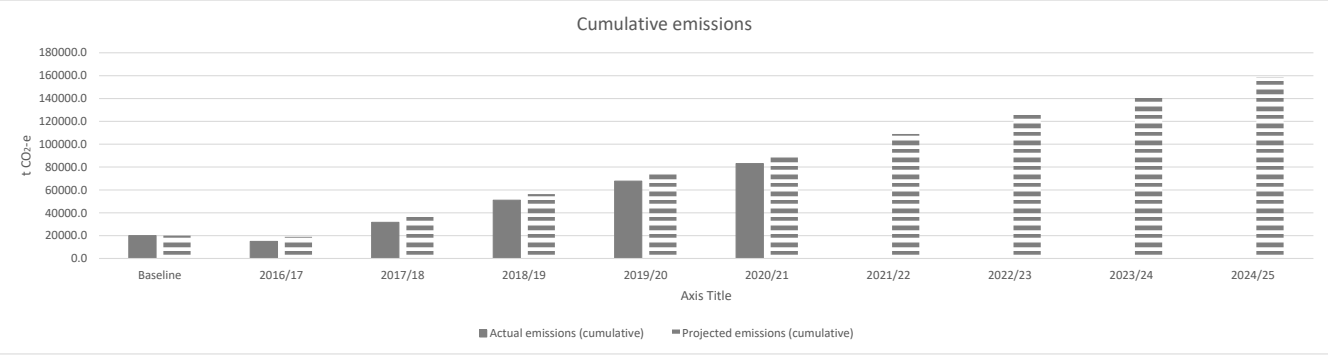
Notes to this table:

1. 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. As of 2016/17, GWMWater is reporting gross and net emissions to meet reporting requirements for our Carbon Emissions Reduction Pledge, which excludes the voluntary carbon offsets currently utilised.
3. Solar energy exported to grid includes 425.9 CO2-e of clean energy produced from small-scale renewable energy systems (below 100 kW) and 30.1 CO2e produced from a large-scale renewable energy system (100 kW and above).

The table below compares our actual results to our projected pledge targets to reduce carbon emissions.

Year	Annual Emissions			Cumulative Emissions		
	Projected Tonnes CO2e[1]	Actual Tonnes CO2e	Variance	Projected Tonnes CO2e[1]	Actual Tonnes CO2e	Variance
Baseline	20,017.0			20,017.0		
2016/17	18,953.0	14,945.4	-21.1%	18,953.0	14,945.4	-21.1%
2017/18	19,137.0	16,635.0	-13.1%	38,090.0	31,580.4	-17.1%
2018/19	18,302.0	19,524.8	+6.0%	56,392.0	50,981.8	-9.6%
2019/20	17,881.0	16,634.7	-7.0%	74,273.0	67,616.5	-9.0%
2020/21	17,549.0	15,361.0	-12.5%	91,822.0	82,977.5	-9.6%
2021/22	17,183.0			109,005.0		
2022/23	16,861.0			125,866.0		
2023/24	16,558.0			142,424.0		
2024/25	16,244.0			158,668.0		





GWMWater is on track to meet its obligations under the carbon emissions reduction pledge. We are expecting to continue this trend in the future as a significant amount of renewable energy comes online.

Energy Consumption

GWMWater's energy consumption was reasonably consistent with past years in 2020/21 due to lower water demand. As water demand increases, so does the amount of electricity required to move this water.

Grid Electricity Consumption	2016/17 kWh	2017/18 kWh	2018/19 kWh	2019/20 kWh	2020/21 kWh
Water treatment and supply	8,856,075	10,802,056	13,377,315	11,282,786	11,881,268
Wastewater treatment	3,737,103	3,293,364	2,126,231	2,137,129	1,866,551
Other (offices and depots)	562,897	580,561	551,518	551,439	426,805
Solar Electricity Production	**2016/17 kWh**	**2017/18 kWh**	**2018/19 kWh**	**2019/20 kWh**	**2020/21 kWh**
Consumed[1]	33,360	36,894	33,314	371,943	170,854
Renewables percentage (Corporate Office only)[2]	6%	6%	5%	6%	12.1%
Renewables percentage (All sites, all solar)[2]	0%	0%	0%	3%	5.9%
Total electricity used	**13,189,435**	**14,712,875**	**16,088,378**	**14,343,297**	**14,245,478**

Notes to this table:

1. GWMWater has installed 1.44 MW of behind the meter solar panels up to and including 2020/21. The solar electricity consumed figure for 2020/21 takes into account generation less exports to the grid.
2. Renewables percentage is calculated from the total grid energy consumed, plus solar energy generated, less solar exports to the grid. In 2019/20, this calculation changed to include all solar sites and not just the corporate office. For the purposes of continuity, the renewables percentage is reported for both the corporate office only and for all sites (including those without solar systems).

Energy Intensity

Energy is a vital component in both the production of drinking (potable) water and moving water around our system. Energy intensity is generally low during periods of low demand as gravity can do much of the work. However, additional energy is required at higher levels of demand, which drives up our energy intensity figures. In 2020/21, commissioning of additional rural water supply services may have driven up the energy intensity, particular where water is pumped multiple times to supply to customers at the far edges of our networks.

The GWMWater sewage system has operated more efficiently overall, reflecting better inflows. Energy consumption at many wastewater treatment plants is consistent regardless of inflows so higher inflows drives down the energy intensity figure.

Source[1]	Result 2016/17	Result 2017/18	Result 2018/19	Result 2019/20	Result 2020/21
Water MJ/ML	2,067.0	2,584.0	2,770.0	2,266.0	2,441.6
Sewage MJ/ML	1,970.0	2,174.0	2,430.0	2,203.0	1,901.7
Water kWh/ML	574.2	717.8	769.6	629.5	679.2
Sewage kWh/ML	547.2	603.9	675.1	612.1	528.3

Note to this table:

1. The energy component of each energy intensity measure includes both energy consumed from the grid and solar energy produced onsite. Solar energy exported to the grid is excluded.

Carbon Intensity

Managing carbon emissions is an increasingly important aspect of GWMWater's business. Climate change has the potential to impact water yields in our catchments, demand for our services and the lifecycle of infrastructure. Monitoring and reducing our emissions helps us make a positive contribution to climate change mitigation efforts and meets our obligations under Victorian policy.

The following table shows carbon intensity in t CO2-e/ML for water and sewage services. This is a new addition for the 2020/21 Annual Report and past results have been compiled from previous records.

Source[1]	Result 2016/17	Result 2017/18	Result 2018/19	Result 2019/20	Result 2020/21
Water CO_2/ML	0.58	0.64	0.72	0.59	0.62
Sewage CO_2/ML	0.68	0.69	0.47	0.40	0.38

Note to this table:

1. The carbon component of each carbon intensity measure is calculated from energy consumed from the grid.

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 performance. The environmental footprint of workplaces is measured in terms of greenhouse gas emissions and use of energy, water, waste and paper. The results of these programs are communicated to staff quarterly and strategies are developed to further reduce GWMWater's environmental impact.

Energy

Indicator	Result 2016/17	Result 2017/18	Result 2018/19	Result 2019/20	Result 2020/21
Total energy use (electricity) (MWh)[1]	491.04	488.31	551.37	583.94	474.99
Greenhouse emissions associated with energy use (tonnes CO_2e)[2]	539.5	527.2	590.2	562.5	418.3
Greenhouse emissions associated with energy use – offset (tonnes CO_2e)[2]	(540)	(528)	(591)	(563)	(419)
Energy use per FTE (MJ per FTE)	10,391.0	9,810.3	11,025.1	11,016.8	9,016.7
Energy per square metre of office space (MJ per m^2)[3]	517.2	514.3	557.1	674.0	498.5
Renewable energy generation installed (kW)[3]	29	29	29	29	29
Renewable energy generated (MJ)[3]	120,096.0	132,818.6	119,930.4	117,007.2	110,635.2

Notes to this table:
1. Total energy use includes solar production from 2019/20 onwards.
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 the Corporate Office only.

Waste Consumption

Activity	Result 2016/17	Result 2017/18	Result 2018/19	Result 2019/20	Result 2020/21	Target
Units of waste generated (kg)	7,845	6,982	6,862	5,515	No record	No target set
Units of waste per FTE (kg)	41.4	36.2	35.9	29.0	No record	69
Recycling rate (%)	78.3	79.1	83.4	89.3	No record	85

Strategies to raise staff awareness of waste issues have assisted us to achieve ongoing improvements in our performance. Coronavirus (COVID-19) public health measures meant that most staff working from home for much of 2020/21 and, as a direct result, direct monitoring of waste and recycling was not completed in this financial year nor would it provide an accurate picture given the low numbers of staff working from the office.

Paper use

Activity	Result 2016/17	Result 2017/18	Result 2018/19	Result 2019/20	Result 2020/21	Target
Total units A4 equivalent copy paper used (reams)	997	939	841	806	444	No target set
Units of A4 equivalent copy paper used per FTE (reams)	5.5	4.9	4.4	4.2	2.6	6
Percentage of recycled content of all copy paper purchased (% white copy paper)	100	100	100	100	100	100

Paper use has further decreased per FTE in 2020/21. GWMWater is regularly promoting paper saving measures including technology and behavioural change. Much of the operational work allocation process is now paperless. Office paper consumption has also declined markedly due the coronavirus (COVID-19) public health measures, with limited people working from the office for much of the year.

Water

Activity	Result 2016/17	Result 2017/18	Result 2018/19	Result 2019/20	Result 2020/21	Target
Total water consumption (kL)	1,561	1,573	1,967	1,552	1,490	No target set
Total water consumption (kL per FTE)	8.6	8.1	10.3	8.20	8.6	9.0
Water consumed per unit of office space (Corporate Office only) (kL per m²)	0.20	0.20	0.20	0.20	0.20	No target set

Water use at GWMWater facilities has been reasonably consistent in recent years. Lower water use in 2019/20 and 2020/21 is likely due to a proportion of staff working from home due to coronavirus (COVID-19) public health measures.

Travel and Transportation

Activity	Result 2016/17	Result 2017/18	Result 2018/19	Result 2019/20	Result 2020/21
Energy consumed by fleet vehicles (MJ)					
Diesel	9,105,382	11,569,177	13,184,597	12,418,685	10,897,089
LPG	23,370	-	-	-	-
Unleaded	3,475,977	2,211,821	982,320	642,943	436,363
Total	**12,604,729**	**13,780,998**	**14,166,917**	**13,061,628**	**11,333,452**
Distance travelled (km)					
Diesel	2,009,759	2,475,111	2,865,366	2,709,591	2,387,324
LPG	3,819	-	-	-	-
Unleaded	976,367	589,951	321,029	233,373	154,289
Total distance	**2,989,945**	**3,065,062**	**3,186,395**	**2,942,964**	**2,541,613**
Air travel	27,062	37,705	30,124	23,504	650
Greenhouse gas emissions (t CO_2e)[1]					
Diesel	674	857	936	882	774
LPG	2	-	-	-	-
Unleaded	248	158	68	45	31
Total[1]	**924**	**1,015**	**1,004**	**927**	**805**
Total per 1,000 km	**0.31**	**0.33**	**0.33**	**0.31**	**0.32**
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%	16%	16%	50%[3]

Notes to this table:

1. GWMWater surrenders voluntary carbon emission certificates to achieve zero net emissions for fleet.
2. Limited public transport available. Figures are based on staff responses to a survey question about commuting.
3. Majority of office-based staff worked from home due to coronavirus (COVID-19) public health measures for much of the 2020/21 financial year.

The table below shows all aspects of GWMWater's carbon emissions and includes air travel and voluntary carbon offsets which are excluded from reporting against our carbon reduction pledge.

Whole of Business - Greenhouse Gas Emissions

Activity	Result 2016/17 Tonnes CO_2e	Result 2017/18 Tonnes CO_2e	Result 2018/19 Tonnes CO_2e	Result 2019/20 Tonnes CO_2e	Result 2020/21 Tonnes CO_2e
Total associated with electricity use	12,147.7	14,270.7	17,189.7	14,250.8	13,891.1
Total from vehicle fleet	868.4	932.0	943.7	870.9	762.8
Total from air travel	8.0	11.6	8.7	7.0	0.4
Other sources					
Wastewater emissions	1,866.5	1,338.6	1,330.8	1686.5	1121.0
Registered/unregistered plant and equipment	54.8	82.4	60.9	56.0	42.1
Solar exports to grid[1]	0	0	(0.3)	(229.4)	(456.0)
Total gross emissions[2,3]	**14,945.4**	**16,635.3**	**19,533.5**	**16,641.7**	**15,361.4**
Total offsets retired[4]	(1,450)	(1,523)	(1,575)	(1,466)	(1,206)
Total net emissions[2,3]	**13,495.4**	**15,112.3**	**17,958.5**	**15,175.7**	**14,155.4**

Notes to this table:

1. Exports to grid are increasing due to significant investment in behind the meter solar systems.
2. Emissions reporting are for scopes one and two only. Air travel is included (Scope 3 emissions) as per MRD06.
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.
4. In October 2010, 19,585 Emission Reduction Units (ERUs) were purchased and banked with the Department of the Environment and Energy. During 2020/21, 1206 ERUs were retired to offset all office, depot and fleet emissions, based on actual totals.

Procurement

GWMWater procurement activities are underpinned by the following principles:

a) Value for money.

b) Probity, transparency and fair competition.

c) Compliance, accountability and risk management.

d) Safety and environmental sustainability.

e) Social value.

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.

Social Procurement

GWMWater leverages its buying power to deliver social, economic and environmental outcomes benefiting our region, the Victorian community, the economy and the environment - above and beyond the goods, services and construction works procured.

We are guided by the Victorian Government's Social Procurement Framework (SPF), released in April 2018. The SPF applies to the procurement of all goods, services and construction undertaken by, or on behalf of, GWMWater and it is defined by 10 objectives:

a) Opportunities for Victorian Aboriginal people.

b) Opportunities for Victorians with disability.

c) Women's equality and safety.

d) Opportunities for disadvantaged Victorians.

e) Supporting safe and fair workplaces.

f) Sustainable Victorian social enterprise and Aboriginal business sectors.

g) Sustainable Victorian regions.

h) Environmentally sustainable outputs.

i) Environmentally sustainable business practices.

j) Implementation of the climate change policy objectives.

During 2020/21, social value outcomes were achieved across a variety of procurement activities, including the procurement of goods, services and construction works. GWMWater is guided by its Social Procurement Strategy to build capability of staff and suppliers on social procurement.

Social Procurement Achievements

During 2020/21 GWMWater:

a) Engaged 29 social enterprises.

b) Spent a total of $3,117,675 with Social Enterprises, Aboriginal businesses and Traditional Owner Corporations, Disability Enterprises, and social outcome companies.

Aboriginal Business Engagement

During 2020/21 GWMWater:

a) Engaged six Aboriginal businesses and Traditional Owner Corporations.

b) Spent a total of $1,756,165 with Aboriginal businesses and Traditional Owner Corporations.

c) Achieved 5 percent of direct supplier engagement of Aboriginal businesses above the whole-of-Victorian Government commitment that 1 percent of all contracts will be from Aboriginal businesses.

Asset Management Accountability Framework

GWMWater recognises the importance of sound asset management systems and practices in stewarding the region's water and wastewater infrastructure. GWMWater has iteratively audited its asset management systems and practices and invested in asset management improvements, seeking to maximise the productivity of our assets for our community and the environment. In recent times, this improvement process has been guided by the Asset Management Accountability Framework (AMAF), set out by the Department of Treasury and Finance (DTF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework).

In accordance with the AMAF requirements, GWMWater have conducted a self-assessment detailing the level of asset management maturity within the organisation. This self-assessment included an evaluation of:

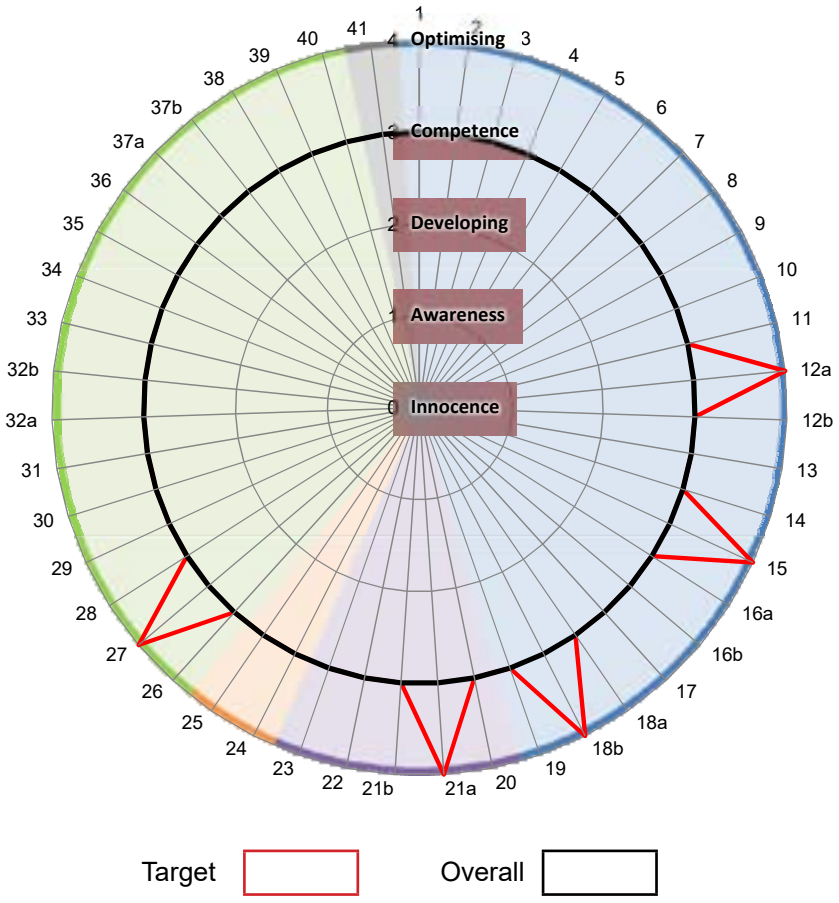
a) maturity of asset management systems and practices.

b) maturity of systems and practices against the aspirational target.

c) the path towards achieving the aspirational target.

The self-assessment found GWMWater asset management to be fully compliant with the requirements of the AMAF, achieving a maturity rating of 'competence' against all 41 mandatory requirements. This means systems and processes are in place, consistently applied and systematically meet the AMAF requirement, including a continuous improvement process to extend system performance beyond AMAF minimum requirements.

Consistent with this continuous improvement, GWMWater has set an aspirational target maturity rating of 'optimising' in five key areas of the AMAF, meaning that systems and processes are leading practice, exceeding the AMAF mandatory requirement, and constantly being improved to align with support and drive organisational objectives.



The following sections summarise GWMWater's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF).

Leadership and Accountability (requirements 1-19)

GWMWater has met all AMAF requirements within this category achieving a maturity rating of 'competence'.

GWMWater has set an aspirational target of 'optimising' and corresponding plan for improvement in three areas of this category.

Planning (requirements 20-23)

GWMWater has met all AMAF requirements within this category achieving a maturity rating of 'competence'.

GWMWater has set an aspirational target of 'optimising' and corresponding plan for improvement in one area of this category.

Acquisition (requirements 24 and 25)

GWMWater has met all AMAF requirements within this category achieving a maturity rating of 'competence'.

Operation (requirements 26-40)

GWMWater has met all AMAF requirements within this category achieving a maturity rating of 'competence'.

GWMWater has set an aspirational target of 'optimising' and corresponding plan for improvement in one area of this category.

Disposal (requirement 41)

GWMWater has met all AMAF requirements within this category achieving a maturity rating of 'competence'.

Performance Statements

Financial Performance Indicators

KPI Number	Key Performance Indicator	2019/20 Result	2020/21 Result	2020/21 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)	4.6	4.6	4.8	0.0%		-4.2%	
F2	**Gearing Ratio**							
	Total debt (including finance leases) / total assets (%)	6.5%	6.0%	8.3%	-7.70%		-27.7%	1a
F3	**Internal Financing Ratio**							
	Net operating cash flow / net capital expenditure (%)	80.0%	108.4%	27.0%	35.5%	2a	301.5%	2b
F4	**Current Ratio**							
	Current assets / current liabilities (excluding long-term employee provisions and revenue in advance) (times)	2.1	1.7	0.6	-19.0%	3a	183.3%	3b
F5	**Return on Assets**							
	Earnings before net interest and tax / average total assets (%)	-0.2%	-0.2%	-0.2%	0.0%		0.0%	
F6	**Return on Equity**							
	Net profit after tax / average total equity (%)	-0.4%	-0.5%	-0.6%	25.0%	4a	-16.7%	4b
F7	**EBITDA Margin**							
	Earnings before interest, tax, depreciation and amortisation / total revenue (%)	44.3%	44.7%	46.6%	0.9%		-4.1%	

1a. The Gearing ratio result is favourable to target as the 2020/21 budget assumed higher borrowings and did not forecast the significant increase in asset values. Borrowings were lower than budget due to lower capital expenditure caused by delays in the commencement of works on major capital projects including East Grampians Rural Pipeline project, Ultima Water Quality Upgrade project and Donald Wastewater Treatment Plant Upgrade. Increase in asset values was a direct consequence of the independent valuation conducted by Valuer General Victoria on land, buildings, infrastructure and service concession assets. As of 30 June 2021, asset values increased by $42 million.

2a. The Internal financing ratio measures the portion of capital works paid from operating cash flows. The ratio is impacted by expenditure on growth and service improvement related projects which are funded through future rates and charges. The result is favourable to last year due to lower net capital expenditure impacted by the timing of delivery of major capital projects including East Grampians Rural Pipeline project, Ultima Water Quality Upgrade project and Donald Wastewater Treatment Plant upgrade.

2b. The Internal financing ratio is better than target largely due to delay in completion of capital projects budgeted for in 2020/21. Capital expenditure was $68.8 million below budget.

3a. The Current ratio measures how comfortably payment of short-term liabilities can be covered by GWMWater's short-term assets. The result is unfavourable to last year due to lower cash balances. Cash balance was affected in the current year due to a combination of: lower new customer contribution receipts; one extra fortnight of salary payments (27 fortnights); and prompt payment of suppliers during the year. GWMWater reduced payment terms where practicable in response to the coronavirus (COVID-19) pandemic and to relieve any potential cashflow issues suppliers are experiencing.

4a. The unfavourable Return on Equity ratio variance to 2019/20 is driven by an increase in net deficit after tax. In addition, the average total equity has increased due increases in contributed capital from the Victorian Government for the East Grampian Rural Pipeline project (State Government contribution) and increases in the asset revaluation reserve due to an independent valuation of land, building, service concession and infrastructure assets.

4b. Return on Equity is favourable to target as the budget forecasted a higher net deficit during the year. The deficit was impacted favourably due to income tax revenue arising from the change in the deferred tax position offset in part by expensing of decommissioning expenditure budgeted for under the capital program for regulatory purposes.

Water and Sewerage Service Performance Indicators

KPI Number	Key Performance Indicator	2019/20 Result	2020/21 Result	2020/21 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 * 1000 (number)	0.31	0.26	0.62	-16.4%	5a	-58.1%	5b
WS2	Interruption time							
	Average duration of unplanned water supply interruptions (minutes)	102.90	83.85	100	-18.5%	6a	-16.1%	6b
WS3	Restoration of unplanned water supply							
	Unplanned water supply interruptions restored within (5) hours/total unplanned water supply interruptions*100 (no.)	97.95	97.85	97	-0.1%		0.9%	
SS1	Containment of sewer spills							
	Sewer spills from reticulation and branch sewers contained within five hours/total sewer spills from reticulation and branch sewers *100 (no.)	99.02	100.00	98	1.0%		2.0%	
SS2	Sewer spills interruptions							
	No. of residential sewerage customers affected by sewerage interruptions restored within five hours % (no.)	98.61	99.00	98	0.4%		1.0%	
WSR1	Rural water supply deliveries							
	No. of orders delivered/total number of orders*100 (no.)	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 (%)	0.00	0.00	2.50	100.0%	7a	-100.0%	7b
WSR3	Groundwater supply							
	No. of transfers processed within target period/ total number of transfers processed*100 (%)	100.00	100.00	100	0.0%		0.0%	

5a This a positive variation to last year, with continued reduction in unplanned interruptions. Increased water main renewal funding has been allocated for targeted water main replacement to further reduce customer interruptions.

5b GWMWater has made significant improvements to unplanned interruption rates over the last 3 years. A continued focus of the water main renewal program to target water main replacement where multiple outages have occurred is reducing the number of outages experienced by customers.

6a, b This is a positive variation to last year. The introduction of vehicle tracking technology has resulted in the closest staff member being allocated to respond to an outage. A reduction in the number of major outages requiring extensive time to reinstate has also resulted in in reduced outage times.

7a, b These are positive results due to low age of infrastructure, remote monitoring and timely responses to repair failures.

Urban and Rural Customer Responsiveness Performance Indicators

KPI Number	Key Performance Indicator	2019/20 Result	2020/21 Result	2020/21 Target	Variance to Prior Year %	Notes	Variance to Target %	Notes
CR1	Water quality complaints							
	No of complaints per 1000 customers (no.)	3.05	2.97	3.00	-2.7%		-1.1%	
CR4	Billing complaints							
	No of complaints per 1000 customers (no.)	1.36	0.74	1.00	-45.8%	8a	-26.1%	8b

8a Significant process improvements implemented since 2019/20 with the implementation of digital meter readings improving the accuracy and timeliness of accounts. The rollout of the Customer Portal to urban customers also now provides customers the ability to better monitor and manage their own water consumption.

8b Continuing to track under target with the introduction of digital meter readings, account production process improvements and rollout of the Customer Portal to urban customers.

Environmental Performance Indicators

KPI Number	Key Performance Indicator	2019/20 Result	2020/21 Result	2020/21 Target	Variance to Prior Year %	Notes	Variance to Target %	Notes
E1	Effluent re-use volume (end use)							
	Percentage recycled for each category (%)	100.00	98.90	100.00	-1.1%		-1.1%	
E2	Total net CO2 emissions							
	Net tonnes CO_2 equivalent (tonnes)	15,175.51	14,155.26	13,948.00	-6.7%	9a	1.5%	

9a Investment in renewable energy generation has reduced net emissions from grid electricity. Wastewater emissions have also fallen. These reductions have more than offset smaller increases in other areas such as emissions from liquid fuels.

Performance Reporting

Certification of Performance Report for 2020/21

We certify that the accompanying Performance Report of Grampians Wimmera Mallee Water Corporation (trading as GWMWater) in respect of the 2020/21 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 2020/21 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 OAM
Chairman

Mark Williams
Managing Director
(Accountable Officer)

Sally Marshall
Executive Manager Strategic Planning and Performance
(Chief Financial Officer)

Dated this 15th day of September 2021

Independent Auditor's Report

Victorian Auditor-General's Office

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 2021, which comprises the: • financial performance indicators • water and sewerage service performance indicators • urban and rural 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 2021, 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 performance report that is free from material misstatement, whether due to fraud or error.

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 performance report	As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the 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 the performance report represents the underlying events and results in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
27 September 2021

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 no Material Compliance Deficiencies with respect to the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

Peter Vogel OAM
Chairman

Dated this 15th day of September 2021

Financial Reporting

Financial Statements

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Grampians Wimmera Mallee Water Corporation

Consolidated Comprehensive Operating Statement
For the Financial Year ended 30 June 2021

	Notes	2020/21 $'000	2019/20 $'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1.1	64,277	63,837
Developer contributions	2.1.2	612	5,064
Government grants and contributions	2.2	1,215	1,895
Interest	2.3	147	228
Other income	2.1.3	1,173	1,447
Total revenue and income from transactions		**67,424**	**72,471**
Expenses from transactions			
Employee benefits	3.1.1	(16,363)	(17,119)
Depreciation and amortisation expense	4.2	(35,339)	(35,905)
Other operating expenses	3.2	(16,614)	(18,349)
Decommissioning expenditure relating to redundant assets	3.2	(542)	(256)
Environmental contributions	8.2	(2,601)	(2,258)
Finance Cost	6.1.2	(6,761)	(7,442)
Grants and transfers	3.3	(993)	(1,599)
Total expenses from transactions		**(79,213)**	**(82,928)**
Net result from transactions (net operating balance)		**(11,789)**	**(10,457)**
Other economic flows included in net result			
Net gain/(loss) on disposal of non-current assets	4.5	(105)	(564)
Net fair gain/(loss) on revaluation of investment properties	4.3	83	0
Total other economic flow included in net result		**(22)**	**(564)**
Net result before tax		**(11,811)**	**(11,021)**
Income tax revenue/(expense)	8.1.1	3,546	3,329
Net result		**(8,265)**	**(7,692)**
Other comprehensive income			
Items that will not be reclassified to net result			
Change in asset revaluation surplus	9.1.2	60,372	547
Income tax relating to these items	8.1.1	(18,112)	(164)
Comprehensive result		**33,995**	**(7,309)**

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

Grampians Wimmera Mallee Water Corporation

Consolidated Balance Sheet
As at 30 June 2021

	Notes	2020/21 $'000	2019/20 $'000
ASSETS			
Current assets			
Cash and deposits	6.4	18,188	20,871
Receivables	5.1	10,860	11,637
Contract assets	5.1.1	2,985	3,928
Prepayments		382	327
Inventories	5.5	2,075	1,836
Total current assets		**34,490**	**38,599**
Non-current assets			
Receivables	5.1	1,101	1,290
Infrastructure, property, plant and equipment	4.1.1	2,080,839	2,032,754
Right-of-use assets	6.2.1	146	230
Intangible assets	4.4	7,779	8,135
Investment properties	4.3	868	785
Total non-current assets		**2,090,733**	**2,043,194**
TOTAL ASSETS		**2,125,223**	**2,081,793**
LIABILITIES			
Current liabilities			
Payables	5.3	6,859	7,167
Contract liabilities	5.4	2,010	1,822
Employee benefits	3.1.2	7,163	7,574
Interest bearing liabilities	6.1	11,474	9,490
Lease liabilities	6.2.3	72	62
Total current liabilities		**27,578**	**26,115**
Non-Current Liabilities			
Employee benefits	3.1.2	442	484
Interest bearing liabilities	6.1	113,107	124,581
Lease liabilities	6.2.3	75	152
Deferred tax liabilities	8.1.2	199,541	184,976
Total non-current liabilities		**313,165**	**310,193**
TOTAL LIABILITIES		**340,743**	**336,308**
NET ASSETS		**1,784,480**	**1,745,485**
EQUITY			
Contributed capital	9.1.1	1,265,853	1,260,853
Asset revaluation reserve	9.1.2	675,460	633,200
Accumulated surplus/(deficit)	9.1.3	(156,833)	(148,568)
TOTAL EQUITY		**1,784,480**	**1,745,485**

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

Grampians Wimmera Mallee Water Corporation

Consolidated Cash Flow Statement
For the Financial Year ended 30 June 2021

	Notes	2020/21 $'000	2019/20 $'000
Cash Flows from Operating Activities			
Receipts			
Service and usage charges/Contracts with customers		68,128	70,683
Receipts from government		1,215	2,017
Interest received		116	155
Goods and Services Tax received from the ATO		3,490	4,623
		72,949	**77,478**
Payments			
Payments to suppliers and employees		(38,829)	(37,974)
Payments for specific projects		(993)	(1,599)
Goods and Services Tax paid to the ATO		(2,026)	(3,212)
Interest and other costs of finance paid		(6,940)	(7,646)
Payments for short term leases		(4)	(5)
Payments for low value leases		(7)	(10)
		(48,799)	**(50,446)**
Net cash (outflow)/inflow from Operating Activities	**6.4.1**	**24,150**	**27,032**
Cash Flows from Investing Activities			
Payments for infrastructure, property, plant and equipment		(23,138)	(34,348)
Payments for intangible assets		(27)	(109)
Proceeds from sale of infrastructure, property, plant & equipment		888	880
Net cash (outflow)/inflow from Investing Activities		**(22,277)**	**(33,577)**
Cash Flows from Financial Activities			
Proceeds from borrowings		-	18,000
Repayment of borrowings		(8,619)	(11,132)
Proceeds from contributed capital by State Government		5,000	18,000
Principal element of lease liability (right of use asset)		(66)	(15)
Repayment of service concession liability		(871)	(777)
Net cash (outflow)/inflow from Financing Activities		**(4,556)**	**24,076**
Net increase/(decrease) in cash and cash equivalents		(2,683)	17,531
Cash and cash equivalents at beginning of the financial year		20,871	3,340
Cash and cash equivalents at the end of the financial year	**6.4**	**18,188**	**20,871**

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

Consolidated Statement of Changes in Equity
For the Financial Year ended 30 June 2021

	Notes	Contributed Capital	Asset Revaluation Reserves	Accumulated Funds Surplus/(Deficit)	Total
		$'000	$'000	$'000	$'000
Balance at 30 June 2019		**1,242,853**	**632,817**	**(140,876)**	**1,734,794**
Net result after tax	9.1	-	-	(7,692)	(7,692)
Other comprehensive income	9.1	-	383	-	383
Transactions with the State in its capacity as owner	9.1	18,000	-	-	18,000
Balance at 30 June 2020		**1,260,853**	**633,200**	**(148,568)**	**1,745,485**
Balance at 1 July 2020		**1,260,853**	**633,200**	**(148,568)**	**1,745,485**
Net result after tax	9.1	-	-	(8,265)	(8,265)
Other comprehensive income	9.1	-	42,260	-	42,260
Transactions with the State in its capacity as owner`	9.1	5,000	-	-	5,000
Balance at 30 June 2021	**9.1**	**1,265,853**	**675,460**	**(156,833)**	**1,784,480**

Notes to the Financial Statements
30 June 2021

1 Notes to the accounts

Introduction

Grampians Wimmera Mallee Water Corporation (trading as GWMWater) is a government owned statutory Corporation established on 1 July 2004 under the Water Act 1989.

GWMWater has one of the largest geographic footprints of all Victorian water businesses, covering some 62,000 square kilometers or 25 percent of Victoria. We provide serviced to approximately 72,000 people either living on farms or in one of the 71 urban centres across Western Victoria.

GWMWater is a vertically integrated water business directly involved in all aspects of the water cycle. We operate wastewater treatment plants in many of our 71 towns and we aim to recycle 100 percent of the wastewater we produce. We use desalination technology, operate pipelines, major storages, dams, weirs and pump stations to service our customers. 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.

1.1 Basis of preparation

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

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 the next twelve months, being GWMWater's operational cycle.

Rounding

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets, all classes of property, plant and equipment and investment property.

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. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian accounting standards or "AAS" that have significant effects on the financial statements and estimates relate to:

- Accrued water usage charges (Note 5.2);
- The fair value of land, buildings, infrastructure, plant and equipment (Note 7.3);
- Estimation of useful life (Note 5.1);
- Impairment of assets (Note 4);
- 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 (Note 3.1.3);
- Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 or AASB 1058 (Note 2.2);
- The timing of satisfaction of performance obligations (Note 2.1.1);
- Determining transaction price and amounts allocated to performance obligations (Note 2.1.1);
- For leases, determining whether the arrangement is in substance short-term arrangement (Note 6.2);
- Estimating discount rate when not implicit in the lease (Note 6.2).

Controlled Entities
These financial statements cover GWMWater as an individual reporting entity and include all the controlled activities of GWMWater.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control is demonstrated. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

In preparing consolidated financial statements for GWMWater, all material transactions and balances between consolidated entities are eliminated.

COVID-19
The Novel Coronavirus (COVID-19) outbreak first reported in late 2019 is currently having an unprecedented health and economic impact both internationally and domestically. To reduce the spread of the virus, a series of public health measures were imposed across the world and in Australia, including travel restrictions, a nation-wide call to work from home and significantly reduced levels of activity in both the economy and community. In response to the global health pandemic, the Federal and State governments have been providing a number of economic stimulus packages and policies in support of Victorian families and businesses.

The consequential impacts have included, but are not limited to:
- ensuring a strong response and putting provisions in place to continue to provide essential water and sewerage services for customers;
- support for employees transitioning to working from home;
- uplifting our IT network capability to support remote working;
- supporting customers experiencing financial difficulties through arrangements such as hardship program, more time to pay arrangements and payment plans.

For the year ended 30 June 2021, GWMWater recognised a net loss of ($8,265,000). The net current assets/liabilities as at 30 June 2021 were $1,784,480,000. GWMWater has $18,188,000 of resources comprising cash and cash equivalents, other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements.

Management are continuously reviewing budgets and forecasts while monitoring cash flow requirements and customer payment trends during this period of uncertainty and conclude that the going concern assumption still remains appropriate.

These consolidated financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

Further COVID-19 related disclosures have been added to this financial report to reflect management's judgements and assessments. These can be found in notes 4.1.3, 5.1.1, 5.3 and 7.3.2.

Compliance information
These general-purpose financial statements have been prepared in accordance with the FMA and applicable *Australian Accounting Standards* (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

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.

Revenue and income that fund delivery of the GWMWater's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.1 Revenue from contracts with customers

	Notes	2020/21 $'000	2019/20 $'000
Revenue from service and usage charges	2.1.1	64,277	63,837
Developer Contributions	2.1.2	612	5,064
Other Revenue	2.1.3	1,173	1,447
Total revenue from contracts with customers		**66,062**	**70,348**

2.1.1 Revenue from service and usage charges

	2020/21 $'000	2019/20 $'000
Service charges		
Urban Water service charges	15,145	15,282
Wastewater service charges	13,560	13,216
Rural water service charges	12,060	11,254
Volumetric charges		
Urban Water usage charges	14,141	15,298
Rural water usage charges	8,814	8,440
Recycled water usage charges	127	122
Trade waste	430	225
Total service and usage charges	**64,277**	**63,837**

Revenue from service, usage and trade waste charges is determined in accordance with AASB15 *Revenue from contracts with Customers*.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (trade waste and recycled water, water and sewerage)	Service charges are recognised as revenue when the services have been provided or service charge has been made. Service charges are billed in advance and recognised evenly throughout the financial year to reflect continuous service being provided to customers. Service charges are based on fixed fee for access to water, recycled water and sewerage disposal. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Usage charges	Water usage charges are recognised as revenue when water is consumed by customers. Meter reading is undertaken progressively during the year and is billed quarterly in arrears. An estimation of usage is made at the end of each accounting period for connection where meters were not read at balance date. This is calculated by determining the level of billable service provided multiplied by the cost of each service. The charges are payable within 28 days. At balance date, any portion of service charges that is billed in advance and the performance obligation is not satisfied, is recognised as contract liabilities (refer Note 5.4). The charges for fully satisfied performance obligations that are unbilled at year end that are estimated and contract assets are recognised (refer Note5.2).	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised over time as service is provided.
Recycled water charges	Recycled water charges are all recognised as revenue over time as the performance obligation is satisfied. GWMWater measures these charges based on the regulated prices and the volume of water consumed by customers, and sewage and trade waste disposed by customers. The charges are payable within 28 days.	Revenue is recognised over time as service is provided

Contract assets and liabilities in notes 5.2 and 5.4.

2.1.2 Developer contributions

	2020/21 $'000	2019/20 $'000
Developer contributed assets	182	783
New customer contributions	203	4,134
Rural growth water sales	227	147
Total developer contributions	**612**	**5,064**

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	Developer contributed assets arise when developers pay for the cost of construction of new infrastructure assets and subsequently gift these assets to GWMWater to maintain in perpetuity. Depending on the type of developer application, this can result in the performance obligation being satisfied: • when the Statement of Compliance is issued to the customer, or • when the customer is connected to GWMWater's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued. Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.	Revenue is recognised at a point in time.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
New customer contributions	Depending on the type of new customer contribution application, this can result in the performance obligation being satisfied at a point in time when GWMWater satisfies its performance obligation. This will vary depending on the type of application submitted by the customer. As a result, a performance obligation can be satisfied when: • the Statement of Compliance is issued to the customer; or • the customer is connected to GWMWater's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued; or • the customer receives consent from GWMWater to proceed with their application. The framework applied to calculate the new customer contributions is regulated by the Essential Services Commission.	Revenue is recognised at a point in time.
Rural growth water sales	Sale of unallocated rural water allowances held by GWMWater traded in the Victorian Water Register.	Revenue is recognised at a point in time when the trade occurs and the performance obligation is satisfied.

2.1.3 Other Revenue

	2020/21 $'000	2019/20 $'000
Water hydrants/standpipe sales	296	333
Information statements	220	201
Tapping/inspection fees	128	93
Lake Fyans committee of management revenue	196	223
Other revenue	333	597
Total other revenue	**1,173**	**1,447**

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fees and charges	Revenue from other services rendered is recognised when or as performance obligations are satisfied. Performance obligation relating to various licence fees, operational leases revenue, general recoveries and water cartage, water hydrant and standpipe sales, information statement income, connection and supervision charges are satisfied when GWMWater renders the specified service requested by the customer. Revenue is recognised over time based on the number of customers serviced as the customer simultaneously receives and consumes the benefits provided by the third parties GWMWater uses pricing principles to calculate the price of individual services rather than direct regulation by the Essential Services Commission. The charges are payable within 28 days.	Revenue is deferred and recognised over the period over which goods and services are provided to the customer.

2.1.4 Timing of recognition of revenue from customers

GWMWater derives revenue from the transfer of goods and services over time and at a point in time for the following charges.

	Service charges - water $'000	Usage charges - water $'000	Service charges - sewerage $'000	Trade waste charges - $'000	Recycled water charges $'000	Developer contributions $'000	New customer contributions $'000	Other revenue $'000	Total revenue with customers $'000
2020									
At a point in time	-	-	-	-	-	783	4,134	147	**5,064**
Over time	26,536	23,738	13,216	225	122	-	-	1,447	**65,284**
Total	**26,536**	**23,738**	**13,216**	**225**	**122**	**783**	**4,134**	**1,594**	**70,348**
2021									
At a point in time	-	-	-	-	-	182	203	227	**612**
Over time	27,205	22,954	13,560	430	127	-	-	1,173	**65,450**
Total	**27,205**	**22,954**	**13,560**	**430**	**127**	**182**	**203**	**1,400**	**66,062**

2.2 Government grants and contributions

	Notes	2020/21 $'000	2019/20 $'000
Income recognised as income for not for profit entities			
Government grants and contributions		264	301
Agtide – Data farm project Longerenong		951	1,595
Total government grants and contributions		**1,215**	**1,895**

GWMWater has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. These grants relate to the provision of water services. Revenue is recognised when GWMWater satisfies the performance obligation by providing the relevant water services to the relevant party. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when GWMWater has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, GWMWater recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions*;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16 *Leases*;
- a financial instrument, in accordance with AASB 9 *Financial Instruments*; or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

2.3 Interest income

	2020/21 $'000	2019/20 $'000
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	116	155
Other miscellaneous interest income	31	73
Total interest from financial assets not at fair value through profit and loss	**147**	**228**
Total interest income	**147**	**228**

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

2.4 Non-cancellable operating lease receivables

Operating leases relate to the investment property owned by GWMWater with lease terms between 1 and 20 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The risks associated with rights that GWMWater retains in underlying assets are not considered to be significant, GWMWater employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate GWMWater when a property has been subject to excess wear and tear during the lease term.

	2020/21	2019/20
	$'000	$'000
Not later than 1 year	57	57
Longer than 1 year and not longer than 5 years	139	171
Longer than 5 years	235	259
Total operating lease receivables	**431**	**487**

3 THE COST OF DELIVERING SERVICES

Introduction

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

3.1 Expenses incurred in the delivery of services

	Notes	2020/21 $'000	2019/20 $'000
Employee benefits – comprehensive operating statement	3.1.1	16,363	17,119
Other operating expenses	3.2	16,625	18,349
Total expenses incurred in the delivery of services		**32,988**	**35,468**

3.1.1 Employee benefits – comprehensive operating statement

	2020/21 $'000	2019/20 $'000
Salaries and wages	12,966	13,559
Annual leave	1,169	1,203
Long service leave	383	393
Employer superannuation contributions	1,262	1,324
Other	583	640
Total employee benefits - expenses	**16,363**	**17,119**

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and workcover premiums.

Directly attributable costs for bringing an asset to the location and condition necessary for operation, such as costs of employee benefits arising directly from the construction or acquisition of the item of infrastructure, property, plant and equipment are capitalised.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period (see Note 3.1.3).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when GWMWater is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.1.2 Employee benefits – balance sheet

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

	2020/21 $'000	2019/20 $'000
Current provisions		
Annual leave		
- Unconditional and expected to settle within 12 months	1,082	1,062
- Unconditional and are expected to settle after 12 months	877	833
RDO accrual		
- Unconditional and expected to settle within 12 months	271	281
Long service leave		
- Unconditional and expected to settle within 12 months	316	327
- Unconditional and are expected to settle after 12 months	3,810	4,190
Provision for on-costs		
- Provisions for on-costs - Unconditional and expected to settle within 12 months	209	217
- Provisions for on-costs - Unconditional and are expected to settle after 12 months	598	664
Total employee benefits - current provisions	**7,163**	**7,574**
Non- current provisions		
Long service leave		
- Long service leave	392	427
- Long service leave on costs	50	57
Total employee benefits - non-current provisions	**442**	**484**
Total provisions for employee benefits	**7,605**	**8,058**
Reconciliation of movement in on-cost provisions		
Opening balance	937	848
Additional provisions recognised	2,264	2,134
Reductions arising from payments/other sacrifices of future economic benefits	(2,386)	(2,087)
Unwind of discount and effect of changes in the discount rate	42	42
Reduction transfer out	-	848
Closing balance on-cost provision	**857**	**937**
Current on-cost provision	807	880
Non-current on-cost provision	50	57
Closing balance on-cost provision	**857**	**937**

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and on-costs that are expected to be settled wholly within 12 months after the end of the period, in which the employees render the

related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated Balance Sheet.

Liabilities for wages and salaries (including non-monetary benefits, annual leave, and on-costs) 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. Liabilities for salaries and annual leave are all recognised in the provision for employee benefits as 'current liabilities' as per AASB 119 *Employee Benefits*, because GWMWater does not have an unconditional right to defer settlements of these liabilities.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken

On-costs

On costs, such as payroll tax and workers' compensation insurance, are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

Long Service Leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability even where GWMWater does not expect to settle the liability within 12 months. GWMWater does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value – the component GWMWater expects to wholly settle within 12 months; or
- Present value – the component GWMWater does not expect to wholly settle 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. This non-current long service liability is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised in the operating statement.

Performance payments

Performance payments for GWMWater's Executive Officers are based on a percentage of the annual salary package provided under their contract(s) of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contracts to balance date.

3.1.3 Superannuation (Vision Super)

GWMWater's obligations for contributions to the fund are recognised as an expense in Consolidated Comprehensive Operating Statement when they are made or due. GWMWater makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Super). The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the fund are recognised as an expense in the Consolidated Comprehensive Operating Statement when they are made or become due.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2021, this was 9.5% as required under Superannuation Guarantee (SG) legislation). Our commitment to accumulation plans is limited to making contributions in accordance with our minimum statutory requirements. No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

GWMWater has made the following contributions to superannuation plans (excluding any unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2021 and 30 June 2020 as detailed below:

Fund		Contributions	
		2020/21	2019/20
	Rate (%)	$'000	$'000
Accumulation funds			
- State super accumulation scheme	9.5	8	12
- Vision super saver plan	9.5	775	773
- Other	9.5	640	578
Defined benefit funds			
- State super new scheme	9.5	107	129
- Local authorities superannuation fund	9.5	80	88
Total superannuation contributions		**1,610**	**1,580**

GWMWater has no unfunded liability payments to Vision Super during the 2020/21 year (2019/20 $nil). Contributions outstanding during the 2020/21 year was $116K (2019/20 $172K) and no loans issued from or to the above schemes as at 30 June 2021.

Defined benefit fund

GWMWater does not use defined benefit accounting because sufficient information is not available. 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 the group in the new fund cannot be measured as a percentage compared with other participating employers. Therefore, the fund actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 *Employee Benefits*.

Funding arrangements

GWMWater makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. In addition, GWMWater reimburses the Fund to cover the excess of benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

A triennial actuarial review for the Defined Benefit category as at 30 June 2020 was conducted and completed by the due date of 31 December 2020.

Vision Super has advised that the VBI at 30 June 2021 was 109.7%. The financial assumptions used to calculate the VBI were:

	2021 %	2020 %
Net investment returns	4.8	6.0
Salary information	2.75	3.5
Price inflation (CPI)	2.25	2

	2021 %	2020 %
VBI surplus	109.7	104.6

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2020.

Employer contributions

On the basis of the results of the 2020 triennial actuarial investigation conducted by the Fund Actuary, GWMWater makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2021, this rate was 9.5% of members' salaries (9.5% in 2019/2020). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2020 triennial valuation.

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

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of Prudential Standard SPS 160 *Defined Benefit Matters* (SPS160) and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

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

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

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

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

3.2 Other operating expenses

	2020/21	2019/20
	$'000	$'000
Bulk charges	193	189
Operating contracts	1,867	2,008
Contractor costs	3,274	4,273
Information & Communication technology	2,368	1,818
Energy	2,939	3,224
License fees	113	94
Billing and collection	227	290
Bad debts from transactions	174	149
Chemicals and materials	1,432	1,493
Analysis and sampling	631	553
Other operating expenses	3,276	4,143
Victorian Water Register fees	120	115
Total other operating expenses	**16,614**	**18,349**
Decommissioning expenditure relating to redundant assets	542	256
Total decommissioning expenditure relating to redundant assets	**542**	**256**

Expense	Description	Recognition policy
Bulk charges	Fees from the Northern Victorian Resource Manager based on total Water Share volume, covering the costs of maintaining and operating headwork's and river regulation.	As incurred. Recognised in the Comprehensive operating statement.
Operating contracts	Operating expense component of outsourced operations water treatment services provided under the WTSA (refer Note 6.3); and water sample testing laboratory services.	Accruals basis. Recognised in the Comprehensive operating statement. Principal lease component recognised in the Comprehensive balance sheet; Interest lease component recognised in finance costs the Comprehensive operating statement.
Contractor costs (scheduled, planned and unplanned works)	All contractor expenses incurred in relation to scheduled, planned and unplanned operation and maintenance activities. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold.	Accruals basis. Recognised in the Comprehensive operating statement. Where applicable, replacement cost is capitalised on the balance sheet and depreciated.
Information and communication technology expenditure	All operating expenses, maintenance contracts, licence fees and other costs associated with operating the information and communication technology environment of GWMWater.	Accruals basis. Recognised in the Comprehensive operating statement.
Energy	Utility expenses incurred in relation to electricity and gas consumption.	Accruals basis. Recognised in the Comprehensive operating statement.
Billing and collection costs	Costs relating to the issuing of bills and the collection of debt.	Accruals basis. Recognised in the Comprehensive operating statement.
Chemicals and materials	Chemicals and materials consumed in water and wastewater operations and maintenance.	Accruals basis. Recognised in the Comprehensive operating statement.
Analysis and sampling	Samples are sent to a National Association of Testing Authorities (NATA) accredited laboratory for analysis against drinking water regulations and for other operational purposes.	Accruals basis. Recognised in the Comprehensive operating statement.
Other operating expenses	Generally, represent the day to day running costs incurred in normal operations.	Accruals basis. Recognised in the Comprehensive operating statement.
Decommissioning expenditure	Expenditure associated with the decommissioning and removal of redundant infrastructure.	Accruals basis. Recognised in the Comprehensive operating statement.

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.

	2020/21 $'000	2019/20 $'000
Agtide - Data farm project Longerenong	(993)	(1,599)
Total grants and other transfers	**(993)**	**(1,599)**

4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

GWMWater controls infrastructure and other investments 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.

Notes to the Financial Statements
30 June 2021

4.1 Infrastructure, property, plant and equipment: carrying amount
4.1.1 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment

	Land Specialised	Buildings Specialised	Fixtures and Fittings	Infrastructure Urban Water	Infrastructure Waste Water	Infrastructure Headworks	Infrastructure Rural Distribution	Service concession assets	Plant, Equipment and Vehicles	Capital Work in Progress	Total
30 June 2021	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Fair Value	46,874	6,669	2,445	417,476	156,460	611,844	784,078	17,340	12,410	36,295	**2,091,891**
Accumulated depreciation	0	(201)	(1,933)	(1,081)	(91)	(615)	(373)	0	(6,759)	0	**(11,052)**
Carrying amount 2020/21	**46,874**	**6,468**	**512**	**416,395**	**156,369**	**611,229**	**783,705**	**17,340**	**5,651**	**36,295**	**2,080,839**
Opening net book value	32,727	6,566	553	291,474	165,589	588,206	904,993	16,921	6,063	19,662	**2,032,754**
Additions				80	60		41			23,425	**23,606**
Disposals	(3)	0	0	(71)	(211)	0	(5)		(698)		**(988)**
Transfer between asset classes											**0**
Revaluation	14,150	162	0	130,840	(6,777)	27,882	(106,937)	1,052	0		**60,372**
Depreciation	0	(336)	(62)	(8,183)	(4,525)	(4,895)	(14,967)	(633)	(1,271)	0	**(34,872)**
WIP movement	1	76	21	2,255	2,233	36	580		1,557	(6,792)	**(32)**
Closing carrying amount	**46,874**	**6,468**	**512**	**416,395**	**156,369**	**611,229**	**783,705**	**17,340**	**5,651**	**36,295**	**2,080,839**
30 June 2020											
Fair value	32,727	6,699	2,551	323,502	183,038	593,084	960,709	19,450	12,317	19,662	**2,153,739**
Accumulated depreciation	-	(133)	(1,998)	(32,028)	(17,449)	(4,878)	(55,716)	(2,529)	(6,254)	-	**(120,985)**
Carrying amount2019/20	**32,727**	**6,566**	**553**	**291,474**	**165,589**	**588,206**	**904,993**	**16,921**	**6,063**	**19,662**	**2,032,754**
Opening net book value	32,770	6,231	578	282,037	168,204	592,783	832,917	17,554	6,210	99,098	**2,038,382**
Additions	-	-	-	167	310	-	306	-	-	30,530	**31,313**
Disposals	(49)	-	-	(444)	(127)	-	(70)	-	(750)	-	**(1,440)**
Transfer between asset classes/ Right of Use Asset	-	-	-	(3)	-	-	-	-	3	-	**-**
Revaluation	-	564	-	-	-	(17)	-	-	-	-	**547**
Depreciation	-	(318)	(59)	(9,941)	(4,449)	(4,870)	(13,999)	(633)	(1,269)	-	**(35,538)**
WIP movement	6	89	34	19,658	1,651	310	85,839	-	1,869	(109,966)	**(510)**
Closing carrying amount	**32,727**	**6,566**	**553**	**291,474**	**165,589**	**588,206**	**904,993**	**16,921**	**6,063**	**19,662**	**2,032,754**

Right of use assets not included in above table, see note 6.2.1

4.1.2 Initial recognition and subsequent measurement

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, service concession assets, and plant, equipment and vehicles used by GWMWater 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	2020/21
	$
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
Service concession assets	1,000
Plant, equipment and vehicles	100
Intangible assets	300
Investment properties	1,000
Right-of-use assets	10,000

Infrastructure, property, plant and equipment
Infrastructure, property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment, where assets acquired at no cost or nominal consideration, by GWMWater, are recognised at fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Service Concession Asset
A Service Concession Asset (SCA) under AASB 1059 *Service Concession Assets: Grantors* is an asset other than goodwill, to which a private operator has right of access to provide public services on behalf of GWMWater in a service concession arrangement that:

- the operator constructs, develops, upgrades or replaces major components, or acquires from a third party or is an existing asset of the operator, or
- is an existing asset of GWMWater, including a previously unrecognised identifiable intangible asset and land under roads, or an upgrade to or replacement of a major component of an existing asset of the grantor.

GWMWater recognises a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of GWMWater, when GWMWater controls the asset. GWMWater controls or regulates the services the operator must provide with the asset, price, and any significant residual interest in the asset at the end of the term of the arrangement.

GWMWater initially measures Service concession assets at current replacement cost in accordance with the cost approach to fair value in AASB 13 *Fair Value Measurement*. Subsequent to the initial recognition, or reclassification of the asset, GWMWater measures the service concession asset in accordance with AASB 16 or AASB 138 *Intangible Assets* as appropriate as relevant.

Where an existing asset of GWMWater is reclassified as a service concession asset, GWMWater measures the asset at current replacement cost as at the date of reclassification. Any difference between the fair value of the asset using current replacement cost and the carrying value of the asset being accounted for as if it were a revaluation is taken to the asset revaluation reserve.

After initial recognition, GWMWater depreciates the service concession asset over its useful life using the principles in AASB 116 *Property, Plant and Equipment*. SCAs are subject to revaluation as required by Financial Reporting Direction 103I Non-Financial Physical Assets (FRD 103I). Refer to Note 6.3 Service concession arrangements For a summary of revaluation details by asset category with further details provided on accounting for revaluation in Note 7.3.2 Fair value determination: non-financial physical assets.

Motor Vehicles
Vehicles are valued using the current 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 market is managed by experienced fleet managers in GWMWater who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

4.1.3 Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103H Non-Financial Physical Assets (FRD 103H).

The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by GWMWater to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103H. GWMWater in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

GWMWater assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The valuer has advised that the current market environment, impacted by coronavirus (COVID-19), creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

Refer to Note 7.3.2 Fair value determination: non-financial physical assets.

4.1.4 Accounting for revaluation movements

Infrastructure, property, plant and equipment
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).

Revaluation increases or decreases arise from differences between an asset's carrying value and its fair value.

Revaluation increases and decreases relating to individual assets in a class of PPE, are offset against other assets in that class but are not offset against assets in different classes. An asset revaluation surplus is not transferred to accumulated funds on the de-recognition of the related asset.

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

Revaluation decrements are recognised immediately as an expense, except to the extent that a credit balance exists in the asset revaluation reserve applicable to the same class of assets, in which case the decrement is debited directly to the asset revaluation reserve.

4.2 Depreciation and impairment

Depreciation and impairment expense

	2020/21	2019/20
	$'000	$'000
Buildings	336	318
Fixtures and fittings	62	59
Urban water infrastructure	8,183	9,941
Wastewater infrastructure	4,525	4,449
Headworks infrastructure	4,895	4,870
Rural distribution infrastructure	14,967	13,999
Service concession assets	633	633
Plant, equipment and vehicles	1,271	1,269
Intangibles	383	304
Right-of-use assets	84	63
Total depreciation and impairment expenses	**35,339**	**35,905**

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, 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 generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life, commencing from the time the asset is held ready for use.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset Class	Useful Life Years
Land	Indefinite
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
Service concession assets	10 - 80
Plant, equipment and vehicles	3 - 50
Intangible assets - other than water entitlements	2 - 25
Intangible assets - water entitlements	Indefinite
Investment properties	N/A
Right-of-use assets	1 - 25

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 value exceeds its recoverable amount, the difference is written off, except to the extent that it can be debited to an asset revaluation surplus 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 current replacement cost and fair value less costs to sell. The impact of climate risk is not a key assumption in the current replacement cost and fair value less costs to sell. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

The recoverable amount of specialised non-cash-generating assets which are held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*.

Whilst the potential risks and related opportunities from climate related change are considered as part of GWMWater's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on GWMWater's principal activities, particularly from an asset impairment standpoint.

4.3 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 GWMWater.

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 GWMWater. 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 GWMWater'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 2021. 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
2020/21	**$'000**	**$'000**	**$'000**	**$'000**
Investment properties	868	-	868	-

Total fair value measurement of assets		**-**	**868**	**-**
2019/20				
Investment properties	785	-	785	-
Total fair value measurement of assets		**-**	**785**	**-**

	2020/21	2019/20
	$'000	$'000
Balance at beginning of financial year	785	785
Net gain/(loss) from fair value adjustments	83	-
Additions	-	-
Balance at end of financial year	868	785

4.4 Intangible assets

	Opening Value	Additions	Disposals	Transfer	Amortisation	Closing Balance
2020/21	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Intangible assets						
Water entitlements	6,706	-	-	-	-	6,706
Software	596	32	-	-	(305)	323
Native Vegetation Offsets	183	-	(5)	-	-	178
Other – technical assessments	650	-	-	-	(78)	572
Total intangible assets	**8,135**	**32**	**(5)**	**-**	**(383)**	**7,779**
2019/20						
Intangible assets						
Water entitlements	6,706	-	-	-	-	6,706
Software	292	477	-	-	(173)	596
Native Vegetation Offsets	154	33	(4)			183
Other – technical assessments	1,178	-	-	(397)	(131)	650
Total intangible assets	**8,330**	**510**	**(4)**	**(397)**	**(304)**	**8,135**

Recognition and measurement

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

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are 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.

Subsequent measurement

A summary of the policies applied to GWMWater's intangible assets is as follows:

	Water Share Entitlements	***Software Costs***	***Other***
Useful lives	Indefinite	2-25 years	2-25 years
Amortisation method used	Not amortised	Straight line	Straight line
Internally generated/acquired	Acquired	Acquired	Internally generated and acquired
Impairment test/Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

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.

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in the above table.

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

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

	2020/21	**2019/20**
	$'000	**$'000**
Proceeds on disposal of non-financial assets	888	880
Less written down value on disposal	(993)	(1,444)
Total net gain/(loss) in disposal of non-current assets	**(105)**	**(564)**

5 OTHER ASSETS AND LIABILITIES

Introduction

This section sets out those assets and liabilities that arose from GWMWater's operations and the delivery of services.

5.1 Receivables

	2020/21 $'000	2019/20 $'000
Receivables - current		
Contractual receivables		
Service and usage charges debtors	9,850	9,243
Pensioner debtors	14	34
Sewerage schemes	247	209
Other debtors	935	2,341
Allowance for expected credit losses	(594)	(562)
Statutory receivables		
GST receivable	408	372
Total receivables - current	**10,860**	**11,637**
Receivables - non-current		
Contractual receivables		
Sewerage schemes	1,101	1,290
Total receivables - non-current	**1,101**	**1,290**
Total receivables	**11,961**	**12,927**

Receivables consist of:

Expense	Initial measurement	Subsequent measurement
Contractual receivables	Recognised at fair value plus any directly attributable transaction costs. GWMWater holds contractual receivables with the objective of collecting the contractual cash flows.	Classified as a financial instrument and measured at amortised cost, less any expected credit loss.
Service and usage charges debtors	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. GWMWater does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.	Amortised cost less any expected credit loss.
Statutory receivables	Recognised at fair value plus any directly attributable transaction costs.	Amortised cost less any expected credit loss.

The carrying amount at amortised cost is the reasonable approximation of fair value

5.1.1 Impairment of contractual receivables

GWMWater applies the AASB 9 simplified approach to measure expected credit losses (ECL) which uses a lifetime expected loss allowance for contractual and statutory receivables. The impact of COVID-19 was considered as part of ECL calculation, no additional allowance was made.

On that basis the loss allowance as at 30 June 2021 was determined as follows for receivables – service and usage charges and other receivables:

2020/21	Current $000	1-3 Months $'000	3 months -1 year $'000	Greater than 1 year $'000	Total $'000
Expected loss rate	0.27%	0.47%	0.69%	13.76%	
Gross carrying amount - rates and charges	$1,367	$1,884	$2,514	$4,099	$9,864
Loss allowance	($4)	($9)	($17)	($564)	($594)
2019/20					
Expected loss rate	0.00%	0.01%	1.09%	15.79%	
Gross carrying amount - rates and charges	$2,389	$1,215	$2,375	$3,298	$9,277
Loss allowance	$0	$0	($26)	($536)	($562)

Receivables from service and usage charges are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, and the failure of a debtor to engage in a repayment plan.

Loss allowance on receivables from service and usage charges are presented in administrative and other operating expenses within the Consolidated Comprehensive Operating Statement.

No interest is charged for the first 28 days from the invoice date. Thereafter, interest is charged at 4 per cent on the outstanding balance. The average credit period for sales of goods / services and for other receivables is 74 days. There are no material financial assets that are individually determined to be impaired.

Due to the COVID-19 pandemic impacts, there has been an observed increase in contractual receivables and as such is included in the estimation of expected credit losses. We have also considered impacts from specific management actions, our observable customer behaviours so far and how the pandemic may impact our industry in particular.

As a result, we have increased the allowance for doubtful debts by $0.03 million to reflect risks and uncertainties brought about by the COVID-19 pandemic. Should the macroeconomic assumptions change in the future, it could have a material impact on our allowance for doubtful debts in the subsequent years.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line

5.2 Contract Assets

	2020/21 $'000	2019/20 $'000
Accrued revenue	2,985	3,928
Total contract assets	**2,985**	**3,928**

Contract asset	Description	Recognition
Contract assets relating to contributions - Unbilled other income	Unbilled other income primarily relates to GWMWater's rights to consideration for work completed but not billed at the reporting date on contributions and other income.	The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when GWMWater issues an invoice to the customer.
Contract assets relating to service and usage charges - Accrued revenue	Accrued revenue is recognised for water and sewage usage as well as other works and services that have been provided to customers at balance date but not yet invoiced.	Usage charges are all recognised as revenue when the service has been provided. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when GWMWater issues an invoice to the customer.
Assets recognised from costs to fulfil a contract	These costs include pre contract costs and set up costs.	GWMWater has recognised an asset in relation to costs to fulfil a long-term contract. This is presented within other assets in the balance sheet.

5.3 Payables

	2020/21 $'000	2019/20 $'000
Contractual payables		
General creditors & Accrued Expenses	6,366	6,112
Other payables	493	1,055
Total payables - current	**6,859**	**7,167**

Payables	Description	Recognition
Contractual payables	Liabilities for goods and services provided to GWMWater prior to the end of the financial year that are unpaid.	Classified as financial instruments and measured at amortised cost.
Statutory payables	Liabilities for goods and services provided to GWMWater prior to the end of the financial year that are unpaid.	Not classified as financial instruments but measured at amortised cost.

Payables are unsecured and are usually paid within 28 days of recognition. Due to COVID-19 trade suppliers were paid within 7 days of recognition.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, statutory payables are not classified as financial instruments.

5.3.1 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
2020/21	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
General creditors & Accrued expenses	6,366	6,366	6.366	-	-	-
Other payables	493	493	391	-	100	1
	6,859	**6,859**	**6,757**	**-**	**100**	**1**
$2019/20						
General creditors & Accrued expenses	6,112	6,112	6,112	-	-	-
Other payables	1,055	1,055	1,044	-	10	1
	7,167	**7,167**	**7,156**	**-**	**10**	**1**

5.4 Contract Liabilities

	2020/21 $'000	2019/20 $'000
Service usage charges - customer paid in advance	1,663	1,562
Contributions - unearned income	58	14
Grants received in advance	289	246
Total contract liabilities	**2,010**	**1,822**
Represented by		
Current contract liabilities	2,010	1,822
Non-current contract liabilities	-	-

Contract liabilities	Description	Recognition
Contract liabilities relating to service usage charges - Customers paid in advance	Payments received in advance of the provision of goods or services or performance obligation yet to be performed by GWMWater to settle the terms of receipt of income.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Contract liabilities relating to contributions - Unearned Income	Payments received for developer contributed assets, new customer contributions and application fees in the reporting period, where the performance obligations are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments
Contract liabilities relating to grants received in advance	Grants received in advance, where the performance obligations are yet to be performed by GWMWater to settle the terms of receipt of income..	Recognised as revenue, once it has performed the performance obligations associated with the payments

5.5 Inventories

	2020/21 $'000	2019/20 $'000
Maintenance stock	2,075	1,836
Total inventories	**2,075**	**1,836**

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.

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 GWMWater.

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.

6.1 Interest bearing liabilities

	2020/21 $'000	2019/20 $'000
Current interest bearing liabilities		
Borrowings - current (i)	10,500	8,500
Financial liabilities – Service concession arrangements	974	871
Advances from government - current (ii)	0	119
Total current interest bearing liabilities	**11,474**	**9,490**
Non-current interest bearing liabilities		
Borrowings - non-current (i)	108,000	118,500
Finance liabilities – Service concession arrangements	5,107	6,081
Total non-current interest bearing liabilities	**113,107**	**124,581**
Total interest bearing liabilities	**124,581**	**134,071**

(i) Borrowings from Treasury Corporation Victoria (TCV) for the year ended 30 June 2021 is $118,500,000 (30 June 2020 $127,000,000). These borrowings 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.

Interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Financial liabilities – service concession arrangements are measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between GWMWater and the operator. Interest bearing liabilities 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 Consolidated Comprehensive Operating Statement over the period of the interest-bearing liabilities, using the effective interest method.

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

GWMWater has classified borrowings which mature within 12 months as non-current liabilities on the basis that GWMWater will and has discretion to refinance or rollover these loans with the Treasury Corporation of Victoria, pursuant to section 8 of the *Borrowings and Investment Powers Act 1987.*

6.1.1 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
2020/21	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Borrowings – TCV	118,500	118,500	2,500	0	8,000	108,000
Financial liabilities - Service concession arrangements	6,081	6,081	77	156	741	5,107
Advances from government - DELWP ^	-	-	-	-	-	-
	124,581	**124,581**	**2,577**	**156**	**8,741**	**113,107**
2019/20						
Borrowings – TCV	127,000	127,000	3,500	-	5,000	118,500
Financial liabilities – Service concession arrangements	6,952	6,952	69	139	663	6,081
Advances from government - DELWP ^	119	119	-	-	119	-
	134,071	**134,071**	**3,569**	**139**	**5,782**	**124,581**

^ Unsecured advance which bears no interest from the DELWP under the Greener Government Building Program.

6.1.2 Interest expenses

	2020/21	2019/20
	$'000	**$'000**
Interest paid/payable	4,813	5,369
Financial accommodation levy	1,449	1,509
Interest on financial liabilities – service concession arrangements	499	564
Total interest expenses	**6,761**	**7,442**

Interest expense includes costs incurred in connection with the borrowing of funds. Interest costs include interest on bank overdrafts, short term and long-term borrowings, financial liabilities recognised for service concession arrangements, amortisation of discounts or premiums relating to borrowings and lease charges.

Interest expense is recognised in the period in which it is incurred and measured at fair value.

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 2020/21, FAL incurred by GWMWater was 69 basis points (2019/20 85 basis points) and is accounted for as a borrowing cost for the purpose of presentation in general purpose financial statements.

6.2 Leases

Information about leases for which GWMWater is a lessee is presented below

GWMWater's leasing activities

GWMWater leases various properties and IT equipment. The lease contracts are typically made for fixed periods of one to ten years with an option to renew the lease after that date. Lease payments for properties are renegotiated regularly to reflect market rentals.

Leases of IT equipment with contract terms are either short-term and or/leases of low-value items. GWMWater has elected not to recognise right-of-use assets and lease liabilities for these leases.

Contracts may contain both lease and non-lease components. GWMWater allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where GWMWater obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

GWMWater applies the fair value model in AASB 140 *Investment Property* to its investment property, including right-of-use assets that meet the definition of investment property in AASB 140.

GWMWater applies the revaluation model in AASB 116 to right-of-use assets that relate to a class of property, plant and equipment. The revaluation model is applied to all of the right-of-use assets that relate to that class of property, plant and equipment.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across GWMWater. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by GWMWater and not by the respective lessor.

Residual value guarantee

To optimise lease costs during the contract period, GWMWater sometimes provides residual value guarantees in relation to equipment leases.

Critical judgements in determining the lease term

In determining the lease term, GWMWater considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of $146,000.

Definition of a lease

For any new contracts entered into GWMWater considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition GWMWater assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to GWMWater and for which the supplier does not have substantive substitution rights;
- Whether GWMWater has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and GWMWater has the right to direct the use of the identified asset throughout the period of use; and
- Whether GWMWater has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or GWMWater's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- payments arising from purchase and termination options reasonably certain to be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to comprehensive operating statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease or GWMWater's incremental borrowing rate. TCV/Department of Treasury's (DTF) calculator is used to determine incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

GWMWater is exposed to future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:

- variable lease payments;
- extension options and termination options; and
- residual value guarantees.

6.2.1 Right-of-use assets

	2020/21 $'000	2019/20 $'000
Carrying amount as at 1 July at cost	230	-
Additions to right-of-use assets	-	294
Depreciation expense	(84)	(64)
Carrying amount at end of year	**146**	**230**
Total as at 30 June represented by:		
Cost	294	294
Less: Accumulated depreciation	(148)	(64)
Carrying amount at end of year	**146**	**230**

6.2.2 Amounts recognised in the Statement of Comprehensive Statement

The following amounts are recognised in the Statement of Comprehensive Operating Statement relating to leases.

	2020/21 $'000	2019/20 $'000
Interest on lease liabilities	7	10
Depreciation on ROU Assets	84	64
Total	**91**	**74**

6.2.3 Lease liabilities recognised in the Balance Sheet

The balance sheet shows the following amounts relating to leases.

	2020/21 $'000	2019/20 $'000
Current	72	62
Non-Current	75	152
Total lease liabilities	**147**	**214**

6.2.4 Amounts recognised in the Statement of Cash Flows

The following amounts are recognised in the Statement of Cashflows relating to leases.

	2020/21 $'000	2019/20 $'000
Total cash outflow for leases	66	15

6.3 Service concession arrangements

GWMWater sometimes enters into arrangements with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as public private partnerships (PPPs).

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 GWMWater 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 reverts to the GWMWater for one dollar.

Under the WTSA the assets are accounted as Service Concession Arrangement as the ownership of the assets will transfer to GWMWater at the end of the contract and GWMWater has control of the public services provided by 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.

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.

GWMWater has adopted AASB 1059 *Service Concession Arrangements: Grantors* to account for PPP arrangements that meet the definition of a service concession arrangements (SCAs) in accordance with AASB 1059. Where a PPP is not considered a SCA, GWMWater determines whether the arrangement is a lease (and accounted for under AASB 16) or a construction contract (and accounted for under AASB 116 and AASB 9) and accounts for them under those relevant standards.

SCAs usually take one of two main forms. In the more common form, the 'financial liability' model, GWMWater pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset, and the components related to the ongoing operation and maintenance of the asset.

The other form of SCAs, the 'grant of a right to the operator' model (GORTO), is one in which the Grantor grants to an operator, for a specified period of time, the right to collect fees from users of the SCA asset, in return for which the operator constructs the asset and has the obligation to supply agreed upon services, including maintenance of the asset for the period of the concession. GWMWater does not have any GORTO arrangements.

GWMWater in a service concession arrangement recognises a service concession liability (SCL) at the same amount as the SCA asset, adjusted by the amount of any other consideration from the grantor to the operator, or from the operator to the grantor. Therefore, any GWMWater contributions made prior to the recognition of the liability would reduce this amount (see note 4.1.1 for SCA assets).

However, when GWMWater reclassifies an existing asset as a SCA, no liability is recognised unless additional consideration is provided by the operator. Instead, the Corporation will recognise a SCA asset and a corresponding SCL for the amounts spent on upgrade/expansion work.

After initial recognition, GWMWater will determine if the liability represents a Financial liability. Where has a contractual obligation to pay to the operator as compensation for providing the SCA. It is measured as a liability in accordance with AASB 9 Financial Instruments. Interest is charged on the liability of some SCAs, refer to Note 6.1.2 Interest expense. The liability will be increased by interest charges, based on the interest rate implicit in the arrangement. Where the interest rate is not specified in the arrangement, prevailing market rate of interest for a similar instrument with similar credit ratings should be used. Refer to Note 6.1 Interest bearing liabilities for the amounts disclosed as financial liability.

Subsequently, the liability will also be reduced by any payments made by GWMWater to the operator if required by the contract.

The table below illustrates commitments for service concession arrangements – water treatment service agreement.

	Minimum future financial payments		Present value of minimum future financial payments	
	2020/21	2019/20	2020/21	2019/20
	$'000	$'000	$'000	$'000
Less than 1 year	1,397	1,363	974	871
Between 1 year and 5 years	5,942	5,799	5,107	4,602
Over 5 years	-	1,540	-	1,479
Minimum financial payments	**7,339**	**8,702**	**6,081**	**6,952**
Less future interest charged in accounts	(1,258)	(1,750)	-	-
Total future financial liabilities payments	**6,081**	**6.952**	**6,081**	**6,952**
Representing financial liabilities – Service concession arrangements				
Current			974	871
Non-current			5,107	6,081
Total financial liabilities			**6,081**	**6,952**

6.4 Cash flow information and balances

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

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the balance sheet, as indicated in the reconciliation below.

	2020/21 $'000	2019/20 $'000
Cash at bank	18,188	20,871
Balance as per cash flow statement	**18,188**	**20,871**

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

	2020/21 $'000	2019/20 $'000
Net result for the period	(8,265)	(7,694)
Non-cash movements:		
Assets acquired for nil consideration	(182)	(783)
Depreciation and amortisation	35,339	35,905
(Gain)/loss on disposal of fixed assets	105	566
(Gain)/loss on revaluation of investment properties	(83)	-
Increase/(decrease) in allowance for credit loss	32	26
Change in assets and liabilities:		
(Increase)/decrease in receivables	968	4,707
(Increase)/decrease in contract assets	943	(3,928)
(Increase)/decrease in prepayments	(55)	(13)
Increase/(decrease) in payables	(601)	(807)
Increase/(decrease) in employee provisions	(454)	761
Increase/(decrease) in contract liabilities	188	1,822
(Increase)/decrease in inventory	(239)	(201)
Increase/(decrease) in tax liabilities	(3,546)	(3,329)
Net cash provided by operating activities	**24,150**	**27,032**

6.5 Total Commitments Payable

2020/21	Less than1 year	Between 1and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Service concession	974	5,107	-	**6,081**
Capital commitments	7,867	-	-	**7,867**
Other commitments	368	76	-	**444**

2019/20	Less than1 year	Between 1and 5 years	Over 5 years	Total
	$'000	$'000	$'000	$'000
Service concession	871	4,602	1,479	**6,952**
Capital commitments	7,442	-	-	**7,442**
Other commitments	105	1,141	-	**1,246**

6.5.1 Capital commitments

	2020/21	2019/20
	$'000	$'000
East Grampians rural pipeline	2,677	3,538
Ultima drinking water quality upgrade	2,724	-
Decommissioning of road structures	593	-
Tommies Doors bridge structure	592	-
Sewer pump station refurbishments	573	1,998
Lake Fyans to Stawell pipeline renewal	-	1,099
Behind the meter solar installations	49	256
Other works	659	551
Total capital commitments	**7,867**	**7,442**

These commitments are recorded 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 Consolidated Balance Sheet.

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 high her level of judgement to be applied, which for GWMWater related mainly to fair value determination

7.1 Interest bearing liabilities

Introduction

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

These financial instruments include:

Financial assets	*Financial liabilities*
Cash and deposits	Payables:
Receivables:	For supplies and services
Sale of goods and services	Other payables
Other receivables	Interest bearing liabilities:
Term deposits	Bank overdraft
	Service concession asset

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

Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: • Loans and receivables • cash and deposits; • receivables; • term deposits; and • certain debt securities.	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: • the asset is held within a business model whose objective is to collect the contractual cash flows, and • the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial liabilities at amortised cost		
Financial liabilities include: • Payables (excluding statutory payables) • Service Concession liabilities and; • Borrowings (including lease liabilities) .	Fair value plus or minus any directly attributable transaction costs	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest-bearing liability using the effective interest rate method

Offsetting financial instruments

Financial instrument assets and liabilities are offset, and the net amount presented in the consolidated balance sheet when, and only when, GWMWater has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where GWMWater does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- GWMWater retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- GWMWater has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where GWMWater has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of GWMWater's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

Impairment of financial assets

At the end of each reporting period, GWMWater assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

GWMWater records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9's impairment assessment includes GWMWaters contractual receivables, statutory receivables and its investment in debt instruments. Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 7.3.1 Fair value of financial instruments measured at amortised cost) are also subject to impairment [however it is immaterial]. Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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. Impairment losses recognised in the comprehensive operating statement on equity instruments classified as available for sale are not reversed through comprehensive operating statement.

7.1.1 Financial instruments: Categorisation

All financial assets and financial liabilities of GWMWater are measured at amortised cost in line with AASB 9 *Financial Instruments.*

7.1.1.1 Interest rate risk and exposure of contractual financial assets

	Carrying amount $'000	Weighted average effective interest rate	Interest rate risk				Interest rate exposure		
			-1%		+1%		Fixed interest rate $'000	Variable interest rate $'000	Non-interest bearing $'000
2020/21			Result $'000	Equity $'000	Result $'000	Equity $'000			
Financial assets									
Cash and cash equivalents ^	18,188	1.64%	(182)	(182)	182	182	-	18,186	2
Rates and charges debtors *	9,256	0.00%	-	-	-	-	-	-	9,256
Pensioner rebate debtors	14	0.00%	-	-	-	-	-	-	14
Other debtors	935	0.00%	-	-	-	-	-	-	899
Private schemes	1,348	4.07%	-	-	-	-	1,348	-	0
Accrued income	2,985	0.00%	-	-	-	-	-	-	2,985
	32,726						**1,348**	**18,186**	**13,192**
2019/20									
Cash and cash equivalents ^	20,871	3.5%	(209)	(209)	209	209	-	20,869	2
Rates and charges debtors *	8,681	0.0%	-	-	-	-	-	-	8,681
Pensioner rebate debtors	34	0.0%	-	-	-	-	-	-	34
Other debtors	2,341	0.0%	-	-	-	-	-	-	2,341
Private schemes	1,499	6.3%	-	-	-	-	1,499	-	-
Accrued income	3,928	0.0%	-	-	-	-	-	-	3,928
	37,354						**1,499**	**20.869**	**14,986**

** Rates and charges debtors are net of provisions.*

^ All Cash and cash equivalents are held in financial institutions with an AAA credit quality rating.

Notes to the Financial Statements
30 June 2021

7.1.1.2 Interest rate risk and exposure of contractual financial liabilities

2020/21	Carrying amount $'000	Weighted average effective interest rate	Interest rate risk				Interest rate exposure		
			-1%		+1%		Fixed interest rate $'000	Variable interest rate $'000	Non-interest bearing $'000
			Result $'000	Equity $'000	Result $'000	Equity $'000			
Financial liability									
General creditors	0	0.0%	-	-	-	-	-	-	(36)
Borrowings – TCV	118,500	3.8%	1,185	1,185	(1,185)	(1,185)	118,500	-	-
Finance liabilities – Service concession arrangement	6,081	7.5%	-	-	-	-	6,081	-	-
Accrued expenditure	6,378	0.0%	-	-	-	-	-	-	6,464
Other payables	493	0.0%	-	-	-	-	-	-	493
	131,502						124,581	-	6,921
2019/20									
General creditors	979	0.0%	-	-	-	-	-	-	979
Borrowings – TCV	127,000	3.9%	1,270	1,270	(1,270)	(1,270)	127,000	-	-
Finance liabilities –Service concession arrangement	6,952	7.5%	-	-	-	-	6,952	-	-
Advances from government - DELWP*	119	0.0%	-	-	-	-	-		119
Accrued expenditure	5,133	0.0%	-	-	-	-	-	-	5,133
Other payables	1,055	0.0%							1,055
	141,238						133,952	-	7,286

^ Unsecured advance which bears no interest from the DELWP under the Greener Government Building Program. The remaining term of the advance is 1 years.

7.1.2 Financial risk management objectives and policies

GWMWater's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. As a whole, GWMWater's financial risk management program seeks to manage these risks and the associated volatility of its financial performance. The main purpose in holding financial instruments is to prudentially manage GWMWater's financial risks within the government policy parameters. GWMWater's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk.

Risk management is carried out by a central treasury Corporation (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with GWMWater's operating units. 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.

Credit risk

Credit risk is the risk of financial loss to GWMWater as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from GWMWater's receivables.

GWMWater's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. Refer to section 5.1.

Contract financial assets (e.g. receivables) are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in section 7.3.1 Contingent assets, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents GWMWater's maximum exposure to credit risk without taking account of the value of any collateral obtained.

GWMWater is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, GWMWater has adjusted the credit risk profile in assessing the expected loss allowance in 2020-21 (refer to Note 5.3.1 Ageing analysis of contractual payables).

At 30 June 2021, GWMWater has no other significant credit risk. There has been no material change to GWMWater's credit risk profile in 2020-21

Climate related risk
Climate change is a risk to GWM Water. Climate change risk includes the physical risk which can cause direct damage to assets or property as a result of rising global temperatures as well as transition risks which arise from the transition to low-carbon economy.

GWMWater will further enhance the understanding of exposure of climate change risk in the process of executing the GWMWater's climate change action plan over the next 5 years. As at 30 June 2021, the Directors considered climate-related risk in the preparation of the financial statements.

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. GWMWater's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

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 manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets;
- careful maturity planning of its financial obligations based on forecasts of future cash flows; and
- a high credit rating for the State of Victoria (Moody's Investor Services and Standard & Poor's triple-A, which assists in accessing debt market at a lower interest rate).

GWMWater's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of available-for-sale financial investments.

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 instrument.

Market risk comprises of interest rate risk, foreign exchange risk and another price risk. GWMWater's exposure to market risk is primarily though interest rate risk, there is no exposure or insignificant exposure to foreign exchange risk and insignificant exposure to other price risks.

Objectives, policies and processes used to manage these risks are disclosed in the paragraphs below:

(a) Interest rate risk

GWMWater's exposure to market interest rates relates primarily to GWMWater's long-term interest-bearing liabilities and funds invested on the money market. The interest rate on GWMWater's long-term interest-bearing liabilities is fixed and therefore GWMWater is not exposed to any material interest rate risk.

(b) Foreign exchange risk

GWMWater has no exposure to changes in the foreign exchange rate.

(c) Other price risk

GWMWater has no significant exposure to other price risk.

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7.2 Contingent assets and contingent liabilities

Contingent assets and liabilities are not recognised in the Consolidated 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.

As at 30 June 2021 there are no known contingent assets.

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 2021 actions to acquire land for easements are in progress. A few of the land holders may claim compensation amount as calculated by the Valuer-General Victoria.

7.3 Fair value determination

This section sets out information on how GWMWater determined fair value for financial reporting purposes.

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.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result;
- available-for-sale financial assets;
- land, buildings, infrastructure, plant and equipment;
- investment properties; and
- biological assets.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

GWMWater determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required

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.

The Valuer-General Victoria (VGV) is GWMWater's independent valuation agency (or) GWMWater, in conjunction with VGV [and other external valuers, if applicable], monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end; and
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2021 $'000	Fair value 2021 $'000	Carrying amount 2020 $'000	Fair value 2020 $'000
Financial liabilities				
Lease liabilities	146	146	230	230
Service concession financial liability	6,081	6,081	6,952	6,952
Loans from TCV	118,500	118,500	127,000	127,000

7.3.2 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
2020/21	$'000	$'000	$'000	$'000
Land - specialised	46,874	-	-	46,874
Buildings - specialised	6,468	-	-	6,468
Fixtures and fittings	512	-	-	512
Infrastructure - urban water	416,395	-	-	416,395
Infrastructure - wastewater	156,369	-	-	156,369
Infrastructure - headworks	611,229	-	-	611,229
Infrastructure - rural distribution	783,705	-	-	783,705
Service concession assets	17,340	-	-	17,340
Plant and equipment	2,607	-	-	2,607
Vehicles	3,045	-	3,045	-
Total Fair value measurement of assets	**2,044,544**	**-**	**3,045**	**2,041,499**
2019/20				
Land - specialised	32,727	-	-	32,727
Buildings - specialised	6,566		-	6,566
Fixtures and fittings	553	-	-	553
Infrastructure - urban water	291,474	-	-	291,474
Infrastructure - wastewater	165,589	-	-	165,589
Infrastructure - headworks	588,206	-	-	588,206
Infrastructure - rural distribution	904,993	-	-	904,993
Service concession assets	16,921	-	-	16,921
Plant and equipment	3,037	-	-	3,037
Vehicles	3,026	-	3,026	-
Total fair value measurement of assets	**2,013,092**	**-**	**3,026**	**2,010,066**

There have been no transfers between levels during the period.

The Valuer-General Victoria (VGV) is GWMWater's independent valuation agency in relation to valuation of property, plant and equipment and infrastructure.

GWMWater, in conjunction with VGV, monitors changes in the fair value of property, plant and equipment and infrastructure through relevant data sources to determine whether revaluation is required.
The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

Although it is intended that asset valuations will be based on a five year cycle, FRD 103 *Non financial physical assets* requires entities to perform annual fair value assessments for each class of non financial physical assets to determine whether additional revaluations need to be undertaken between revaluation cycles. Management perform interim valuations every 3 years

Non -specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.
An independent valuation was performed by VGV to determine fair value using the market approach. 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 this analysis, an

appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2021.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued

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

For the majority of GWMWater's specialised buildings, the current replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the GWMWater's specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2021.

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 2020.

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

Infrastructure

Infrastructure assets are valued using the current replacement cost method less all forms of obsolescence and depreciation. 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 current replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction includes structure services and finishes as applicable.

An independent valuation of the GWMWater's water and sewer infrastructure was carried out by Price Waterhouse Coopers Tangible Asset Valuations and Advisory Services on behalf of the Valuer General Victoria. 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.

The assumptions applied to the valuations have been reviewed state-wide by VicWater, VGV and internally by GWMWater infrastructure and finance. The cost approach was used as the valuation technique, which reflects the amount that would be required currently to replace the service capacity of an asset.

Service concession assets

Service concession assets are valued using the current replacement cost method adjusted for the associated depreciation. Service concession assets are classified as level 3 fair value measurements as they contain significant unobservable inputs and adjustments.

Property, plant, equipment and infrastructure

7.3.3 Reconciliation of level 3 fair value movements

A reconciliation from the opening balances to the closing balances for fair value measurements categorised within Level 3 of the fair value hierarchy, disclosing separately changes during the period.

	Land Specialised	Buildings Specialised	Fixtures and Fittings	Infrastructure Urban Water	Infrastructure Waste Water	Infrastructure Headworks	Infrastructure Rural Distribution	Service concession assets	Plant and Equipment
2020/21	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance	32,727	6,566	553	291,474	165,589	588,206	904,993	16,921	3,037
Additions/(disposals)	(3)	76	21	2,264	2,082	36	616	-	307
Gains or losses recognised in net result									
Depreciation	-	(336)	(62)	(8,183)	(4,525)	(4,895)	(14,967)	(633)	(1,271)
Impairment loss	-	-	-	-	-	-	-	-	-
Subtotal	*32,724*	*6,306*	*512*	*285,555*	*163,146*	*583,347*	*890,062*	*16,288*	*2,607*
Revaluation	14,149	162	-	130,840	(6,777)	27,882	(106,937)	1,052	-
Subtotal	*14,149*	*162*	-	*130,840*	*(6,777)*	*27,882*	*(106,937)*	*1,052*	-
Closing balance	**46,874**	**6,468**	**512**	**416395**	**156,369**	**611,229**	**783,705**	**17,340**	**2,607**
2019/20									
Opening balance	32,770	6,231	578	282,037	168,204	592,783	832,917	17,554	2,943
Additions (disposals)	(43)	89	34	19,381	1,834	310	86,075	-	728
Transfers between financial classes	-	-	-	(3)	-	-	-	-	3
Gains or losses recognised in net result									
Depreciation	-	(318)	(59)	(9,941)	(4,449)	(4,870)	(13,999)	(633)	(637)
Impairment loss	-	-	-	-	-	-	-	-	-
Subtotal	*32,727*	*6,002*	*553*	*291,474*	*165,589*	*588,223*	*904,993*	*16,921*	*3,037*
Revaluation	-	564	-	-	-	(17)	-	-	-
Subtotal	-	*564*	-	-	-	*(17)*	-	-	-
Closing balance	**32,727**	**6,566**	**553**	**291,474**	**165,589**	**588,206**	**904,993**	**16,921**	**3,037**

Description of significant unobservable inputs to Level 3 valuations for 2020 and 2021

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.	Current Replacement Cost	• Cost per square metre • Useful life
Fixtures and Fittings	• Specialised items with limited alternative uses and/or substantial customisation	Current Replacement Cost	• Cost per square metre/unit • Useful life
Plant and Equipment	• Specialised items with limited alternative uses and/or substantial customisation	Current Replacement Cost	• Cost per metre/unit • Useful life
Waste Water Infrastructure	• Waste water mains • Waste water treatment plants • Sewer pump stations	Current Replacement Cost	• Cost per unit/metre • Useful life
Urban Water Infrastructure	• Water mains • Water treatment plants • Water pump stations • Water bores • Water storages	Current 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	Current Replacement Cost	• Cost per unit/metre • Useful life
Headworks Infrastructure	• Major structures • Storages • Headworks channels and structures • Water pump stations • Water bores • Water storages	Current Replacement Cost	• Cost per unit/metre • Useful life
Service Concession Assets	• Water Treatment Service Agreement (WTSA)	Current Replacement Cost	• Cost per unit/metre • Useful life

8 STATUTORY OBLIGATIONS

Introduction

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

8.1 Tax

GWMWater 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:

	2020/21 $'000	2019/20 $'000
Components of tax revenue (expense)		
Current Tax payable	0	0
Income tax on profit before tax	3,546	3,329
Income tax revenue/(expense) disclosed in financial statements	**3,546**	**3,329**
Deferred income tax expense included in income tax expense comprises:		
(Decrease)/increase in deferred tax liabilities	**(3,546)**	**(3,329)**
Reconciliation of income tax to prima facie tax payable		
Net result before income tax expense	(11,822)	(11,023)
Tax at the Australian tax rate of 30% (2019/20: 30%)	3,546	3,306
Adjustment in respect of income tax of previous year	-	23
Income tax on profit before tax	**3,546**	**3,329**
Tax expense (relating to items of other comprehensive income)		
Gain/(loss) on revaluation of property, plant, equipment and infrastructure	18,112	164

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.

GWMWater'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 Consolidated Comprehensive Operating Statement, except to the extent that it relates to items recognised in other Comprehensive Income or directly in Equity.

	2020/21 $'000	2019/20 $'000
The balance comprises (tax effect) of temporary differences in tax book attributable to:		
Amounts recognised in the comprehensive operating statement		
Cumulative tax losses	(151,726)	(140,039)
Depreciation	64,287	56,284
Provisions	(2,502)	(2,646)
Other net deferred tax liabilities/(assets)	(1)	5
	(89,942)	**(86,396)**
Amounts recognised directly in equity		
Revaluation of property, plant, equipment and infrastructure	289,483	271,371
Net deferred tax liabilities	**199,541**	**184,975**
Movements:		
Opening balance at 1 July	184,975	188,140
(Credited)/debited to the comprehensive operating statement	(3,546)	(3,329)
Reallocation deferred tax liability recognised in comprehensive operating statement	-	-
(Credited)/debited to other comprehensive income	-	164
Reallocation deferred tax liability recognised in equity	-	-
(Credited)/debited to equity	18,112	-
Closing balance at 30 June	**199,541**	**184,975**
Deferred tax liabilities to be recovered within 12 months	-	-
Deferred tax liabilities to be recovered after more than 12 months	199,541	184,975

8.2 Environmental contributions

	2020/21 $'000	2019/20 $'000
Total environmental contribution levy	**2,601**	**2,258**

The Water Industry (Environmental Contributions) Act 2004 (the Act) amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by water authorities. The Act establishes an obligation for authorities to pay into a consolidated fund annual contribution for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation. The contribution period has been extended until 30 June 2024.

The purpose of the environmental contribution is set out in the Act, and the funding may be used for financing 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 Department of Environment, Land, Water and Planning. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental contribution levy

At 30 June 2021, GWMWater had outstanding environmental contribution commitments, to be paid is follows:

	2020/21 $'000	2019/20 $'000
Not later than 1 year	2,601	2,601
Longer than 1 year and not longer than 5 years	5,203	7,804
Total environmental contribution levy commitments	**7,804**	**10,405**

9 OTHER DISCLOSURES

Introduction

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

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

	2020/21 $'000	2019/20 $'000
Balance at 1 July	1,260,853	1,242,853
Contributions for South West Loddon rural water supply	0	1,000
Contributions for East Grampians rural water supply	5,000	17,000
Balance at 30 June	**1,265,853**	**1,260,853**

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

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.

	2020/21 $'000	2019/20 $'000
Balance at 1 July	633,200	632,817
Gain/(Loss) on revaluation of property, plant, equipment and infrastructure	60,372	547
Tax effect on revaluation increment revenue/(expense)	(18,112)	(164)
Balance at 30 June	**675,460**	**633,200**

Representing asset revaluation reserves:	2020/21 $'000	2019/20 $'000
Land	27,515	17,611
Buildings	1,192	1,078
Urban water infrastructure	165,872	73,549
Wastewater infrastructure	36,496	41,239
Headworks infrastructure	228,267	208,749
Rural distribution infrastructure	216,118	290,974
Balance at 30 June	**675,460**	**633,200**

9.1.3 Accumulated surplus/ (deficit)

	2020/21 $'000	2019/20 $'000
Balance at 1 July	(148,568)	(140,876)
Adjustment to opening balance on adoption of new accounting standards	-	(118)
Net result for the period after income tax	(8,265)	(7,692)
Balance at 30 June	**(156,833)**	**(148,568)**

9.2 Events occurring after the balance date

Since 30 June 2021, there has been further COVID-19 developments. GWMWater has determined that these events are non-adjusting subsequent events. Accordingly the financial position and results of operation as of and for the year ended 30 June 2021 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic remain unclear at this time. It is not possible to reliably estimate the severity of these consequences as well as their impact on the financial position and results for future periods

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period, as required by AASB 124 *Related Party Disclosures.* The names of persons who held the positions of Ministers and Accountable Officers in GWMWater are as follows:

Name	***Title***	***Period of appointment***
The Hon. Lisa Neville MP	Minister for Water	Since May 2016
The Hon Richard Wynne MP	Acting Minister for Water	15 February 2021 – 30 June 2021
Mr. Peter Vogel	Chairperson of the Board	1 July 2020 – 30 June 2021
Ms. Caroline Welsh	Board of Directors	1 July 2020 – 30 June 2021
Mr. David Jochinke	Board of Directors	1 July 2020 – 30 June 2021
Ms. Eliza De Wit	Board of Directors	1 July 2020 – 30 June 2021
Ms. Linda Kwok	Board of Directors	1 July 2020 – 30 June 2021
Mr. Andrew Nicolaou	Board of Directors	1 July 2020 – 30 June 2021
Mr. Scott Williams	Board of Directors	1 July 2020 – 30 June 2021
Ms. Jennifer Comerford	Board of Directors	14 December 2020 – 30 June 2021
Mr. Mark Williams	Managing Director/Accountable Officer	1 July 2020 – 30 June 2021

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

9.3.1 Remuneration of responsible persons

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

			2020/21	**2019/20**
$		$	**No.**	**No.**
0	-	9,999	-	1
20,000	-	29,999	1	-
30,000	-	39,999	6	5
40,000	-	49,999	-	1
60,000	-	69,999	-	-
70,000	-	79,999	1	1
310,000	-	319,999	-	1
340,000	-	349,999	1	-
Total			9	9

Total remuneration received or due and receivable to responsible persons from the reporting entity amounted to $694,802 (2019/20: $606,074). The Minister's remuneration is disclosed in the financial statements of the Department of Parliamentary Services.

9.4 Remuneration of executives

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

Remuneration comprises employee benefits (as defined in AASB 119 *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. Accordingly, remuneration is determined on an accrual basis, 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.

	2020/21	2019/20
Executive remuneration	**$'000**	**$'000**
Short-term benefits	839	810
Post-employment benefits	75	71
Other long-term benefits	22	22
Termination benefits	-	-
Share-based payments	-	-
Total remuneration	936	903
Total number of executive officers	4	5
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.

9.5 Related parties

GWMWater is a wholly owned and controlled entity of the State of Victoria. Related parties of 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.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of GWMWater, directly or indirectly, this comprises independent Directors, the Managing Director and executive management team. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the executive management team listed in Note 9.3 who have the authority and responsibility for planning, directing and controlling the activities of GWMWater directly or indirectly, during the financial year.

Key management personnel	2020/21 $'000	2019/20 $'000
Short-term benefits	1,473	1,359
Post-employment benefits	122	117
Other long-term benefits	36	33
Termination benefits	-	-
Share-based payments	-	-
Total remuneration	1,631	1,509
Total number of key management personnel	13	14

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.

9.6 Significant transactions with government-related entities

GWMWater received funding and made the following payments:

		2020/21 $'000	2019/20 $'000
Funding received from government authorities			
DELWP - contributed capital			
	South West Loddon rural water supply project	-	1,000
	East Grampians rural water supply project	5,000	17,000
DELWP	Other project funding	140	-
Victorian	Environmental Water Holder		
	Upgrade to bulk water meters and associated structures in the Western Region	-	177

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- Maturity analysis of interest bearing liabilities

DELWP as outlined in Notes 6.1 Interest bearing liabilities and 8.2 Environmental contribution

Department of Treasury and Finance – Financial accommodation levy and payroll tax paid to SRO

VicRoads- Registration fees

Transactions with controlled entities

Lake Fyans Recreational Area Committee of Management (LFRACoM) have been consolidated into the GWMWater's financial statements.

GWMWater received funding on behalf of (LFRACoM)

	2020/21 $'000	2019/20 $'000
DEWLP – Rent relief grant	98	123

Transactions with key management personnel and other related parties

Given the breadth and depth of GWMWater 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 GWMWater, 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.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties. Transactions with key management personnel and other related parties.

9.7 Remuneration of Victorian Auditor-General

	2020/21 $'000	2019/20 $'000
Amounts received or due and receivable, by the auditor of GWMWater for auditing the accounts of GWMWater.	58	57

9.8 Controlled entities

The consolidated financial statements at 30 June 2021 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 Incorporated (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 Inc, on 18 March 2011 under the *Associations Incorporation Reform Act 2012*. In March 2017, the Board of Directors resolved to appoint three officers of GWMWater as the Committee of Management of the Lake Fyans Recreational Area, under Section 122C (1)(b) of the. This was for an interim period, and that this Interim Management Committee be delegated the full functions and responsibilities of the LFRACoM.

Financial Information relating to Lake Fyans Recreational Area Committee of Management Incorporated

9.8.1 Balance sheet

	2020/21 $'000	2019/20 $'000
Current assets	1,101	1,198
Non-current assets	1,799	1,866
Total assets	**2,900**	**3,064**
Current liabilities	11	188
Total Liabilities	**10**	**188**
Accumulated surplus/(deficit)	2,877	2,876
Total Equity	**2,889**	**2,876**

9.8.2 Operating statement

	2020/21 $'000	2019/20 $'000
Revenue		
Revenue from operating activities	196	346
Total Revenue	**196**	**346**
Expenses		
Expenses from operating activities	183	387
Total Expenses	**183**	**387**
Total Profit (Loss)	**13**	**(41)**

9.9 Parent entity information – Grampians Wimmera Mallee Water Corporation

	2020/21 $'000	2019/20 $'000
Current assets	33,389	37,401
Non-current assets	2,088.934	2,041,328
Total assets	**2,122,323**	**2,078,729**
Current liabilities	27,567	25,927
Non-current liabilities	313,165	310,193
Total Liabilities	**340,732**	**336,120**
Contributed capital	1,265,853	1,260,853
Reserves	675,460	633,200
Accumulated surplus/(deficit)	(159,722)	(148,609)
Total Equity	**1,781,591**	**1,745,444**
Net result of the parent entity	(11,154)	(7,692)
Total comprehensive result of the parent	31,106	(7,309)

9.10 New accounting standards and interpretations issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated:

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2021 reporting period. DTF assesses the impact of all these new standards and advises GWMWater of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date	Estimated impact
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.	1 January 2023	GWMWater is in the process of assessing the impacts of the standard however it is not anticipated to have a material impact.
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	Amendments to existing accounting standards. particularly in relation to: AASB 1 - simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. AASB 3 - to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. AASB 9 - to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. AASB 116 - to require an entity to recognise the sales proceeds from selling items produced while preparing infrastructure, property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset. AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* - to specify the costs that an entity includes when assessing whether a contract will be loss-making. AASB 141 *Investment Property*-to remove the requirement to exclude cash flows from taxation when measuring fair value. thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.	1 January 2022	Certain new Australian Accounting Standards (AASBs) have been published that are not mandatory for the 30 June 2021 reporting period. DTF assesses the impact of all the new accounting standards and advises agencies of their applicability and early adoption where applicable.

Financial Statutory Certificate for 2020/2021

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 of the Assistant Treaurer under 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 2021 and financial position of the Corporation at 30 June 2021.

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 15 September 2021.

Peter Vogel
Chairman

Mark Williams
Managing Director
(Accountable Officer)

Sally Marshall
Executive Manager Strategic Planning and Performance
(Chief Financial Officer)

Dated this 15th day of September 2021

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 2021
- 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 and the corporation as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. 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 consolidated 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.

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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 consolidated 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 consolidated 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 corporation's and 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 the corporation's and 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 corporation and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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
27 September 2021

Paul Martin
as delegate for the Auditor-General of Victoria

Appendices

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.

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Legislation	Requirement	Page Reference
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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 and actions	E2 Emission reduction	50
	E3 Climate adaption	31
Customer and community outcomes All aspect of service delivery will be customer and community centred	C1 Customer satisfaction	43
	C2 Customer and community engagement	43
Water for Aboriginal cultural, spiritual and economic values Recognise and support Aboriginal cultural values and economic inclusion in the water sector	AC1 Engagement of Aboriginal communities	46
	AC2 Engagement of Traditional Owners	46
	AC3 Aboriginal Inclusion Plan / Reconciliation Action Plan	46
Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments	L1 Integrated Water Management	43
	L2 Water efficiency	43
	L3 Water bills	42
	L4 Payment management and hardship	37 & 42
Recognising recreational values Support the wellbeing of rural and regional communities by considering the recreational values in water management	Rec1 Recreational values	30
Leadership and Culture Water corporations reflect the needs of our diverse communities	G1 Diversity and inclusion	18
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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	32

Operational Area Map

Revised: 22 January 2021
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White Ribbon Workplace

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