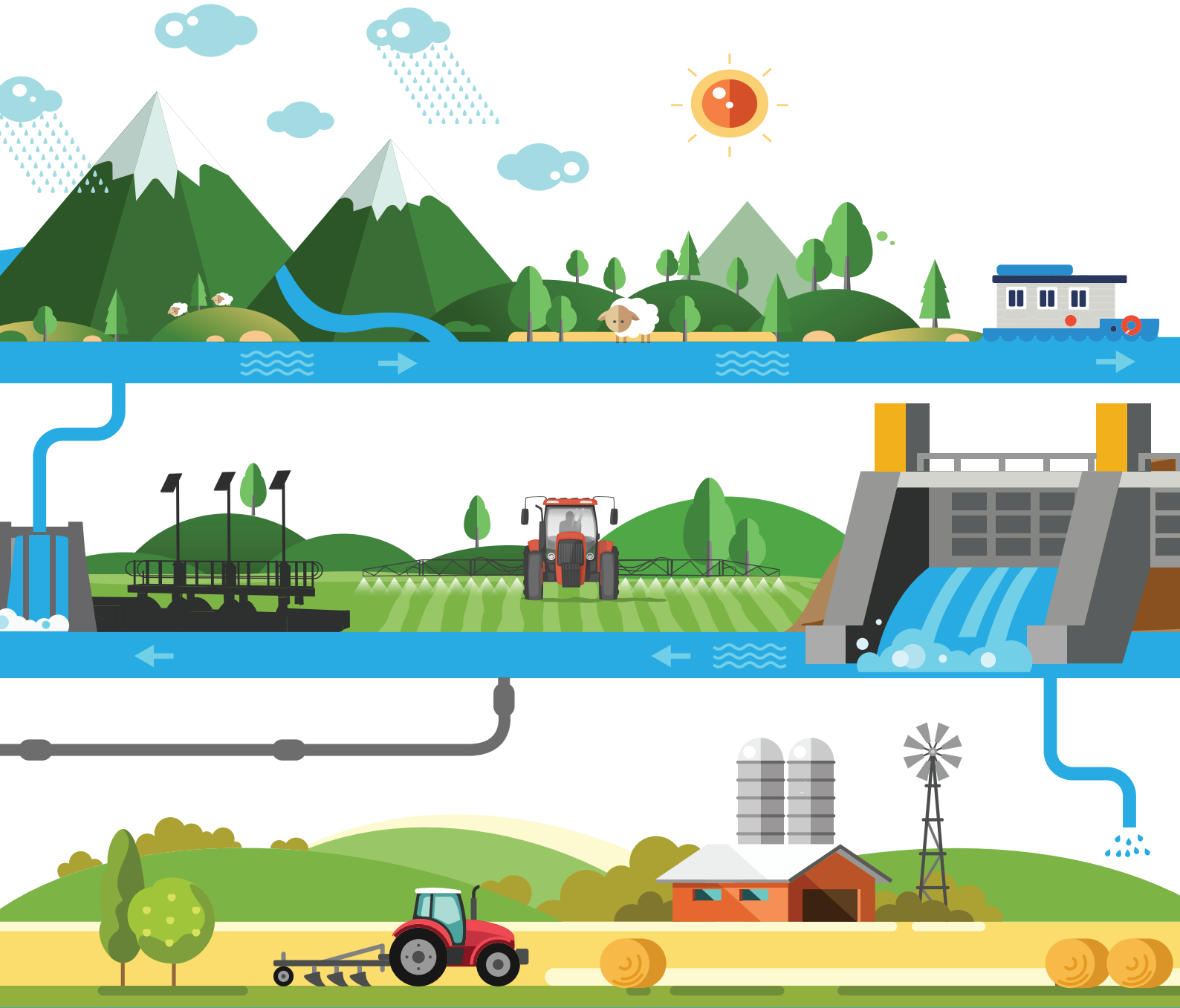




# Corporate Plan

2019/20 to 2023/24



## Chairman and Managing Director's Foreword

We are pleased to submit Goulburn-Murray Water's 2019-20 Corporate Plan – the final under our 2016 – 2020 Pricing Submission.

Goulburn-Murray Water (GMW) is a vital part of life in northern Victoria. Our role in delivering reliable, affordable water and providing other water-based services drives a regional economy underpinning our collective prosperity and enhancing the wellbeing of our communities.

These communities are in transition. Changes in climate, global trade, economics, government policy, land use and social values are driving major changes in how our region functions. This requires GMW to also change to meet the expectations of our customers and stakeholders in continuing to provide appropriate, affordable and reliable services.

GMW's Board of Directors has set five strategic outcomes which encompass our corporate goals so that we are well placed, agile and adaptive in the face of challenges that face our communities and our organisation. These outcomes are:

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

These outcomes underpin implementation of our Transformation Working Plan. This plan, adopted by the Board in early 2019, represents the detailed and considered response of staff and management to the 30 recommendations of the Strategic Advisory Panel's report to the Minister for Water in early 2018.

The Board have also expressed an appetite to explore further change beyond delivery against the Transformation Working Plan actions, by exploring initiatives to facilitate positive regional change on a broader scale.

This 2019-20 Corporate Plan will guide GMW through the final year of our current regulatory period. During this time, GMW is finalising its submission for the regulatory period from 2020 to 2024. The engagement activities being undertaken as part of the development of our next pricing submission show GMW's commitment to enhancing and maintaining effective and contemporary engagement with our customers and our communities.

The Connections Project (the Project) is now in a critical period as the October 2020 completion date comes into closer focus. The Project continues to deliver for our region through its investment in the renewal of our infrastructure to improve services for our customers and in providing water savings to deliver Victoria's commitment to sustainable water management.

The Board is focused on transforming GMW to address the challenges facing our region. Our corporate strategy supports irrigated agriculture and other regional customers, while demonstrating strong leadership in climate change, environmental management, a culture of excellence, and a diverse and inclusive workplace.

Transforming GMW will also ensure we are agile and able to identify, understand and respond to new and emerging issues affecting our region.

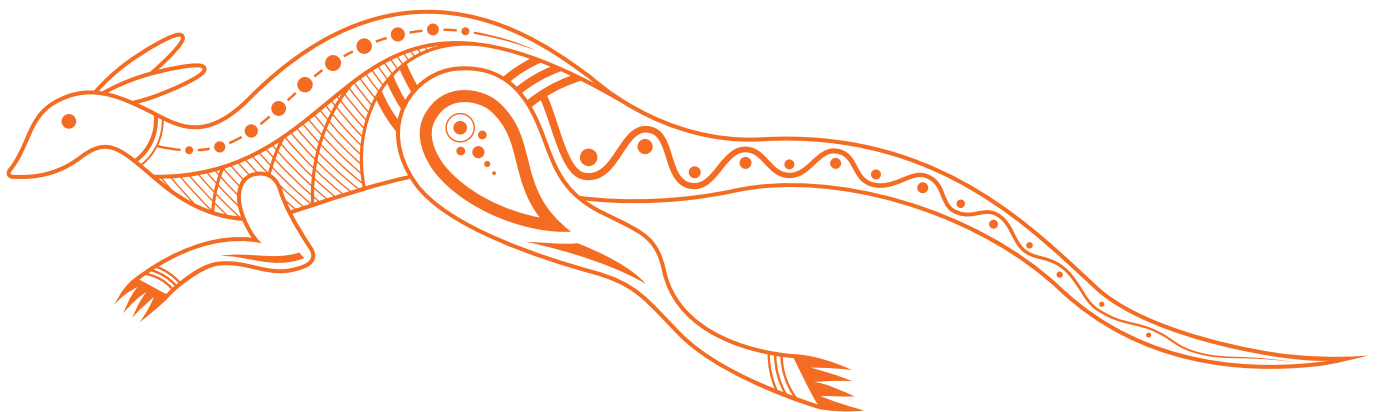
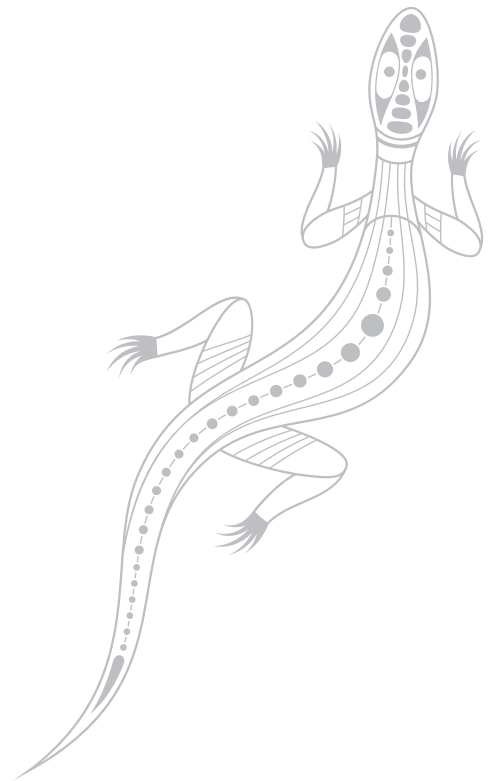
We look forward to working in partnership with our customers, stakeholders, and government to deliver for our region.

**Diane James AM**  
Chairman

**Charmaine Quick**  
Managing Director

## Acknowledgement

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



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# 1. Corporate Overview

## Statement of Corporate Intent

### Vision

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

Our five Strategic Outcomes, listed below, reflect our corporate aspirations.

#### Safe, skilled, engaged people

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

#### Satisfied customers, trusting partners

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

#### Innovation, data and technology driven services

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

#### Sustainable business, viable customers

- We are financially secure.

### Water security and other water values are recognised

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

### Values

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



#### Excellence

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



#### Honesty

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



#### Accountability

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



#### Courage

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



#### Caring

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

## Customers

We have a diverse range of customers as shown in the table below. During the coming year we will develop and implement a Communications Plan that recognises our various customer segments and demographics and more effectively tailors our messaging to those. This will further strengthen the improvements being delivered through a suite of new engagement methods, enabling customers to better participate in GMW decisions.

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

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

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

## Stakeholders

The development of a Partnerships Plan early in 2019/20 will form the basis for more effective relationships with our key stakeholders. Reviewing our stakeholder analysis through the lens of a 'transformed GMW' will drive more strategic and purposeful engagements and ultimately create a greater level of shared value for our region. Our key stakeholders are shown in the table below.

Stakeholder Category	Stakeholder Groups
<b>Government</b>	<ul style="list-style-type: none"> <li>Commonwealth Government</li> <li>State Government</li> <li>Local Government</li> </ul>
<b>Industry representatives</b>	<ul style="list-style-type: none"> <li>Dairy</li> <li>Mixed / Cropping Farming</li> <li>Horticulture</li> <li>Water Industry</li> <li>Legal Services</li> <li>Mining and Extractive Industry</li> </ul>
<b>Catchment Management Authorities</b>	<ul style="list-style-type: none"> <li>All northern Victorian Catchment Management Authorities (CMA's) (4)</li> </ul>
<b>Key suppliers</b>	<ul style="list-style-type: none"> <li>Building, Construction and Maintenance</li> </ul>
<b>Other utility authorities</b>	<ul style="list-style-type: none"> <li>Energy Authorities (3)</li> <li>Urban Water Authorities (4)</li> <li>Other Water Authorities (9)</li> </ul>
<b>GMW committees &amp; other special interest groups</b>	<ul style="list-style-type: none"> <li>GMW Water Services Committees</li> <li>Community and Special Interest Groups</li> <li>Land and Water Management Plan Implementation Groups</li> </ul>
<b>Water entitlement holders</b>	<ul style="list-style-type: none"> <li>Urban Water Corporations</li> <li>Retail GMW Customers</li> <li>Environmental Water Holders</li> <li>Water Allocation Owners</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Print Media</li> <li>Radio Media</li> <li>Social Media</li> <li>Television Media</li> </ul>
<b>Environmental groups</b>	<ul style="list-style-type: none"> <li>Environmental Water Holders (State and Federal)</li> <li>Environmental Peak Bodies</li> </ul>
<b>Registered Northern Victorian Aboriginal Corporations</b>	<ul style="list-style-type: none"> <li>Yorta Yorta Aboriginal Corporation</li> <li>Taungurung Aboriginal Corporation</li> <li>Dja Dja Wurrung Clans Aboriginal Corporation</li> <li>Gurnaikurnai Land and Waters Aboriginal Corporation</li> </ul>
<b>Academic institutions</b>	<ul style="list-style-type: none"> <li>Universities and TAFE Colleges (4)</li> <li>Research Foundation (1)</li> <li>Leadership Groups (2)</li> </ul>
<b>Employee organisations</b>	<ul style="list-style-type: none"> <li>Unions</li> </ul>

## Who Are We as a Business?

Goulburn-Murray Rural Water Corporation (trading as Goulburn-Murray Water) is a statutory Corporation constituted by Ministerial Order under the provisions of the *Water Act 1989*.

We are governed by a Board of Directors (the Board) appointed by the Minister for Water. The Board reports annually to the Minister and the Treasurer. The Board comprises nine non-executive Directors and a Managing Director. The Minister appoints one of the nine non-executive Directors to be Chairman of the Board.

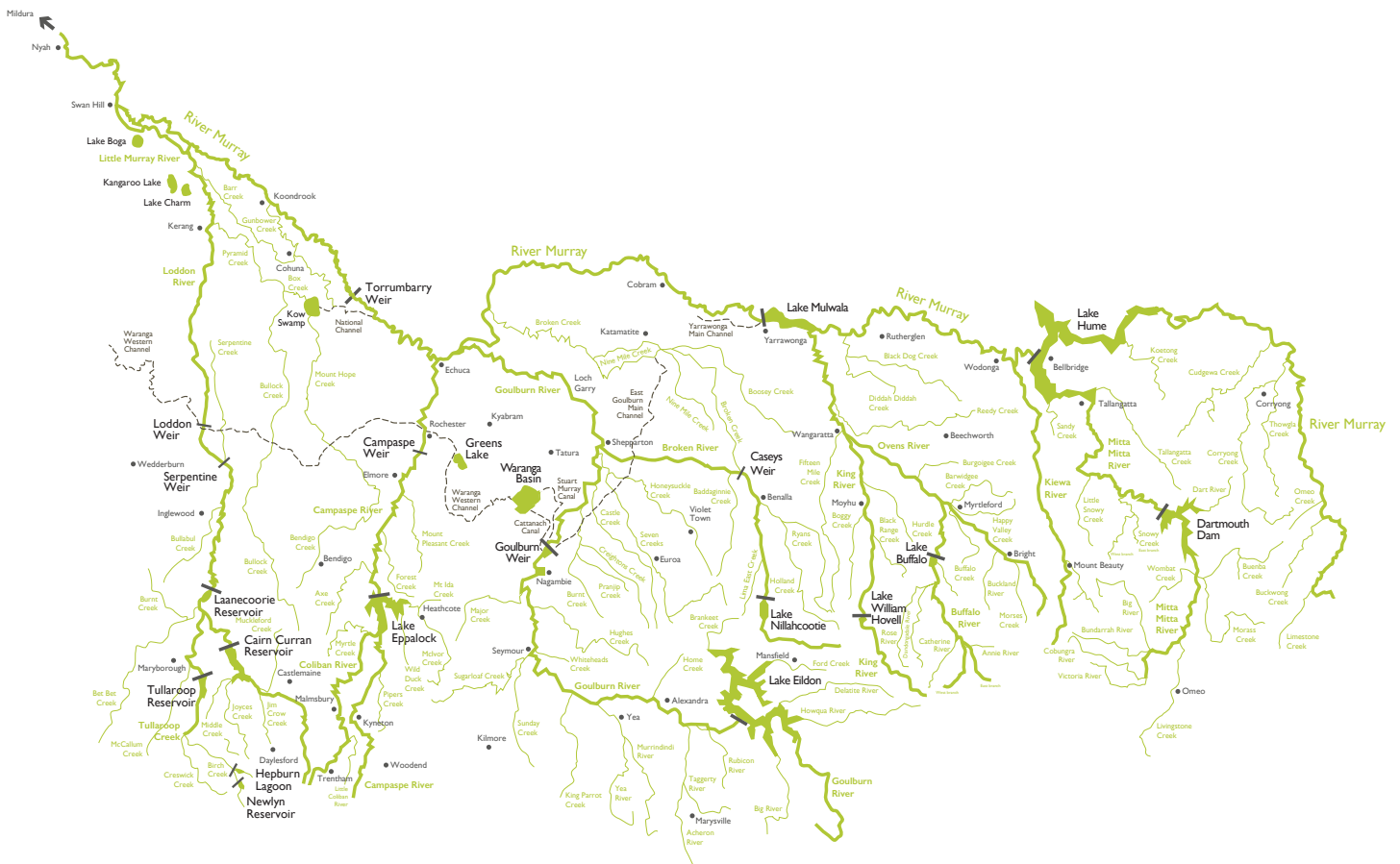
We are ultimately accountable to the Minister for Water and have functions and powers under the Act to provide, manage and operate an irrigation district (pursuant to section 221 of the Act), a water district (pursuant to section 163 of the Act) and a waterway management district (pursuant to section 189 of the Act).

## Where Do We Operate?

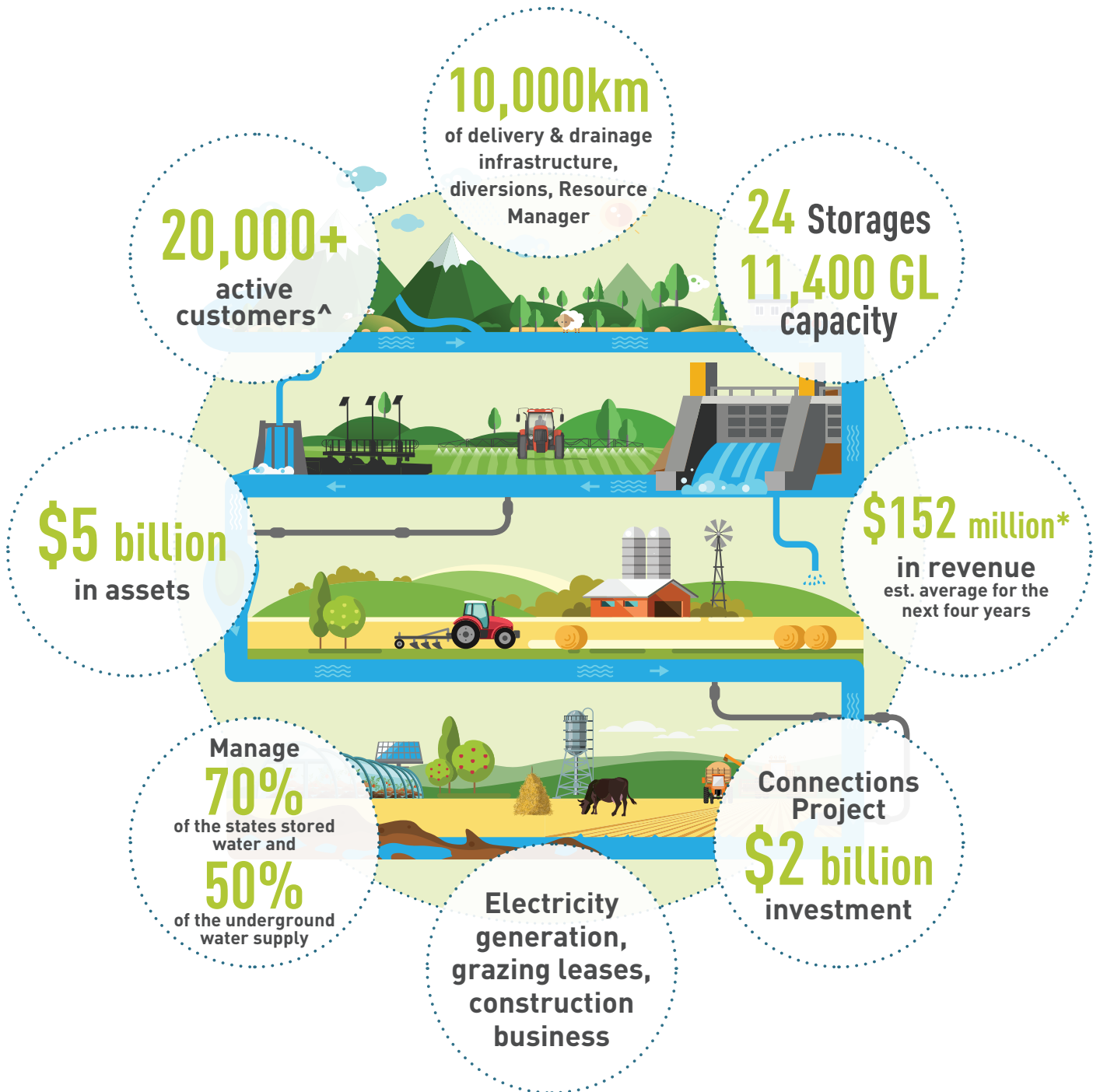
We are Australia’s largest rural water corporation and manage Australia’s largest irrigation delivery network. The irrigated agriculture sector in northern Victoria alone generates more than \$6 billion of production value annually and directly supports greater than 10,000 jobs in the Goulburn-Murray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

We manage 24 water storages that can hold approximately 11 million ML of water and also have responsibility for managing more than 100,000 hectares of public land surrounding our storages.

We are Victoria’s largest inland boating authority and manage boating and recreational activities across the majority of our storages. In addition, we service and supply a diverse range of urban water authorities, catchment management authorities and the Murray Darling Basin Authority (MDBA). Our operating area is mapped below, and other key metrics can be found on the following page.







\* Revenue is represented by gross fees and charges for the 2017/18 financial year as audited and does not include the Connections Project. Values have not been adjusted for accounting requirements and do not represent statutory revenue.

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

## Prescribed Business

While our prices are regulated under the Commonwealth *Water Charge (Infrastructure) Rules*, our services are prescribed under the *Victorian Water Industry Regulatory Order* and include the following services and activities:

### Deliver water to our region:

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

### Monitor the quality of our water:

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

### Build and maintain infrastructure:

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

### Manage our water supply:

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

### Support strong and vibrant communities:

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

### Legislative and reporting requirements:

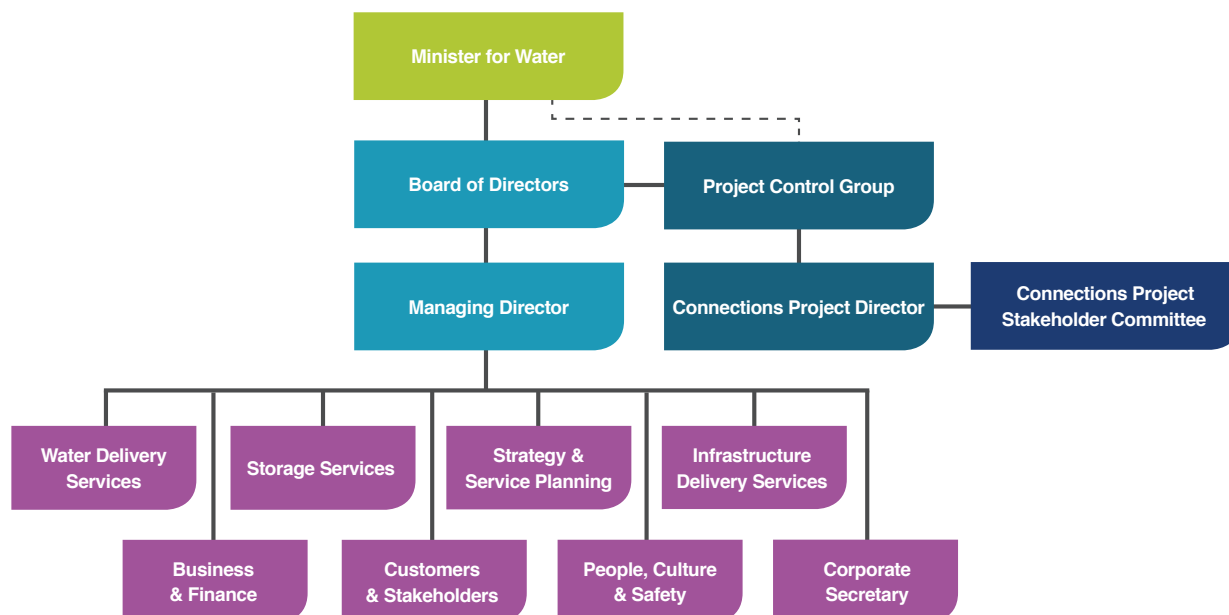
- compliance with legislative requirements under the Act and other relevant governing legislation
- meet reporting obligations to Government in accordance with statutory requirements
- set prices to collect revenue for GMW's prescribed and non-prescribed services
- comply with the regulator's requirements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

## Non-Prescribed Services

Additionally, GMW provides a range of non-prescribed services, which are not regulated by the Essential Services Commission (ESC). These services include:

- Lake Eildon houseboat licensing and oversight
- inland waterways management (for the Minister for Ports)
- public recreation access
- caravan park leases
- facilitating hydroelectricity generation
- providing construction and operational services for other Government agencies for delivering water (MDBA and Victorian Government)
- structures and works along waterways and storage perimeters





## Our Functions

Our front line service providers - **Water Delivery Services** and **Storage Services** – are accountable for delivering services to our diverse customer base. They will be focused on delivering efficient and affordable water services and be accountable for transparency in cost allocation.

**Customer and Stakeholder Services** will facilitate strategic engagement and service strategies with customers, stakeholders and partners. This includes vital engagement through key directional projects including pricing submissions, service strategies and organisational plans and strategies.

An increased emphasis will be placed on **Strategy and Service Planning**. This division will forward plan our service requirements as well as seeking innovation through asset design and maintenance. They will be accountable for planning and preparing the organisation to address our medium and long term challenges.

**Infrastructure Delivery Services** will provide efficient and effective construction and maintenance services for our two operational divisions (Water Delivery and Water Storages). This group also provides services to external agencies including the MDBA and various CMA's.

**Business and Finance Services** will provide the essential support services to the organisation to ensure that our business operations can function effectively and in accordance with various policy and legislation.

**People, Culture and Safety** will focus on working with the business to ensure we have a learning culture where people are engaged, inspired and supported to take on existing and emerging challenges. Leadership is the greatest attribute for an organisation, but its people are the greatest asset and will be treated as such.

**Corporate Secretariat** (including Legal Services and Water Compliance) will provide effective governance oversight, legal advice, Board administration and internal auditing.

The **Connections Project** will continue to drive the Connections Project through to its completion in 2020. Through improved water savings and water delivery across the Goulburn Murray Irrigation District (GMID), GMW will contribute to the sustainable future of productive agriculture in the region.

## Strategic Plan

GMW's business strategy was updated in September 2017, and the Corporate Vision and Goals developed during this process remain relevant today. The Strategic Plan was developed to concentrate our resources on the significant challenges confronting the delivery of rural water services and aligns with the expectations of GMW contained within the Victorian Government's *Water for Victoria* policy direction. This strategy development incorporated exploration of three key themes:

- Water resources, regulations and policy
- Customers and Stakeholders
- GMW's business

Emerging from engagement on these themes was a series of key challenges which act as an imperative for business transformation. These include:

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

The GMW Transformation Working Plan was adopted in February 2019, in response to the recommendations of the Strategic Advisory Panel (SAP) report published in January 2018.

Development of the Transformation Working Plan included extensive internal analysis by GMW with a focus on delivering reliable water services to our customers at efficient and affordable prices. At the core of our business challenges is the need to identify a financially sustainable pathway to finance the costs associated with replacing, maintaining and operating our extensive network of infrastructure.

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

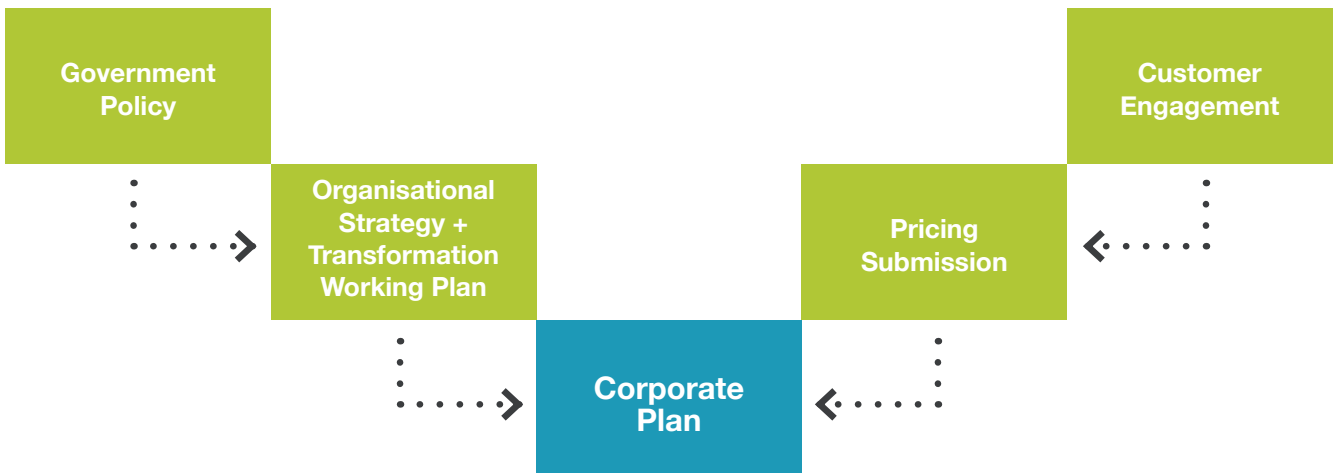


GMW recognises that transformation of our organisation is a significant undertaking and requires actions to be appropriately sequenced. This will be achieved by:

1. preparing the organisation for transformational change. This includes delivering immediate cost reductions, improving various internal systems, data and processes and improved engagement practices.
2. delivering enduring transformational change. This includes exploring identified initiatives that will ensure the organisation is proactively addressing our medium and long term challenges and building a strong organisational culture of continuous improvement and customer service.

This Corporate Plan identifies our corporate priorities and informs the activities and deliverables of the organisation over a defined time period. The plan is a key component in delivering on the commitments GMW has to Government and regulatory authorities, our customers, staff and communities.

There are various operational, strategic and government priorities which have informed our Corporate Plan. These are indicated below.



## *Operating Environment*

### Changing Region

Our customers and GMW face significant sustainability challenges arising from reduced water availability due to a drying climate, water recovery programs and water market competition that is progressively transferring water away from GMW's operating area. The agricultural enterprise mix is changing, dairy is in transition which will see a decline in smaller dairy farms and more intensive farms utilising cut and carry fodder systems. Horticulture, both perennial and annual, is expanding and a more diverse range of irrigated crops being grown. Meeting the more diverse needs of shifting customer groups requires a nimble business approach.

### Water for Victoria

The Victorian Government's climate change adaptation plan, *Water for Victoria*, will see GMW work towards various actions aimed at supporting the regions prosperity and sustainability, through mitigating the effects of a changing climate, engaging with our stakeholders, and recognising Traditional Owners and their contributions. Changing land use and increasing importance of social values are seeing GMW increase our focus on embracing recreational values and implementing actions to meet the changing needs of the sector to continue to support agriculture in the region.

### Transformation

GMW is currently in the process of preparing for transformational change. Thirty Strategic Advisory Panel (SAP) recommendations are shaping GMW's strategic direction. These include areas of culture and leadership, financial, non-prescribed services, organisational resources, our asset management approach, system and process improvements, and engagement with customers, stakeholders and employees. The completion of this Transformation Working Plan is a significant milestone for the business in confronting our business challenges, meeting our commitment to customers and stakeholders and achieving our Strategic Goals. GMW also intends to play a role in facilitating broader regional change, by being alert to innovations and initiatives, beyond those laid out in the SAP Recommendations. For further information about our progress against the SAP Recommendations refer to Appendix A.

### Pricing Submission

Through improved customer engagement, GMW will seek to understand the changing needs of our customer base, and this will flow through to our Pricing Submission 5. We will continue to drive efficiencies and seek greater use of technology to improve productivity, service outcomes, and lower operating costs. To support our customer groups facing significant pressures we will continue to place downward pressure on our prices while maintaining our service standards.

## Customer Engagement

GMW has a significant opportunity to improve its strategic engagement and relationship with customers and stakeholders. The *GMW Communications, Engagement and Partnerships Strategy 2018* will build internal service delivery and staff confidence, strengthen relationships across the business in support of a high performing culture, and hence allow us to increase customer satisfaction and stakeholder confidence.

This image identifies activities to support effective interactions at all customer touch points:





## The Connections Project

The Connections Project is nearing its 2020 completion deadline, which will see actions from the Connections Completion and Transition Plan being implemented. The Project is continuing to deliver renewed infrastructure that is improving services to our customers and securing water savings. The Project Control Group (PCG) and GMW Board are committed to the successful completion of the Project and transition into GMW. We will continue working with the PCG to ensure we are mobilised and sufficiently equipped to assume our role once work has been transitioned into GMW business as usual operations.

## Planning Assumptions

### *Assumed Demand*

We assumed the Goulburn and Murray systems would receive seasonal determinations of 100% of high-reliability water shares throughout the 2016-2020 Water Plan. The assessment was derived from independent modelling that considered likely decreases in water availability under climate change. These modelling results have been adjusted to reflect current storage conditions and estimated the volume of water that could trade from the GMID to support horticultural development in the lower Murray. GMID deliveries in the decade up to the millennium drought ranged from 1,500 to 2,000 GL per season and peaked at over 2,500 GL. Recent annual deliveries have been in the range of 1,000 GL to 1,400 GL and are expected to decline further due to water recovery and market forces. Our estimate for the GMID in 2019/20 is about 900 GL. Irrigation delivery in the GMID during 2019/20 will depend on a range of factors including water availability and the water allocation market in the southern Murray-Darling Basin. Our estimate is lower than recent seasons, reflecting the reduction in private carryover reserves and the expected on-going high demand for allocation on the water market outside of the region.

### *Water Availability*

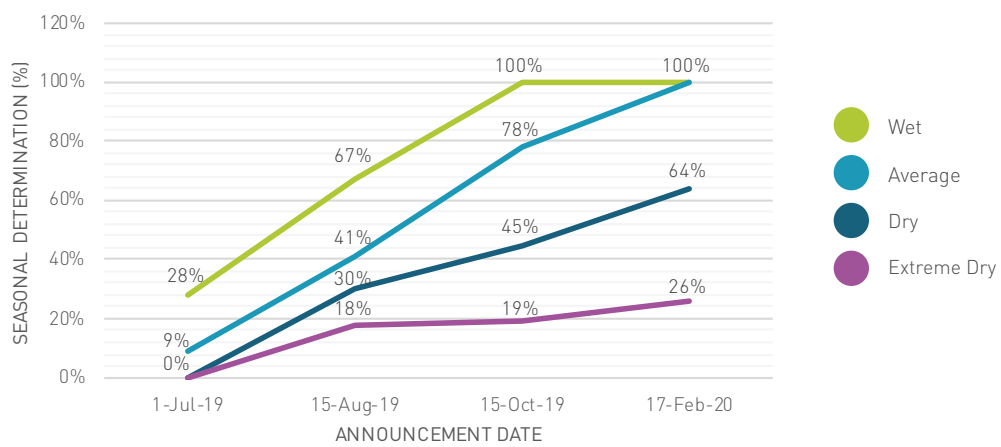
Seasonal determinations in declared water systems in 2019/20 will be heavily reliant on inflows to the major storages during winter and spring. Reserves for 2019/20 seasonal determinations in all systems are lower at this time of year than the past two seasons. Outlooks indicate a repeat of 2018/19 inflows in the Goulburn and Murray systems, which will result in seasonal determinations of about 65% and 60% respectively in 2019/20. Inflow conditions close to average are needed to ensure seasonal determinations reach 100% HRWS. As water availability and demand are subject to a range of natural and market drivers we will continually monitor these factors to understand and respond to effects on customers and our business.

If low inflows are experienced again in 2019/20, water availability will be the lowest since 2009/10 and this will create many challenges for GMW and our customers. Carryover will be available to use early in the season and will be deliverable throughout the season in the Murray, Goulburn, Loddon and Campaspe systems. Deliverability of carryover throughout the season in the Broken and Bullarook systems will depend on inflows from winter and spring rainfall. The volume carried over by irrigation customers is likely to be lower than the volume carried over into 2018/19, but slightly higher for the environmental water holders.

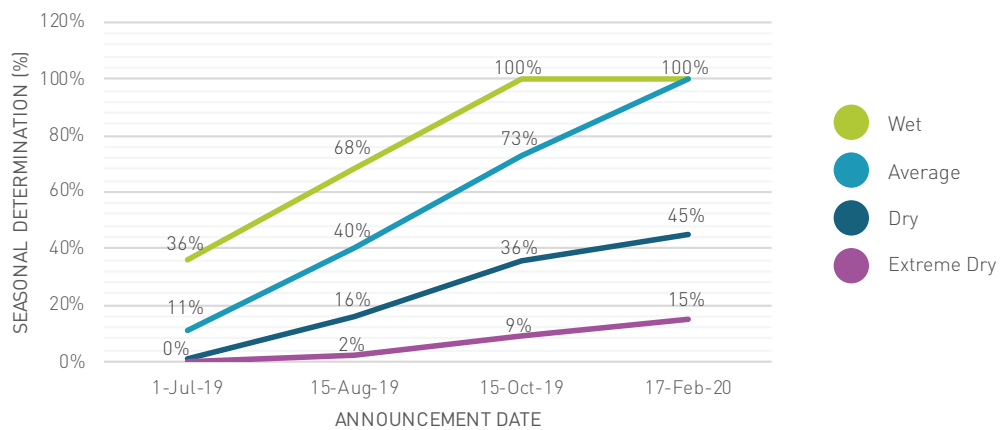
Groundwater use has been high in recent seasons and with low recharge, groundwater levels are falling. This is likely to result in lower than usual allocations in some areas. GMW has already conducted public information sessions for Lower Campaspe Valley Water Supply Protection Area customers who are facing restricted availability.

The following graphs show possible Seasonal Determination scenarios for the 2019/20 irrigation season based on wet, average, dry or extreme dry conditions, as advised on 15 May 2019.

### Murray System Outlook



### Goulburn System Outlook



*Pricing*

Irrigators and other customers in GMW's region are facing a challenging operating environment. A key strategic outcome for GMW is to provide services that meet customers' needs and are affordable, both now and into the future. The Transformation Working Plan has identified opportunities to make significant reductions in GMW's operating and capital expenditure over the period to 2023/24. This will have the effect of reducing the revenue requirement for most customer groups, with flow on price benefits. The significant majority of customers are expected to share in this benefit.

However, for a minority of customers these expenditure reductions may not be sufficient to avoid some increase in prices. Some customer groups are at full cost recovery; imminent end-of-life capital re-investment will increase the revenue requirement for others; and, the Transformation Working Plan has identified some cross-subsidies that once corrected may result in price increases. GMW will actively identify opportunities to minimise any price impacts.

GMW is in the early stages of a comprehensive and extensive engagement program with customers about their service needs, costs of service provision, price and tariffs as part of Pricing Submission 5 development. The objective is to hold prices as low as possible for all customers. Providing cost-reflective price signals to customers will be important so that their responses shape GMW's service offerings, as it continually adapts to the needs of a changing operating environment.

*Economic Outlook*

There are a range of economic headwinds which expose Australia's trade in agricultural commodities. Rural exports are expected to decline in the near term because of drought impacts, particularly on cereal crops. Irrigation provides an important local buffer to these impacts. The exchange rate is expected to remain in a range that makes exports competitive. The longer term outlook for agriculture remains strong and production is expected to re-bound after the current drought. Despite the forecast global economic slowdown, modest growth in exports volumes and prices is expected for many agricultural commodities. Dairy, GMW's biggest water user, faces challenges. While farm gate prices for milk in Northern Victoria are expected to improve in the short term, the overall milk volume supplied is expected to be lower due to large herd reductions and farm exits as the profitability of dairy continues to be challenged by strong competition for critical inputs such as labour, fodder and grain. Water demand and allocation price pressure from key competing crops of nuts and cotton will continue to challenge many GMW customers particularly if water availability remains constrained.

## Business Plan

The outcomes of this Corporate Plan are expected to be achieved between July 2019 and June 2024, while our goals have been designed with a longer term view. The first year of this plan will be the first full-year of the Transformation implementation. Beyond the 2019/20 year, implementation of Transformation and pricing submission may change elements of future years.

## Goals

The nine Goals from the Strategic Plan grouped into five Strategic Outcomes, listed below, reflect our corporate aspirations. The actions contained in this Corporate Plan all contribute to the achievement of one (or more) of these Goals. Further information into specific initiatives can be found in subsequent sections of this plan.

Strategic Outcomes	Strategic Goals	What Success looks like
<b>Safe, skilled, engaged people</b>	<ul style="list-style-type: none"> <li>Our staff have a respectful and inspiring workplace</li> </ul>	We have a safe, inspiring and diverse workplace where learning is encouraged and people are supported.
<b>Satisfied customers, trusting partners</b>	<ul style="list-style-type: none"> <li>Customers and Investors have confidence and clarity in our future</li> <li>We are trusted</li> <li>We contribute to regional growth, resilience and environmental sustainability</li> </ul>	Our customer-first culture and strategic partnerships provide benefits for our customers and communities.
<b>Innovation, data and technology driven services</b>	<ul style="list-style-type: none"> <li>Our services are efficient and reflect customer's needs</li> </ul>	We innovate and use data and technology to deliver efficient services.
<b>Sustainable business, viable customers</b>	<ul style="list-style-type: none"> <li>We are financially secure</li> </ul>	We make long term, sustainable decisions focused on customer service efficiency, finance and assets.
<b>Water security and other water values are recognised</b>	<ul style="list-style-type: none"> <li>We maximise the benefit of water in our region in a changing climate</li> <li>We embrace recreational benefits</li> <li>We partner with Traditional Owners to achieve mutually beneficial outcomes</li> </ul>	We champion the cultural, economic and environmental opportunities that water provides to our communities.

## Aligning with Government Priorities

Our Strategic Outcomes are aligned with the Victorian Government's water policy priority areas as defined in *Water for Victoria*, our own Transformation Working Plan, and the Minister's Letter of Expectation Key Performance Indicators (KPI's). We have set key performance indicators to monitor and report on our activities aligned with these Goals.

Strategic Outcomes	Transformation Initiatives	Water for Victoria Priority Areas	Letter of Expectation Key Performance Indicators
<b>Safe, skilled, engaged people</b>	<ul style="list-style-type: none"> <li>Organisational resources</li> <li>Improving internal systems and processes</li> </ul>	Leadership and culture	<b>G1:</b> Diversity and inclusion <b>G2:</b> Board performance review <b>G3:</b> Health and safety
<b>Satisfied customers, trusting partners</b>	<ul style="list-style-type: none"> <li>Tariff and Pricing Review</li> <li>Asset management approach</li> </ul>	Customer and community outcomes	<b>C1:</b> Customer Satisfaction <b>C2:</b> Customer and community engagement
	<ul style="list-style-type: none"> <li>Financing assets</li> <li>Financial allocation</li> <li>Tariff and Pricing Review</li> <li>Review of non-prescribed activities</li> <li>Engaging with our customers, stakeholders and employees</li> </ul>	Customer and community outcomes	<b>C1:</b> Customer Satisfaction <b>C2:</b> Customer and community engagement
	<ul style="list-style-type: none"> <li>Engaging with our customers, stakeholders and employees</li> </ul>	Climate change Resilient and liveable cities and towns	<b>E2:</b> Emission reductions <b>E3:</b> Climate adaptation <b>L4:</b> Payment management and hardship
<b>Innovation, data and technology driven services</b>	<ul style="list-style-type: none"> <li>Tariff and Pricing Review</li> <li>Review of non-prescribed activities</li> <li>Asset management approach</li> <li>Improving internal systems and processes</li> <li>Engaging with our customers, stakeholders and employees</li> </ul>	Customer and community outcomes	<b>C1:</b> Customer Satisfaction <b>C2:</b> Customer and community engagement
<b>Sustainable business, viable customers</b>	<ul style="list-style-type: none"> <li>Financial efficiencies</li> <li>Financing assets</li> <li>Tariff and Pricing Review</li> <li>Review of non-prescribed activities</li> <li>Asset management approach</li> </ul>	Financial sustainability	<b>F1-F8:</b> Financial indicators
<b>Water security and other water values are recognised</b>	<ul style="list-style-type: none"> <li>Water security</li> </ul>	Climate change	<b>E3:</b> Climate adaptation
	<ul style="list-style-type: none"> <li>Review of non-prescribed activities</li> </ul>	Recognising recreational values	<b>Rec1:</b> Recreational values
	<ul style="list-style-type: none"> <li>Engaging with our customers, stakeholders and employees</li> </ul>	Water for Aboriginal, cultural, spiritual and economic values	<b>AC1:</b> Engagement of Aboriginal communities <b>AC2:</b> Engagement of Traditional Owners <b>AC3:</b> Aboriginal Inclusion Plan/ Reconciliation Action Plan

## Performance Measures and Targets

GMW and our customers share mutual obligations to ensure that agreed standards of service can be achieved. These services are provided in accordance with our approved service standards.

GMW's Obligations:

- operate and maintain the system to achieve approved service standards
- be responsive to requests in accordance with service standards
- minimise unplanned interruptions to service
- provide effective communication systems to and from customers

Water businesses are responsible for providing performance data against key performance indicators specified by the ESC. The following KPIs are prescribed by the *Victorian Water Industry Performance Reporting Framework*.

### Water Service Performance

KPI Number	Key Performance Indicator	Target for 2019/20 (%)
<b>C1.4</b>	<b>Rural water supply deliveries</b> (Number of orders delivered/total number of orders) x 100	Gravity is 93 Pumped is 98
<b>WSR2</b>	<b>Unavailability of Domestic and Stock supply</b> (Duration that domestic and stock service is unavailable in excess of on-property storage requirement/length of water season) x 100	1.5
<b>WSR3</b>	<b>Groundwater supply</b> (Number of transfers processed within target period/total number of transfers processed) x 100	73 <sup>1</sup>

### Customer Responsiveness

KPI Number	Key Performance Indicator	Target for 2019/20
<b>CRR2</b>	<b>Billing/payment issues complaints</b> Number of complaints per 1000 customers	0.02 <sup>2</sup>

### Environmental Performance

KPI Number	Key Performance Indicator	Target for 2019/20
<b>E2</b>	<b>Total net CO2 emissions</b> Net tonnes CO2 equivalent	9,119 tonnes <sup>3</sup>

1. Based on the rolling average.

2. Subject to change as target for 2019/20 will be calculated at end of 2018/19 based on rolling five-year average.

3. Excludes MDBA emissions.

## Accountability and Managing Organisational Performance

This Corporate Plan signals to our stakeholders our planned intent for the business. GMW will use this Corporate Plan to ensure that organisational resources are aligned to the delivery of our commitments.

GMW is establishing a clear and consistent strategic framework that will facilitate evaluation of our organisation's performance, compliance and accountability. Ensuring that GMW implements systems that promote a culture of accountability is the primary objective of recommending implementation of a holistic Performance Management System.

GMW will hence implement a revised Performance Management System that will effectively manage performance through all tiers of the organisation, through communication of organisational objectives to the individual employee, allocating individual accountabilities towards relevant targets, tracking achievement of the target assigned, and evaluating individual performance.

## Risk Assessment

GMW considers the safety and wellbeing of all of our staff, contractors, customers and the general public as our highest priority. In 2019 we will continue to build on a culture of care and accountability, and reinforce the importance of safety to all staff through initiatives that will improve health, safety and wellbeing outcomes for our staff, both at work and at home.

We regularly assess our operational and strategic business activities against our risk management framework, consistent with the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000:2018) and the requirements of the Victorian Government. Our framework also provides the structure to consider positive consequences (i.e. opportunities compared to risks), and have both risks and opportunities underpin our risk acceptance tolerance or appetite.

Our latest risk assessment is attached at Appendix C.



## Taking Action

The Transformation Working Plan actions have been identified to deliver on the goals of the organisation and address the recommendations of the SAP Report, and are summarised below. With the Connections Project set to be finalised in 2020, actions from the Connections Completion and Transition Plan are also included.

### Culture and Leadership

- GMW will conduct tailored leadership training to ensure our people are equipped with the necessary skills to transform our business.
- GMW will conduct a routine survey to monitor the progress of aligning our culture to a transformed GMW.
- GMW will undertake minor works to contemporise employee office accommodation to promote collaboration and inclusiveness.

### Financial

- GMW will establish financial reports to monitor implementation of identified operational savings and avoidance in capital programs.
- GMW will confirm the asset financing requirement in the short term for the Pumped Districts of Nyah and Tresco through the Price Submission for the period 2020-2024.
- GMW will develop a longer-term Financing Strategy by pricing entity through engagement with Government, customers and the regulator.
- GMW will engage with customers on the correction to identified cost allocation methods where the prior justification is considered to have been surpassed.
- GMW will complete a Tariff and Pricing Review leading to the November 2019 Pricing Submission.

### Non-Prescribed Services

- Based on the updated financial analysis, GMW will develop individual business plans for each of the non-prescribed activities.
- GMW will develop a financial distribution policy that defines how profit from non-regulated services will be distributed to parent prescribed services.
- GMW will develop a position paper to advocate to Government in relation to the following:
  - » the level of current Regional Urban Storage Ancillary Fee (RUSAF) model for funding capital improvement in General Public Use services
  - » establish partnerships or divestment of individual locations to other agencies (e.g. Greens Lake) or the operation of specific assets
  - » funding for activities associated with the Waterway Management role
  - » amendments to legislation to allow the sale of additional Houseboat licenses at Lake Eildon

### Organisational Resources

- GMW through consultation will implement a transition strategy to bring into effect organisational structural change whilst supporting our people to transition.
- GMW will consult on options to consolidate our operations to a reduced number of locations.
- GMW will complete delivery of the Fleet Management Efficiency Plan resulting in operational savings.



**GMW's Asset Management Approach**

- GMW will develop high level investment plans for each of the 213 individual pods in the GMID to support identification of investment requirements in our next pricing submission.
- GMW will engage with customer representatives to determine the principles that apply to application of agreed service based and asset investment options for individual pods.
- GMW will develop a suite of innovative capital and maintenance interventions suited to the different pod categories.
- GMW will update the Dam Safety Program based on the outcomes of the updated Portfolio Risk Assessment and the newly developed Dams Strategy.
- GMW will revise and publish its dam safety policy statement, including the circumstances in which As Low As Reasonably Practical (ALARP) improvements must be funded by customers through price.
- GMW will implement the revised asset investment framework which will allow the business to achieve optimal risk allocation and value for money.
- GMW will implement the identified actions to achieve Asset Management Accountability Framework (AMAF) compliance by 2019/20.

**System and Process Improvements**

- GMW will implement a revised decision making framework to eliminate additional processes that slow decision making and are inconsistent with delegated authorities.
- GMW will implement a Data and Information Steering Committee (DISC) to focus on improving GMW's data collection and management and make recommendation on steps necessary to cleanse existing data.
- GMW will implement a revised Performance Management System to ensure that the organisation's activities are clearly aligned to our strategic and operational imperatives.

**Engaging with Customers, Stakeholders and Employees**

- GMW will implement the Communication, Engagement and Partnerships Strategy.
- GMW will develop and implement a new Customer Service Strategy that addresses identified service and communication needs of specific customer segments and demographics.
- GMW will implement new policies and processes, supported by public information, that will result in 'a simple pathway for potential investors'.

**Connections Completion and Transition**

- GMW will explore initiatives for staff retention and transfer of knowledge, including determining resource requirements for post-construction activities.
- GMW will close out works and defect liabilities and will deliver on legacy agreements. GMW will dispose of surplus assets.
- GMW will transfer information into corporate management systems, and determine requirements for off-site storage. GMW will conduct reviews and seek to share the learnings gained from the information and management systems used.
- GMW will undertake review of budget allowances for land dealing and completion requirements. GMW will undertake audits and finalise water share transfers as required.
- With DELWP, GMW will agree on a definition of 'complete' and ongoing governance arrangements. Audits and reviews will be conducted to determine legal liabilities and to close out legal obligations in preparation for final Project reporting.

## Government Priorities

### Letter of Expectation 2019/20

The Minister for Water's Letter of Expectation (LOE) was issued on the 26 February 2019 to all Water Corporations Boards, and contains prescribed key performance indicators (KPIs) for each of the priority areas in *Water for Victoria* which are described below.

Additionally, the expectations also include a broad range of matters GMW must focus on, including reviews of Delivery Shares and Environmental Water Charges, delivery of the Strategic Advisory Panel (SAP) report recommendations, work on our pricing submission and input to the delivery of the Basin Plan. Through successful implementation of these actions, GMW will re-establish itself as a strong and stable business, while continuing to deliver sustainable and affordable services to our customers.

### Water for Victoria: Key Priority Areas

#### *Water for Agriculture*

A changing climate, leading to a warmer and drier future, means that GMW needs to take action to ensure that our water management arrangements will enable farmers to maximise the value of agricultural production with changing water availability. GMW will work with the Victorian Government in response to the changing needs of the sector, to ensure that the water industry can continue to support agriculture in the region. GMW will deliver on the actions identified in the Delivery Share Review and collaborate across the GMID to develop a regional prospectus defining agricultural investment opportunities in our region.

#### *Climate Change*

GMW is committed to minimising its environmental impacts and mitigating climate change through implementing adaptation strategies and actions. In doing so, GMW has pledged to reduce its CO2 emissions by 20 per cent below its five-year average up to 2015/16 to approximately 10,400 t CO2 emissions by July 2025. GMW aspires to achieve zero scope 2 emissions before the pledge target date of 2050 through continuous improvement and renewable energy initiatives.

#### *Climate Adaptation*

With growing pressure to secure water supplies in our increasingly challenging environment, GMW is taking various actions to ensure a sustainable future for its customers and the region. We are hence preparing initiatives intended to improve the robustness of water supply options as climate change occurs. These include sources of supplementary water such as managed aquifer recharge, contingency planning, and adaptation in assets, the workplace, and delivery. This will provide us with a readiness for climate change impacts on water sources, floods and drainage. GMW has used recommendations from the *Guidelines for Assessing the Impact of Climate Change on Water Supplies in Victoria*, published by DELWP in December 2016, to revise our storage inflow statistics for use in our seasonal determination outlooks and when working with DELWP on longer term resource planning.

***Customer and Community Outcomes***

At GMW, customers and the community are centrally important, and so it is crucial that we are able to deliver our services in a way that best meets our customers' needs. *The GMW Communications, Engagement and Partnerships Strategy 2018* will ensure continual improvement of our communications and engagement with customers and stakeholders. It will take GMW's communications and engagement functions to the next level, building internal service delivery and staff confidence, in support of a high performing culture. Successful implementation will also develop a stronger social licence to operate, increase customer satisfaction and stakeholder confidence and help to confirm GMW's credentials as a valued, regional leader. In addition to implementing this strategy, engagement activities in 2019 will include:

- activities to inform our Pricing Submission, which will guide the organisation's services and tariffs from 2020-2024
- a best-practice engagement approach to work with Water Services Committee's (WSC's)
- developing a new customer-led complaints process
- collaboration with DELWP to develop a common customer satisfaction survey for the four rural water corporations

***Water for Aboriginal, Cultural, Spiritual and Economic Values***

GMW values the ongoing contribution of Traditional Owners to our region, and is continuing efforts to engage with these communities to achieve mutual benefits. We recognise that the first step to engagement is awareness, and so currently 322 staff have completed Cultural Awareness training, which will continue through 2019. GMW will continue to build capability and understanding through creating further engagement opportunities, which will be implemented through development of our Reconciliation Action Plan. GMW will continue to work with Traditional Owner Groups on projects that build capacity

and support their endeavours to access water. In 2019 GMW will continue to:

- seek Cultural Awareness training opportunities for staff
- support to multiple Traditional Owner Groups in the development of proposed 'Aboriginal Waterway Assessments' pledging technical support to Traditional Owner Ecological Knowledge in water planning
- seek applicants to recruit an Aboriginal Water Resource Officer as a dedicated resource to engage with Traditional Owners
- assist Yorta Yorta nation with Integrated Water Plans
- work with Taungurung & Dja Dja Wurrung nations on identifying land parcels that may derive economic benefits to the community
- support Yorta Yorta Nation and Aboriginal Victoria verify sites of significance for the Conservation Management Plan at Kow Swamp

***Resilient and Liveable Cities and Towns***

GMW is a vital part of life in northern Victoria. Our role in delivering reliable and affordable water drives a regional economy underpinning our collective prosperity and improving the wellbeing and daily lives of hundreds of thousands of people. Our services to our regional Urban Water Corporations and to our customers in peri-urban settings are important to our regional towns and cities. Our Tariff and Pricing Strategy will see engagement with our customers and stakeholders, ensuring we develop further understanding from these contributions. In addition, GMW is a partner in all the Integrated Water Management (IWM) Forums across our region including the Goulburn Broken, Campaspe, and North East. Within the Campaspe IWM Forum, GMW is the project sponsor for the Managed Aquifer Recharge Project.

**Recognising Recreational Values**

Whilst the majority of GMW’s functions are essential rural water services, we also perform a number of non-prescribed functions such as providing recreational facilities. With such a vast and expansive network of storages and waterways, GMW understands the advantage of embracing recreational activities for the economic and social benefit of Victorians. GMW will focus on continually engaging with local communities, ensuring consistent and reliable information is provided for our recreational sites, and achieving successful project deliveries to ensure the safety, functionality and sustainability of these sites. In order to maximise the benefits of recreational use, GMW will:

- develop “User Guides” including boating maps and information on storages
- develop a “Recreation Page” on the GMW external web site providing information on GMW services at recreational sites and public access and boating safety information
- be active on social media publishing “Things to Do” and safety information to help recreational users to plan their activities
- work with partner organisations to increase public awareness and safety
- work with partner organisations to develop appropriate funding arrangements

**Leadership and Culture**

Undoubtedly the culture of an organisation begins with effective leadership across all levels of the organisation. GMW will continue to invest in our capability and facilities to ensure our people have the tools necessary to provide the transformational leadership and collaboration required to embed our values, and achieve our strategic outcome of safe, skilled, engaged people. This will be driven through a number of new programs including:

- a culture program to measure employee experience, embed our values and provide a focus for engagement
- development of outstanding, inclusive leaders through a program that delivers results through continuous learning
- a talent management system to drive succession planning and new performance management approaches

Additionally, we have established workplace diversity targets which we will continue to work towards. Our targets and current achievement against these targets is shown in the table below.

Targets	GMW Achievement
<b>Gender</b>	
GMW: 35%/65% Females/Males in D band and above	40%/60%
<b>Non-Gender</b>	
3% Indigenous	2%
7% LGBTI	6%
10% Disability	4%
20% Linguistically diverse	15%
25% Work flexibility	41%
35% Carers responsibilities	25%

### Financial Sustainability

At GMW we understand that our organisational stability is crucial to our customers' success. To remain sustainable, GMW is putting in place various actions including an innovation program to reduce operating costs. The transformation program will ensure further cost reductions by 2024, all in an effort to deliver safe and cost-effective water services in a financially sustainable way. Additional information, as required by the Minister's Letter of Expectations and the Corporate Planning and Reporting Guidelines, can be found in Section 5 of this plan.

## Water Plan 4

Our current regulated pricing regime has been approved by the ESC, which has a form of price control termed 'revenue cap'. This means there is an inherent incentive to continue to reduce costs to remain below the four-year revenue limit. The 2019/20 year of this Corporate Plan marks the last year of Water Plan 4. We will achieve the four-year Water Plan 4 revenue cap. Pricing Submission 5 in 2020/21 will present the program to take effect over the remainder of this Corporate Plan.

## Delivery Share Review

Water use in northern Victoria has changed significantly from the patterns that were seen prior to the 2007 unbundling reforms. This has been due to simultaneous factors including reduced water availability, new technology, global markets and changing commodity prices. The Victorian Government's *Water for Victoria* proposed a review of delivery shares to meet the needs of customers, and allow for flexibility in a district that is experiencing rapid and ongoing change. This review was completed in late 2018. GMW is now addressing the actions identified in the review including:

- actions affecting our pricing and tariffs
- actions to help irrigators adjust delivery shares
- actions to improve information on delivery shares

Our work on these actions is progressing and many are aligned with the 2019 pricing submission.



## Environment Water Charges

DELWP has developed proposals for Environmental Water Charges which are currently being considered by the Government. GMW anticipates that we will receive advice on the outcomes prior to completion of the pricing submission. We anticipate that the implementation of the new arrangements could be over the period of years within the next regulatory period. We expect that the implementation arrangements will involve consultation with the Environmental Water Holders and other stakeholders.

## Tariff and Pricing Review

GMW is committed to engaging with customers in setting our pricing structure. The GMW Tariff and Pricing Review will be a critical process to explore asset financing, financial allocation methods and tariff structures with our customers and other relevant stakeholders.

Six working groups have been established to ensure specific services receive appropriate customer involvement. Opportunities for input and feedback will also be provided for the broader customer base. The six working groups were formed around common, discrete services provided under the Australian Competition and Consumer Commission (ACCC) pricing principles of the Water Charge Infrastructure Rules (WCIR), and Victoria's Water Industry Regulatory Order (WIRO).

More detail and further engagement is planned as part of the review of the Tariff and Pricing Strategy leading to the November 2019 Price Submission.

## Basin Plan

The Basin Plan has significant implications for Victoria in delivering balanced social, economic and environmental outcomes. The plan proposes to recover 2,750 GL of water from diversions for consumption in order to support a sustainable river system. Unco-ordinated water purchases have posed challenges to GMW and our customers. Water recovery through the Connections Project has provided service benefits to customers. With our expertise, GMW will continue to support the Victorian Government and partner organisations to deliver the Basin Plan, while striving to achieve beneficial environmental and socio-economic outcomes. We will continue our contribution in partnering in the Environmental Works Program, work through the Connections Project, and provide additional support as required, in order to deliver on farm efficiencies and reduced costs. We will support additional projects which are identified and funded to increase the water recovery volumes which minimise adverse impacts on our region and our business.

## Connections Stage 1 Water Savings

GMW will work with DELWP and engage with customers on options for the distribution of the irrigators share of the Connections Stage 1 water savings. A consultation process will be established in 2019 to develop and evaluate options leading to the distribution of this benefit.

### Capital Expenditure

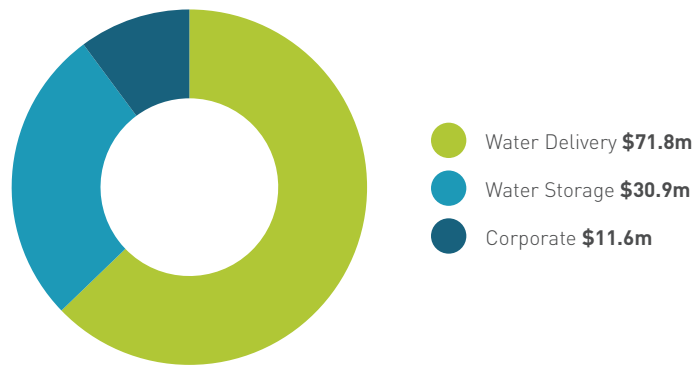
In this Corporate Plan, capital expenditure primarily relates to storage and delivery services. To meet the future challenges in asset investments, GMW has reviewed its asset practices and informed its capital programs by:

- analysing the conditions of the assets and the risks associated with critical failures
- utilising a Channel by Channel asset planning tool to optimise the GMID asset base
- reviewing its investment framework to take into account changes to future asset planning and management
- prioritising its investments that meet key business drivers and satisfy its strategic outcomes

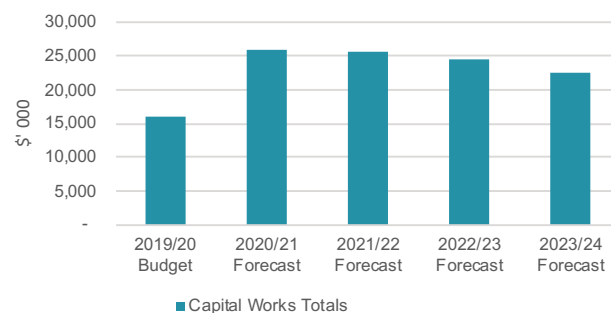
The capital budgets identified in this Corporate Plan for years 2020/21-23/24 in regulatory period five are draft estimates of the Capital Program which are under development for the pricing submission. The Water Delivery Program presented in the pricing submission will be informed by the application of the Channel by Channel methodology, currently in progress, and consultation with stakeholders. We expect the final submission and resultant pricing determination to reflect lower values than indicated in the Corporate Plan.

Project details can be found in the following sections of this Plan.

### Capital Works by Category



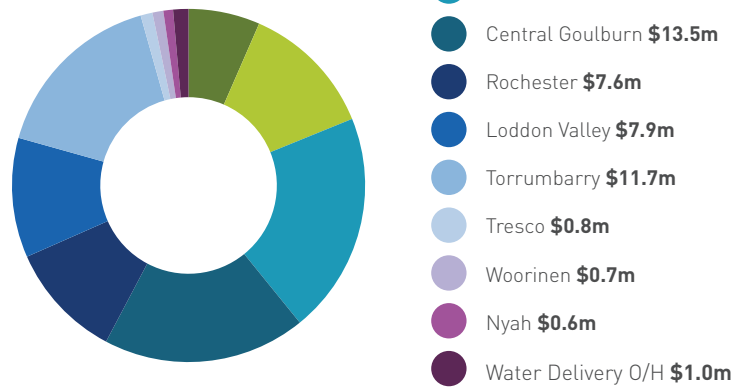
### Capital Expenditure



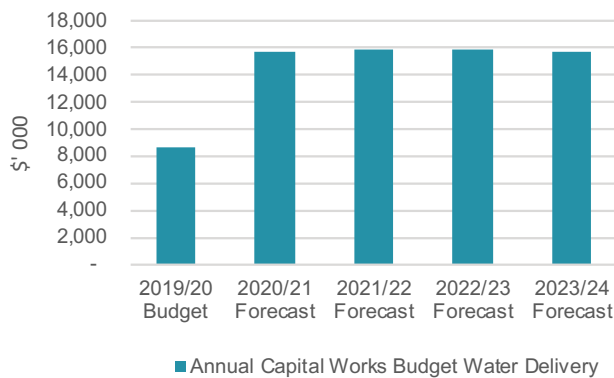
## Water Delivery

The capital expenditure for Water Delivery Services includes works to maintain levels of service within the gravity, pumped irrigation, drainage, surface diversions and groundwater divisions. The majority of irrigation and drainage capital expenditure is made up of multiple programs, which replace or rehabilitate channel and drainage network assets at the end of their useful life. They comprise of the Linear Works Program, the Structural Works Program and the Electrical and Mechanical Works Program.

**Capital Works by Area**  
Water Delivery



**Water Delivery**

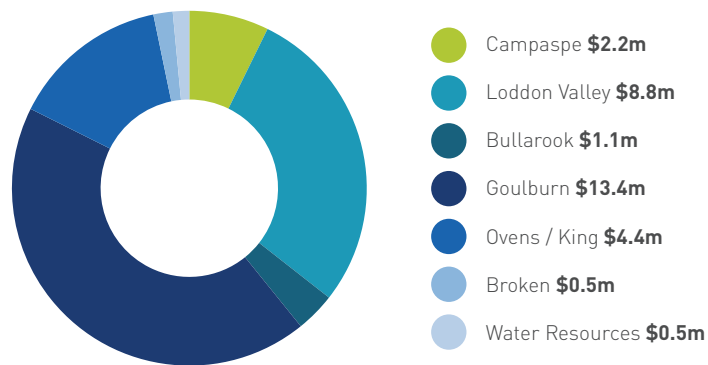




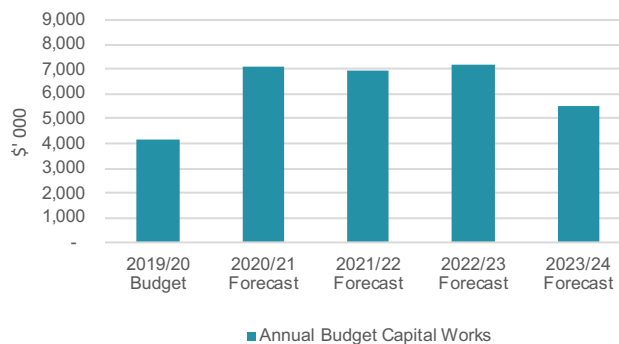
## Water Storage

The Water Storage capital expenditure includes works to maintain levels of service and the harvesting of flows within major storages, as well as complying with obligations such as the ongoing commitment to dam safety upgrades. Maintaining a stable price path for customers, meeting agreed levels of service, and mitigating the major risks of asset failure have been the key drivers in developing capital expenditure for the storage business.

### Capital Works by System Water Storage



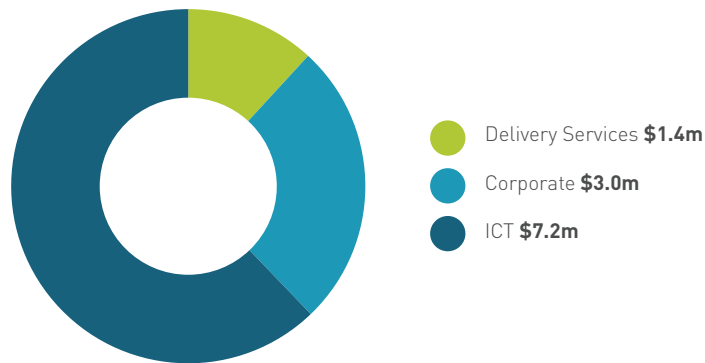
### Water Storage



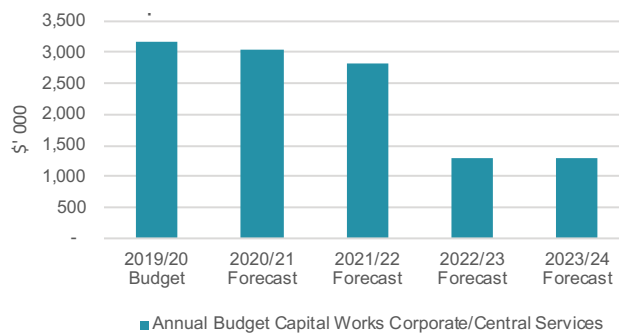
## Corporate Services

The Corporate Services capital expenditure includes a regular refresh of hardware that takes place every year. While a move to managed services will drive a reducing investment, some ongoing investment is unavoidable. This will include replacement of computer, storage and network assets. Capital costs will continue with major application updates, although the move to managed services will see this take place at a lower rate over the next five years, and then continue to trend lower in subsequent years. A one off project has been factored in to refurbish the main office facility, to allow all Tatura based staff to be accommodated within one building.

### Capital Works for Corporate/Central Services



### Corporate/Central Services



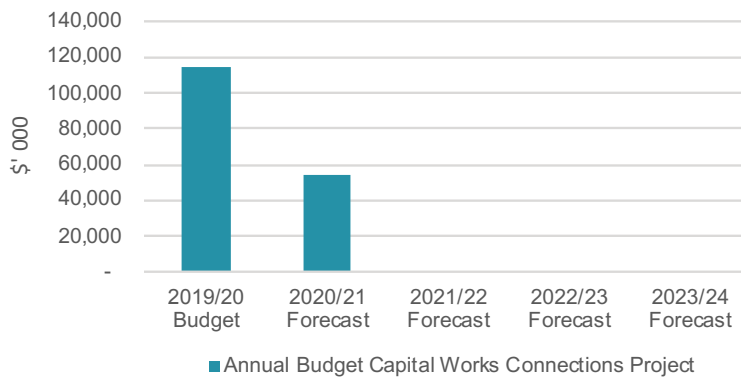
## Connections Project

Capital expenditure by the Connections Project over the planning period will concentrate on Connections works as detailed within the approved Reset Delivery Plan (RDP). Asset solutions are customised to the channel in question and are based on a range of factors including how much water is lost (e.g. through leakage, seepage and evaporation), how much water is used by all properties supplied on the channel, the condition of the channel, how many properties are serviced by the channel and the type of agricultural production, and the complexity, cost and practicality of connection.

Channel solutions range from remediating channel with lining (clay or plastic) to replacing channel with a GMW pipeline or privately owned infrastructure such as a channel or pipeline. Decommissioning of channels is also completed if alternative ways can be determined to connect landowners to their water supply in a different location.

The 2019 annual works program includes the installation of up to 50 regulators, remediation of up to 5km of channel, the construction of up to 100km of pipeline, decommissioning in excess of 200km of channel, the installation of over 500 meters and undertaking over 180 on-farm works packages.

### Connections Project



## Changes from our 2018/19 Corporate Plan

A summary of our capital expenditure for the 2019/20 vs the 2018/19 Corporate Plan is set out below.

### Capital Expenditure - Consolidated

Actual figures from Corporate Plan	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	Total \$'000
<b>2019/20 Corporate Plan</b>	150,903	130,912	80,701	25,797	24,479	412,792
<b>2018/19 Corporate Plan</b>	183,640	103,318	30,392	30,101	32,052	379,503
<b>Variance</b>	<b>(32,737)</b>	<b>27,594</b>	<b>50,309</b>	<b>(4,304)</b>	<b>(7,573)</b>	<b>33,289</b>

### Capital Expenditure - Water Storage and Delivery

Actual figures from Corporate Plan	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	Total \$'000
<b>2019/20 Corporate Plan</b>	24,960	16,371	25,969	25,797	24,479	117,576
<b>2018/19 Corporate Plan</b>	32,859	26,442	30,392	30,101	32,052	151,846
<b>Variance</b>	<b>(7,899)</b>	<b>(10,071)</b>	<b>(4,423)</b>	<b>(4,304)</b>	<b>(7,573)</b>	<b>(34,270)</b>

Total Corporate Plan capital expenditure has reduced by \$34.4m in comparison to last year's Corporate Plan estimates. This overall change relates to Water Plan 4 expenditure (2018/19 and 2019/20) as works were completed earlier in Water Plan 4 (2016/17 and 2017/18) and an ongoing reduction in the upcoming Pricing Submission 5 (2020/21 – 2022/23), which reflects transformation outcomes and reducing expenditure using asset management techniques.

### Capital Expenditure - Connections Project

Actual figures from Corporate Plan	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	Total \$'000
<b>2019/20 Corporate Plan</b>	125,943	114,541	54,732	-	-	295,216
<b>2018/19 Corporate Plan</b>	150,781	76,876	-	-	-	227,657
<b>Variance</b>	<b>(24,838)</b>	<b>37,665</b>	<b>54,732</b>	<b>-</b>	<b>-</b>	<b>67,559</b>

The changes in capital expenditure for Connections from 2018/19 Corporate Plan reflect the timing of the project delivery, being extended to 2020/21 according to the Connections RDP.

## 2. Water Delivery

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

### Irrigation Areas

We deliver water to customers in the Shepparton, Central Goulburn, Rochester, Loddon Valley, Murray Valley and Torrumbarry irrigation areas through an extensive gravity distribution network. We deliver water to customers in the Nyah, Tresco and Woorinen pumped irrigation districts through piped delivery networks.

### Water Districts

Water district customers receive water through dedicated supply networks. Pipeline supply is provided in the Tungamah, Normanville and East Loddon water districts. The East Loddon (North) and West Loddon Water Districts have gravity supply.

### Drainage

GMW also provides surface drainage services in parts of its irrigation districts, with GMW drains that are designed to remove excess runoff from a property within five days. Additionally, GMW operates and manages a network of groundwater pumps to provide subsurface drainage in the Shepparton Irrigation Region.



### Diversions Irrigation

Regulated diversions licences apply in declared water systems where flows are controlled or 'regulated' from GMW or MDBA water storages. Unregulated surface water licences authorise take from waterways where flows are not controlled by releases from water storages. Groundwater licences authorise take and use from aquifers across GMW's region. Most aquifers are subject to management plans which apply to designated areas called groundwater management units. The management plans set caps to protect long term resource sustainability and contain rules about how the resource is managed, including how it is shared during shortages.

### Flood Protection

The Loch Garry Flood Protection District protects an area of 14,000 hectares near Bunbartha. The system provides flood protection up to agreed levels.

## Service Measures

Key Performance Indicator	Target for 2019/20
<b>Water Delivery</b>	
Efficiency achieved as a percentage of diverted.	85%
Percentage of orders delivered on day requested.	93%
Percentage of orders within +10% of flow rate for 90% of time.	80%
Percentage of orders within + 40mm of supply level 90% of time.	80%
<b>Maintenance Delivery</b>	
Maintenance requests responded to within target (% Priority 1-2).	90%
Unplanned service interruptions (>12 hours).	5
<b>Drainage Irrigation</b>	
Availability of surface drainage.	98%
Availability of sub-surface drainage.	98%
<b>Pumped Irrigation</b>	
Irrigation water orders delivered on day requested.	98%
Number of unplanned supply interruptions greater than 12 hours.	5
Efficiency achieved as a percentage of delivered.	92%
Notification provided to affected customers on system restoration within two hours of unplanned outage.	100%
<b>Water Districts</b>	
Number of supply interruptions for continuous periods in excess of 96 hours.	0
Efficiency achieved as a percentage of diverted.	85%
<b>Diversions</b>	
Groundwater resource monitoring data is collected in accordance with management plan requirements and is readily accessible to our customers. Monitoring data made accessible within two weeks of data being submitted by the monitoring contractor.	90%
Customer access to groundwater is managed through seasonal allocations which are announced in accordance with relevant management plans.	100%
Access to unregulated stream flows is managed in accordance with restriction triggers in Local Management Rules. Number of verified concerns per 1000 customers.	2

### Strategic Focus

Water Delivery is accountable for delivering services to our diverse customer base. We will be focused on delivering efficient and affordable water services and be accountable for transparency in cost allocation.

GMW will introduce a focus on active engagement with investors and developers to promote the benefits of the GMW region. GMW will closely align with relevant agencies and groups to develop and market opportunities that exist within the agricultural sector.

GMW has developed a channel by channel asset planning tool which will be used to inform decisions relating to optimisation of the GMID asset base and future asset related investment.

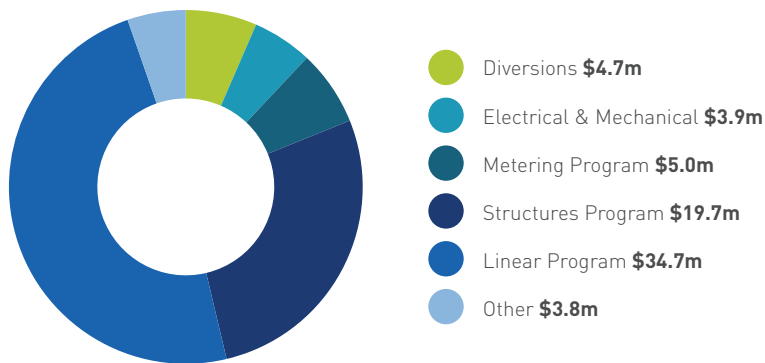
### Pricing

Our 2019/20 prices will remain steady in accordance with our pricing determination.

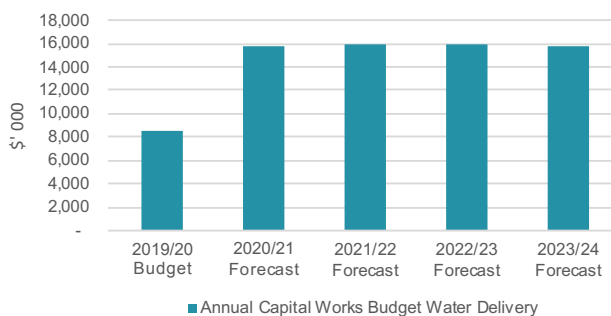
### Capital Works Program

The capital budgets identified in this Corporate Plan for years 2020/21-23/24 in regulatory period five are draft estimates of the Capital Program which are under development for the pricing submission. The Water Delivery Program presented in the pricing submission will be informed by the application of the Channel by Channel methodology, currently in progress, and consultation with stakeholders. We expect the final submission and resultant pricing determination to reflect lower values than indicated in the Corporate Plan.

**Capital Works by Program**  
Water Delivery



**Water Delivery**



*Electrical and Mechanical Program*

- Refurbishment of Kerang north pump station as this asset has reached end of life
- Refurbishment of the manifold and implementation of a new electronic controller and solar driven system at Tungamah pump station to reduce operational cost

*Metering Program*

GMW has a compliance requirement to replace failed flowmeters under our Statement of Obligation (SoO) and Metering Action Plan (MAP) endorsed by the Board. Replacing and upgrading these assets will also maximise the benefits of accurate flowmeters and to ensure the KPI's are aligned to the Customer Service Standards and support the water efficiency targets.

The Diversions and GMID metering program is a part of a longer term program where the proposed budget was developed to achieve metering obligations under the "National Framework for Non-urban Water Metering – Victorian Implementation Plan March 2010". The state meter replacement program commenced in 2013/14 and is planned to be finalised in 2024/25. The Plan was established to outline the basis and costs for the capital replacement program for these meters which are considered grandfathered under the National Measurement Standards (NMS). The program has a focus on reducing the number of customer service points that require upgrading. The approach to the program focused on the upgrade of meters which have reached end of life.

This capital plan focuses on meter replacement to improve the quality of meter accuracy and water sharing arrangements for diversion and irrigation customers who are currently metered.

*Structures Program*

This program consists of the replacement and refurbishment of bridges, road culverts, occupational crossings, subways, and siphons. GMW takes a proactive approach to managing assets risks the business is exposed to by:

- rehabilitating and replacing necessary assets
- planning asset intervention before asset failure to ensure minimal impact to service delivery resulting in improved cost control over reactive replacement
- extending the serviceable life of assets and deferring of capital replacements through timely refurbishment
- consulting with affected customers and stakeholders

*Linear Program*

The linear work program proposes works to assets in poor condition and whose failure would result in unacceptable risks to the service. The program consists of four types of channel bank works within the GMID including:

- remodelling
- rock armouring
- access tracks
- fencing

*Cohuna Weir Fishway*

Cohuna Weir and Koondrook Weir obstruct fish passage along Gunbower Creek much of the time, isolating sections of the creek and impose risks to the fish populations. In 2005, GMW reconstructed Cohuna Weir but the fishway was not constructed at that time. GMW will assess the feasibility of building this fishway within the current planning period, subject to price impacts on the Irrigation Service as part of Pricing Submission 5. If external funding is secured for the Koondrook Weir fishway, then we would co-ordinate both projects to minimise overall costs.



## 3. Connections Project

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

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

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

### *Project Developments in 2018*

Following September 2016 approval of the Connections Reset Delivery Plan, in 2018 the Project continued the implementation of the reset scope of works. The Project is on track to be delivered on time and within budget by October 2020.

As at the end of March 2019, the Project has met or exceeded all required contractual milestones and achieved 87% of the required water savings (subject to audit and verification processes).

Key activities completed in the 2018 year included:

- The delivery of 333.7 GL of audited water savings as at 30 June 2018, with continued water savings achievements made since this date
- The continued delivery of solutions for GMID customers and as at December 2018 had installed 7,892 modernised meter outlets and decommissioned 1,228 km of channel
- Completion of the \$200 M annual program of works including 40 km of pipeline, 250 automation sites and 33 km of remediated channel
- The finalisation of the Swan Hill Modernisation Project. The Project has seen extensive works undertaken since 2012, including the decommissioning of the No. 9 Channel through Swan Hill, installation of pump stations and pipelines, automation of Fish Point Weir and lowering of Little Murray Weir. The works have been extensive and are expected to provide future generations with significant environmental, operational and social benefits. The Project has also benefitted the environment through the automation of Fish Point Weir, resulting in an 80 km stretch of the Little Murray River able to receive flows closer to the river's natural watering regime. The Weir can now remain open to allow fish to move along the river, where previously it was often closed

- The near completion of the Third Reedy Lake environmental project following almost five years of technical investigation and extensive community and stakeholder consultation. This project involves the construction of a large 750ML/d regulator and 1.4km bypass channel including a fishway and a 1.5km pipeline and associated pump station. These infrastructure works, to be completed in early 2019, will allow the introduction of a new watering regime which will improve the ecological condition of the lake
- Appointment through a competitive tendering process of a panel of on-farm works construction companies to deliver on-farm construction to enable connection works through to completion of the Project
- Kept safety as a key focus for delivery and successfully completed the 2018 construction Winter Works with a recorded Lost Time Injury Frequency Rate (LTIFR) of 3.7 LTIs per million man hours worked which compares favourably to the heavy construction industry LTIFR of 13.7
- The further consolidation of the complaints management process to provide customers with more timely and consistent resolutions to issues raised
- The continued certification of the Project's management systems to International and Australian Standards for Quality, Environment and Safety (ISO 9001:2015; ISO 14001:2015 and AS 4801:2001)
- The continued implementation of a revised engagement model using statutory reconfiguration powers with remaining works to be delivered through Reconfiguration Plans (RPs). To the end of 2018, a total of 52 RPs have been formally gazetted under the *Water Act 1989*. In total to the end of 2018, the Project has finalised connections with over 6,200 landowners
- Provided a stimulus to the regional GMID economy through the Project's 2018 annual construction program creating an estimated 1,558 FTEs in the region (direct and indirect employment) and generating an estimated regional GDP increase of \$158 M for the 12-month reporting period

## *Next Steps in 2019*

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

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

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

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

## 4. Water Storage

### *Storage and Harvesting*

GMW manages 24 storages (including four on behalf of MDBA and four Mid-Murray storages) to harvest, store and supply water for irrigation, urban/rural and environmental use in northern Victoria. The 20 Victorian owned storages are of varying size, capacity, reliability and consequence category across northern Victoria, and aged between 35 and 145 years. GMW operates these major storages in accordance with the Australian National Committee On Large Dams (ANCOLD) guidelines. GMW ensures harvesting opportunities are maximised, and stored water is managed efficiently for our customers.

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

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

### *Strategic Focus*

GMW will complete the Dams Portfolio Risk Assessment Project to present the overall risk of the dams portfolio, and develop the strategy for managing dam safety risks. This work will inform GMW and MDBA of the prioritised work plan to manage dam safety risks.

GMW will continue the Dam Strategy Project to evaluate our customer service requirements and cost profile for the GMW dams. This review considers the physical characteristics of each dam, the hydrology, yield and benefits to water entitlement holders and the wider community. We will consider climate change and water quality risks and explore opportunities for additional revenue to offset costs to water entitlement holders, including renewable initiatives and enhancement of recreation activities. The project will clarify the beneficiaries and cost recovery options for each of the dams. Consultation with customers and stakeholders will inform the current and future pricing submission.

### *Pricing*

Our 2019/20 prices will remain steady in accordance with our pricing determination.

### *Service Measures*

Key Performance Indicator	Target for 2019/20
<b>Bulk Water</b>	
The ability of each regulated system to deliver water to meet customer demand as a percentage of time.	99%
The ability of each regulated system to maximise harvesting opportunities up to 100% of the design storage capacity as a percentage of the time.	100%
Minimum flow requirements for regulated waterways as specified in the relevant bulk entitlements are satisfied as a percentage of time.	98%
Seasonal determination announcements for regulated systems to be made with defined timeframes each month.	100%
Risk of spill announcements for relevant regulated systems to be made within defined timeframes each month.	100%

## Capital Works Program

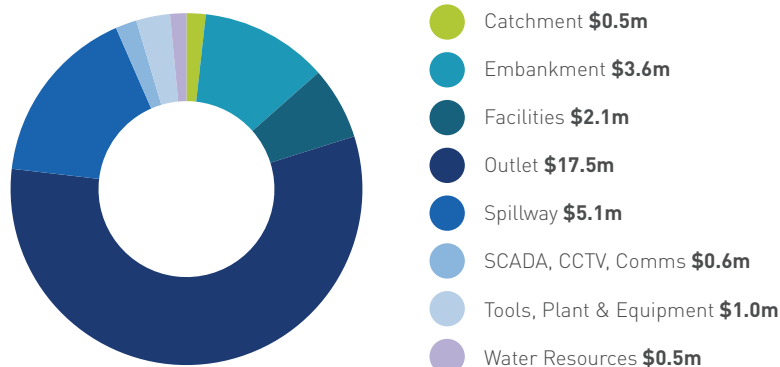
### Projects Planned for 2019/20

- Upgrade of the William Hovell and Lake Nillahcootie Outlet Towers' access to mitigate operating and safety risks
- Replacement of the Stuart Murray Canal radial gate offtake structure to ensure reliable harvesting of water to Waranga Basin
- Cairn Curran Outlet Tower access bridge painting

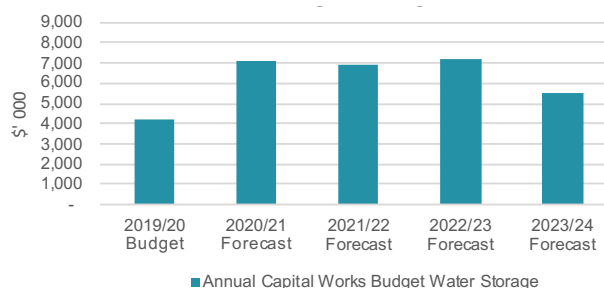
### Pricing Submission 5 Proposed Projects

- Major overhaul of the Outlet Tower bulkheads and replacement of spillway floor joints at Lake Eildon
- Major overhaul and replacement of the protective coating on the spillway gates at Goulburn Weir
- Painting of the spillway tilt gates at Laanecoorie, intake tower at Lake Eppalock, gates at the Cattanach Canal Offtake and the tower bridge at Lake Eildon
- Spillway Rockwall Stability Project at Lake Eppalock
- Laanecoorie Secondary Spillway upgrade and spillway outlet valve and trashrack replacement
- Replacement of bridges along the Cattanach Canal
- Investigations and modelling following the Portfolio Risk assessment to inform future Dam Safety Upgrade works and business cases.

### Capital Works by Program Water Storage



### Water Storage



## Non-Prescribed

Whilst the majority of the functions undertaken by GMW are essential rural water services, with prices and service regulated (prescribed) by the Australian Competition and Consumer Commission (ACCC), we also undertake a number of non-prescribed functions such as providing recreational facilities. Although many of these functions have similar characteristics to community service obligations, GMW must endeavour to manage all non-prescribed functions in a commercial manner.

GMW maintains recreational infrastructure and services and manages safe boating access at 14 of its 24 storages. The non-prescribed management portfolio includes 722 houseboat licences, 11 caravan park leases and 63 clubs. All the dams managed by GMW are available to varying degrees to the public for recreational use such as boating, fishing and swimming. The 71 recreation reserves located around GMW and MDBA storages are funded by GMW, the MDBA and partly or fully by local Government.

## Service Measures

GMW continues to provide recreational services across all storages, working through our established Land and On Water Management Plans (L&OWMP) and with the Implementation Groups (L&OWIG), to enhance recreational values and the regional economy.

GMW will continue to review our L&OWMP's on a five-yearly basis, and develop plans as necessary where none exist. We will continue to partner with other agencies, authorities, interest groups, local communities and stakeholders to provide improved services and access to commercial and recreation facilities at our storages.

Recreational guidelines will be updated as required and made available to recreational users and stakeholders to inform them of the facilities available and applicable safety and recreational rules and guidelines.

## Strategic Focus

### General Public Use

GMW manages public recreation reserves and their associated assets in partnership with local Government, MDBA and more recently with the Victorian Fisheries Authority, since opening Dartmouth Regulating Pondage to public access.

The main source of funding for GMW operational costs of providing General Public Use areas is the Regional Urban Storage Ancillary Fee. This revenue is insufficient to fund capital improvements into the future, hence, GMW needs to actively identify opportunities to divest or reduce service levels at particular locations. GMW will also continue to partner with Government, councils, and other organisations to secure funding for improvement projects.

The financial performance of the General Public Use function will be improved by:

- working with the community to develop a recreational masterplan and improve recreational facilities at Greens Lake
- removing the five pumps at Greens Lake that are no longer used
- seeking external funding to improve recreational facilities
- facilitating L&OWIGs to seek stakeholders to discuss, agree, promote and implement priority actions around our storages

Other ongoing projects include improved signage, road, toilet block and picnic area maintenance and renewal. GMW will also continue to explore alternate options such as Government funded general public use facilities, reduced infrastructure, divesting operations for individual assets and new assets that are fully funded or owned and operated by the proponents of the new assets.

### *Waterway Management*

GMW is the declared waterway manager under the *Marine Safety Act 2010* for 14 sites, and partnered with the Victorian Fisheries Authority, Transport Safety Victoria, Central Highlands Water, local landowners and stakeholders to open Tullaroop Reservoir and Hepburns Lagoon for on-water recreational access. GMW will continue to support increased on-water recreational access to our storages, taking into consideration water quality, operational and safety risks.

Waterway management is currently an unfunded service, which will see GMW seek funding arrangements with partnering organisations. We will continue to work toward ensuring that the costs associated with providing safe and accessible waterways are adequately funded and that recovery of these costs is distributed equitably.

### *Commercial Leases*

GMW manages 857 agreements including caravan parks, foreshore recreational licences, grazing licences, and other general leases. The overall performance is sound and most activity occurs on land that cannot be sold because it is required for storage operation. Following a commercial review of privately constructed structures on public land around the storages, GMW proposes to implement a new licensing model at Eildon, Goulburn Weir and Yarrawonga and progressively introduce it at other storages. This will increase recreational access to the storages, as well as improve revenue. We will continually review and update leases to ensure commercial returns.

### *MDBA Contract*

In accordance with the provisions of the Murray-Darling Basin agreement, GMW is the state constructing authority of the MDBA. Our relationship is defined through a Memorandum of Understanding (MoU). GMW is reviewing the on-cost recovery for 2019/20 and onwards with the MDBA to recover the costs of GMW overhead allocated to the MDBA contract.

### *Houseboats*

GMW manages the fleet of houseboats that are licensed to operate on Lake Eildon. There is potential to grow the houseboat business by sale of additional licences, but this requires changes to legislation. GMW will continue to pursue this. It is likely the sale of additional houseboat licences would provide a significant contribution to the upgrade of waste management facilities required at Jerusalem Creek.

### *Power Generation*

Opportunities to expand hydro power generation at storages have been pro-actively considered but viable sites have not been identified. GMW is open to approaches to install traditional hydro, pumped hydro, solar or wind power generation on its land and tendered an Expression of Interest for solar generation on Waranga Basin during the year. GMW is also actively involved in a reference group looking at the feasibility of pumped hydro power generation on storages in the Hume Region. Through the Dams Strategy we will continue to consider power generation revenue opportunities at storages to reduce costs for our customers.

### *Surface Drainage*

GMW delivers the Surface Drainage Program on behalf of the Goulburn Broken CMA. The program includes community liaison, drainage course declaration, design and construction activities. The current priority areas are the Upper Deakin drainage catchment, Guilfus-Congupna Creeks and Cornella Creek and a number of other priority catchments throughout the Shepparton Irrigation Region.

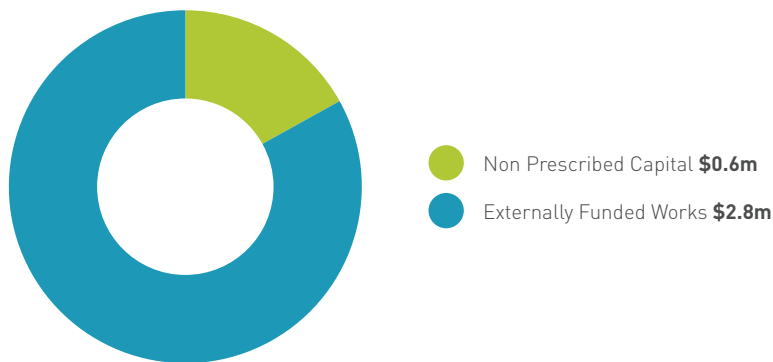
## *Pricing*

Our 2019/20 prices will remain steady.

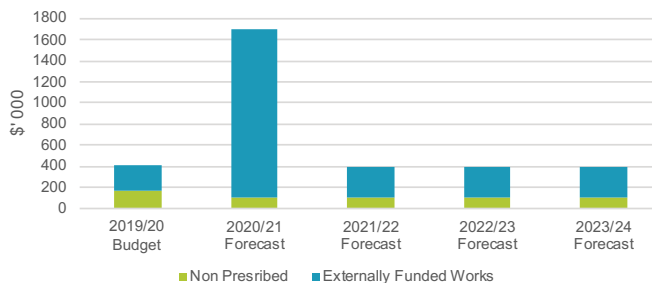
## Capital and Funded Works

### Capital Works

Non Prescribed & Externally Funded



### Capital and Funded Works



#### Projects Planned for 2019/20

The following projects will be completed throughout 2019/20 if external funding is secured:

- Greens Lake amenity block upgrade
- Activating Lake Eildon, which will identify major projects to grow the regional economy
- Lake Eildon marina houseboat launching and service access upgrade

- Replace a 20-year old amphibious vehicle, used for pig trapping, aquatic plant control and environmental monitoring, predominately at the Victorian Mid-Murray storages
- Upgrade of the sewerage lagoons at Lake Nillahcootie
- Improving access by upgrading recreation area roads at Lake Eildon, resealing Sunset Drive at Lake Eppalock, and Upgrading Moorabbee Road at Lake Eppalock

#### Priority Recreation and Land Projects Identified in the Capital Investment Strategy

- Replace toilet block at Tullaroop Reservoir

#### Other Projects

- Drainage course declaration obstruction removal program
- Upgrade of the sewerage handling facilities at Jerusalem Creek
- Upgrade of the sewerage lagoons at Lake Eppalock

## 5. Financial

This Corporate Plan sets out the operational and financial information relating to the business as a whole and in two discrete segments, Water Storage and Delivery (WS&D) and the Connections Project. The Connections Project is responsible for delivery of the \$2 billion irrigation modernisation program.

As set out above, the financial information in this section provides financial information in three key areas:

- whole of GMW (Consolidating WS&D and Connections Project)
- WS&D financials
- Connections Project financials

### Financial Assumptions

#### Staffing

Our staffing levels are expected to reduce in line with transformation savings goals.

#### Inflation

Our financial plans have been prepared in nominal dollars of the day, which are calculated with an inflation rate of 1.3 per cent for 2019/20 and 2 per cent each year thereafter.

#### Rate of Return

A weighted average cost of capital of 4.2 per cent has been incorporated within our calculation of revenue requirement for 2019/20 and 4 per cent applied thereafter.

#### Construction Costs

Our future capital budgets assume that infrastructure construction costs increase at 2 per cent.

#### Labour Rates

Labour rates have assumed a minor increase above CPI.

### Debt Management

GMW monitors debt in accordance with DTF treasury management guidelines and *GMW's Treasury Policy*.

As well as day to day cash flow management procedures followed, GMW regularly reviews its borrowing needs and debt position via the monthly and more detailed quarterly financial report to the Board. GMW maintains discrete borrowings for Connections Project requirements, as part of the 'financial ring-fencing' required by the Commonwealth.

This Corporate Plan proposes to reduce borrowings, and within operating revenue use funds arising from operating cost reductions for either capital expenditure, paying down debt, or providing price benefit.





*Financing Requirements*

GMW expects to repay the following and reduce the long term debt levels over this Corporate Plan:

Debt Repayment Table	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000
<b>Water Storage &amp; Delivery</b>	(6,982)	2,163	15,869	2,443	10,097	5,260
<b>Total</b>	<b>(6,982)</b>	<b>2,163</b>	<b>15,869</b>	<b>2,443</b>	<b>10,097</b>	<b>5,260</b>

GMW's debt levels over the Corporate Plan period have decreased compared with the previous Corporate Plan reflecting strong operational performance by WS&D including delivery of cost savings in both operating and capital expenditure.

Funding of the Connections Project is 'ring-fenced' and is separate from the borrowings required for the WS&D business.

## Financial Sensitivity Analysis

### *Water Storage & Delivery*

Financial sensitivity analysis in respect of WS&D business was completed for the following:

- 2 - 5 per cent increase/decrease in operational expenditure (excluding any externally funded programs i.e. MDBA)
- 2 - 5 per cent increase/decrease in capital expenditure (excluding any externally funded capital programs)

The analysis identified that any financial impacts were minimal and that forecast results largely remained within targeted levels in terms of maintaining positive EBITDA, Operating Cash Flows and a cash interest cover greater than 1.5 times.

### *Connections Project*

The Connections Project is funded by the Victorian and Federal Governments. GMW manages the risk of delivering the project on time and on budget both from a total project perspective and also on a year by year basis.

Historically the Project has been exposed to cash flow variability due to the nature of the project. This largely arises due to the timing of landholder acceptance of connection contracts and landholders subsequently undertaking works to facilitate the connection through on-farm works. GMW has limited ability to influence this timing which may result in variability of cash flows against forecasts.

For information relating to Planning Assumptions based on non-financial variables, refer to pages 17-19.

*Consolidated***Operating Statement – Consolidated**

	2018/19 Forecast \$'000	2019/20 Budget \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
<b>Revenue From Operating Activities</b>						
Tariff	120,168	121,297	123,422	125,500	127,754	130,071
Government Grants	81,179	67,242	56,348	-	-	-
Government Services Contract	3,200	2,912	2,711	1,409	1,407	1,405
MDBA Contract	15,791	14,754	14,223	14,469	14,683	14,938
Other Revenue	11,149	9,554	9,119	8,869	9,045	9,224
<b>Total Revenue</b>	<b>231,487</b>	<b>215,759</b>	<b>205,823</b>	<b>150,247</b>	<b>152,889</b>	<b>155,638</b>
<b>Expenditure From Operating Activities</b>						
Operations	66,526	46,217	42,968	42,106	42,555	43,598
Maintenance	26,008	25,320	20,858	21,188	21,523	21,863
Management & Administration	26,132	28,749	21,345	21,810	22,077	22,349
Government Grants Government	200	369	311	11	11	12
Services Contract MDBA	2,362	2,622	2,645	1,410	1,410	1,410
Contract	14,752	13,795	13,124	13,347	13,539	13,771
Connections Project	61,102	75,232	67,653	-	-	-
Environmental Contribution	2,793	2,793	2,793	2,793	2,793	2,793
Asset Write Downs	44,012	40,060	5,000	1,020	1,040	1,061
<b>Total Expenses</b>	<b>243,887</b>	<b>235,157</b>	<b>176,697</b>	<b>103,685</b>	<b>104,948</b>	<b>106,857</b>
<b>% of Revenue</b>	105%	109%	86%	69%	69%	69%
<b>EBITDA</b>	<b>(12,400)</b>	<b>(19,398)</b>	<b>29,126</b>	<b>46,562</b>	<b>47,941</b>	<b>48,781</b>
<b>% of Revenue</b>	-5%	-9%	14%	31%	31%	31%
Statutory Depreciation	107,030	105,617	107,134	109,276	111,462	113,691
Interest	6,928	7,068	5,872	5,381	4,976	4,436
<b>Net Profit (Loss) Before Tax</b>	<b>(126,358)</b>	<b>(132,083)</b>	<b>(83,880)</b>	<b>(68,095)</b>	<b>(68,497)</b>	<b>(69,346)</b>
Tax (Expense)/Benefit	37,623	39,625	25,164	20,428	20,549	20,804
<b>Net Profit (Loss) After Tax</b>	<b>(88,735)</b>	<b>(92,458)</b>	<b>(58,716)</b>	<b>(47,667)</b>	<b>(47,948)</b>	<b>(48,542)</b>

## Balance Sheet – Consolidated

	2018/19 Forecast \$'000	2019/20 Budget \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
<b>Current Assets</b>						
Cash	288,482	138,082	7,000	21,464	31,422	49,534
Accounts Receivable	25,065	20,976	20,976	20,976	20,976	20,976
Inventory	24,657	2,610	2,610	2,610	2,610	2,610
<b>Total Current Assets</b>	<b>338,204</b>	<b>161,668</b>	<b>30,586</b>	<b>45,050</b>	<b>55,008</b>	<b>73,120</b>
<b>Non Current Assets</b>						
Infrastructure	4,365,104	4,458,674	5,063,458	4,982,117	4,899,602	4,813,394
Work in Progress	230,404	230,404	43,714	43,714	43,714	43,714
Property, Plant and Equipment	81,207	78,867	80,540	76,252	71,168	65,881
Intangibles	7,413	6,761	5,140	6,269	5,844	5,175
<b>Total Non Current Assets</b>	<b>4,684,128</b>	<b>4,774,706</b>	<b>5,192,852</b>	<b>5,108,352</b>	<b>5,020,328</b>	<b>4,928,164</b>
<b>TOTAL ASSETS</b>	<b>5,022,332</b>	<b>4,936,374</b>	<b>5,223,438</b>	<b>5,153,402</b>	<b>5,075,336</b>	<b>5,001,284</b>
<b>Current Liabilities</b>						
Creditors & Accruals	39,316	38,863	17,607	17,605	17,603	17,601
Borrowings - Current Portion	2,427	17,691	2,707	10,361	5,524	6,842
Other Lease Liabilities	-	2,382	2,383	2,384	2,385	2,386
Employee Entitlements	19,580	16,141	16,149	16,750	17,373	18,019
Unearned Revenue	119,638	54,804	-	-	-	-
<b>Total Current Liabilities</b>	<b>180,961</b>	<b>129,881</b>	<b>38,846</b>	<b>47,100</b>	<b>42,885</b>	<b>44,848</b>
<b>Non Current Liabilities</b>						
Borrowings - Long Term	111,499	94,072	93,187	83,090	77,830	71,251
Other Lease Liabilities	-	1,949	1,950	1,951	1,952	1,953
Employee Entitlements	2,434	1,986	1,895	1,965	2,039	2,114
Deferred Tax Liability	493,037	453,449	557,895	516,498	474,861	432,714
<b>Total Non Current Liabilities</b>	<b>606,970</b>	<b>551,456</b>	<b>654,927</b>	<b>603,504</b>	<b>556,682</b>	<b>508,032</b>
<b>TOTAL LIABILITIES</b>	<b>787,931</b>	<b>681,337</b>	<b>693,773</b>	<b>650,604</b>	<b>599,567</b>	<b>552,880</b>
<b>NET ASSETS</b>	<b>4,234,401</b>	<b>4,255,037</b>	<b>4,529,665</b>	<b>4,502,798</b>	<b>4,475,769</b>	<b>4,448,404</b>
<b>Equity</b>						
Contributed Capital	2,963,665	3,076,655	3,035,279	3,035,279	3,035,279	3,035,279
Asset Revaluation Reserve	1,579,992	1,579,992	1,933,492	1,933,492	1,933,492	1,933,492
Accumulated Surplus/Deficit	(309,256)	(401,610)	(439,106)	(465,973)	(493,002)	(520,367)
<b>TOTAL EQUITY</b>	<b>4,234,401</b>	<b>4,255,037</b>	<b>4,529,665</b>	<b>4,502,798</b>	<b>4,475,769</b>	<b>4,448,404</b>

## Statement of Cashflow – Consolidated

	2018/19 Forecast \$'000	2019/20 Budget \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
<b>Cash Flow from Operations</b>						
<b>Cash Receipts</b>						
Fixed and Variable Charges	111,973	109,283	110,831	112,689	114,721	116,810
Govt Contributions/Grants	40,412	5,875	3,947	1,409	1,407	1,405
GST received from the ATO	8,856	6,683	5,140	5,042	4,964	4,868
Other Income	40,288	38,058	38,260	38,206	38,853	39,555
<b>Cash Flow from Operations</b>	<b>201,529</b>	<b>159,899</b>	<b>158,178</b>	<b>157,346</b>	<b>159,945</b>	<b>162,638</b>
<b>Cash Payments</b>						
Payments to Suppliers & Employees	(233,782)	(175,228)	(195,419)	(104,271)	(105,410)	(107,179)
Interest and Other Costs of Finance Paid	(6,928)	(7,068)	(5,872)	(5,459)	(5,054)	(4,514)
Environmental Contributions	(2,793)	(2,793)	(2,793)	(2,793)	(2,793)	(2,793)
GST paid to the ATO	(2,344)	(2,134)	(2,081)	(2,119)	(2,154)	(2,193)
<b>Total Cash Payments for Operations</b>	<b>(245,848)</b>	<b>(187,223)</b>	<b>(206,165)</b>	<b>(114,642)</b>	<b>(115,411)</b>	<b>(116,679)</b>
<b>Net Cash Inflow/(Outflow) Operations</b>	<b>(44,319)</b>	<b>(27,324)</b>	<b>(47,987)</b>	<b>42,704</b>	<b>44,534</b>	<b>45,959</b>
<b>Cash Flow to Investing Activities</b>						
Payments for Infrastructure Assets	(150,904)	(130,913)	(80,701)	(25,797)	(24,479)	(22,587)
Proceeds from Sale of Assets	374	-	-	-	-	-
<b>Net Cash Inflow/(Outflow) Investment</b>	<b>(150,529)</b>	<b>(130,913)</b>	<b>(80,701)</b>	<b>(25,797)</b>	<b>(24,479)</b>	<b>(22,587)</b>
<b>Cash flows from Financing Activities</b>						
Proceeds from Borrowings (incl repayments)	6,982	(2,163)	(15,869)	(2,443)	(10,097)	(5,260)
Proceeds from Contributed Capital	131,920	10,000	13,475	-	-	-
<b>Net Cash Inflow/(Outflow) Financing</b>	<b>138,902</b>	<b>7,837</b>	<b>(2,394)</b>	<b>(2,443)</b>	<b>(10,097)</b>	<b>(5,260)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(55,946)</b>	<b>(150,400)</b>	<b>(131,082)</b>	<b>14,464</b>	<b>9,958</b>	<b>18,112</b>
<b>Cash at Beginning of Period</b>	<b>344,427</b>	<b>288,482</b>	<b>138,082</b>	<b>7,000</b>	<b>21,464</b>	<b>31,422</b>
<b>Cash at End of Period</b>	<b>288,482</b>	<b>138,082</b>	<b>7,000</b>	<b>21,464</b>	<b>31,422</b>	<b>49,534</b>

## Financial Performance Indicators – Consolidated

Target	Consolidated Financial Performance Ratios	2018/19 Forecast	2019/20 Budget	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
	<b><u>Short-Term Financial Sustainability Indicators</u></b>						
2.5x	Cash Interest Cover (MRD01)	(6.6x)	(6.0x)	(10.7x)	8.8x	9.8x	11.2x
>35%	Internal Financing Ratio	-29%	-20%	-60%	159%	176%	197%
Positive	Current Ratio	552%	209%	71%	84%	109%	138%
> 50%	Quick Ratio	511%	206%	68%	84%	105%	131%
Positive	EBITDA Margin	-5.4%	-9.6%	13.6%	30.2%	30.6%	30.6%
	<b><u>Long-Term Financial Sustainability Indicators</u></b>						
<2.5%	Gearing Ratio (debt to assets)	2.3%	2.3%	1.9%	1.8%	1.7%	1.6%
Positive	Return of Assets (statutory)	-4.3%	-2.5%	-1.6%	-1.2%	-1.3%	-1.3%
Positive	Return of Equity	-3.9%	-2.2%	-1.4%	-0.6%	-0.6%	-0.6%
	<b><u>Financing Indicators</u></b>						
<60%	Regulatory Gearing Ratio	-71.7%	-6.8%	21.7%	16.8%	12.4%	7.8%

## Water Storage and Delivery

The performance of this part of the business is based on a series of financial performance metrics covering both short term and long term performance.

### Operating Statement – Water Storage and Delivery

	2018/19 Forecast \$'000	2019/20 Budget \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
<b>Revenue From Operating Activities</b>						
Tariff	120,168	121,297	123,422	125,500	127,754	130,071
Government Grants	-	360	300	-	-	-
Government Services Contract	3,200	2,912	2,711	1,409	1,407	1,405
MDBA Contract	15,791	14,754	14,223	14,469	14,683	14,938
Connections Project	4,633	2,603	-	-	-	-
Other Revenue	10,302	8,625	8,696	8,869	9,045	9,224
<b>Total Revenue</b>	<b>154,094</b>	<b>150,551</b>	<b>149,352</b>	<b>150,247</b>	<b>152,889</b>	<b>155,638</b>
<b>Expenditure From Operating Activities</b>						
Operations	48,185	41,030	42,968	42,106	42,555	43,598
Maintenance	26,008	25,320	20,858	21,188	21,523	21,863
Management & Administration	26,132	28,749	21,345	21,810	22,077	22,349
Government Grants	200	369	311	11	11	12
Government Services Contract	2,362	2,622	2,645	1,410	1,410	1,410
MDBA Contract	14,752	13,795	13,124	13,347	13,539	13,771
Connections Project	4,322	2,603	-	-	-	-
Environmental Contribution	2,793	2,793	2,793	2,793	2,793	2,793
Asset Write Offs	44,012	40,060	5,000	1,020	1,040	1,061
<b>Total Expenses</b>	<b>168,765</b>	<b>157,341</b>	<b>109,044</b>	<b>103,685</b>	<b>104,948</b>	<b>106,857</b>
<b>% of Revenue</b>	110%	105%	73%	69%	69%	69%
<b>EBITDA</b>	<b>(14,671)</b>	<b>(6,790)</b>	<b>40,308</b>	<b>46,562</b>	<b>47,941</b>	<b>48,781</b>
<b>% of Revenue</b>	-10%	-5%	27%	31%	31%	31%
Statutory Depreciation	105,033	105,165	107,134	109,276	111,462	113,691
Interest	6,928	7,068	5,872	5,381	4,976	4,436
<b>Net Profit (Loss) Before Tax</b>	<b>(126,633)</b>	<b>(119,023)</b>	<b>(72,698)</b>	<b>(68,095)</b>	<b>(68,497)</b>	<b>(69,346)</b>
Tax (Expense)/Benefit	37,798	35,707	21,809	20,428	20,549	20,804
<b>Net Profit (Loss) After Tax</b>	<b>(88,834)</b>	<b>(83,316)</b>	<b>(50,889)</b>	<b>(47,667)</b>	<b>(47,948)</b>	<b>(48,542)</b>

## Balance Sheet – Water Storage and Delivery

	2018/19 Forecast	2019/20 Budget	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>						
Cash	5,399	9,454	7,000	21,464	31,422	49,534
Accounts Receivable	21,024	20,976	20,976	20,976	20,976	20,976
Inventory	2,681	2,610	2,610	2,610	2,610	2,610
<b>Total Current Assets</b>	<b>29,104</b>	<b>33,040</b>	<b>30,586</b>	<b>45,050</b>	<b>55,008</b>	<b>73,120</b>
<b>Non Current Assets</b>						
Infrastructure	4,365,104	4,458,674	5,063,458	4,982,117	4,899,602	4,813,394
Work in Progress	43,714	43,714	43,714	43,714	43,714	43,714
Property, Plant and Equipment	79,228	78,867	80,540	76,252	71,168	65,881
Intangibles	6,961	6,761	5,140	6,269	5,844	5,175
<b>Total Non Current Assets</b>	<b>4,495,007</b>	<b>4,588,016</b>	<b>5,192,852</b>	<b>5,108,352</b>	<b>5,020,328</b>	<b>4,928,164</b>
<b>TOTAL ASSETS</b>	<b>4,524,111</b>	<b>4,621,056</b>	<b>5,223,438</b>	<b>5,153,402</b>	<b>5,075,336</b>	<b>5,001,284</b>
<b>Current Liabilities</b>						
Creditors & Accruals	18,058	17,609	17,607	17,605	17,603	17,601
Borrowings - Current Portion	2,427	17,691	2,707	10,361	5,524	6,842
Other Lease Liabilities	-	2,382	2,383	2,384	2,385	2,386
Employee Entitlements	19,463	16,117	16,149	16,750	17,373	18,019
<b>Total Current Liabilities</b>	<b>39,948</b>	<b>53,799</b>	<b>38,846</b>	<b>47,100</b>	<b>42,885</b>	<b>44,848</b>
<b>Non Current Liabilities</b>						
Borrowings - Long Term	111,499	94,072	93,187	83,090	77,830	71,251
Other Lease Liabilities	-	1,949	1,950	1,951	1,952	1,953
Employee Entitlements	1,967	1,891	1,895	1,965	2,039	2,114
Deferred Tax Liability	485,754	450,084	557,895	516,498	474,861	432,714
<b>Total Non Current Liabilities</b>	<b>599,220</b>	<b>547,996</b>	<b>654,927</b>	<b>603,504</b>	<b>556,682</b>	<b>508,032</b>
<b>TOTAL LIABILITIES</b>	<b>639,168</b>	<b>601,795</b>	<b>693,773</b>	<b>650,604</b>	<b>599,567</b>	<b>552,880</b>
<b>NET ASSETS</b>	<b>3,884,943</b>	<b>4,019,261</b>	<b>4,529,665</b>	<b>4,502,798</b>	<b>4,475,769</b>	<b>4,448,404</b>
<b>Equity</b>						
Contributed Capital	2,631,749	2,849,279	3,035,279	3,035,279	3,035,279	3,035,279
Asset Revaluation Reserve	1,579,992	1,579,992	1,933,492	1,933,492	1,933,492	1,933,492
Accumulated Surplus/Deficit	[326,798]	[410,010]	[439,106]	[465,973]	[493,002]	[520,367]
<b>TOTAL EQUITY</b>	<b>3,884,943</b>	<b>4,019,261</b>	<b>4,529,665</b>	<b>4,502,798</b>	<b>4,475,769</b>	<b>4,448,404</b>

## Statement of Cash Flow – Water Storage and Delivery

	2018/19 Forecast \$'000	2019/20 Budget \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
<b>Cash flows from Operations</b>						
<b>Cash Receipts</b>						
Fixed and Variable Charges	111,973	109,283	110,831	112,689	114,721	116,810
Govt Contributions/Grants	6,376	5,875	3,011	1,409	1,407	1,405
GST received from the ATO	8,856	6,683	5,140	5,042	4,964	4,868
Other Income	40,721	37,684	37,530	38,206	38,853	39,555
<b>Cash flows from Operations</b>	<b>167,926</b>	<b>159,525</b>	<b>156,512</b>	<b>157,346</b>	<b>159,945</b>	<b>162,638</b>
<b>Cash Payments</b>						
Payments to Suppliers & Employees	(150,940)	(124,940)	(106,382)	(104,271)	(105,410)	(107,179)
Interest and Other Costs of Finance Paid	(6,928)	(7,068)	(5,872)	(5,459)	(5,054)	(4,514)
Environmental Contributions	(2,793)	(2,793)	(2,793)	(2,793)	(2,793)	(2,793)
GST paid to the ATO	(2,344)	(2,134)	(2,081)	(2,119)	(2,154)	(2,193)
<b>Total Cash Payments for Operations</b>	<b>(163,006)</b>	<b>(136,935)</b>	<b>(117,128)</b>	<b>(114,642)</b>	<b>(115,411)</b>	<b>(116,679)</b>
<b>Net Cash Inflow/(Outflow) Operations</b>	<b>4,920</b>	<b>22,590</b>	<b>39,384</b>	<b>42,704</b>	<b>44,534</b>	<b>45,959</b>
<b>Cash flows to Investing Activities</b>						
Payments for Infrastructure Assets	(24,961)	(16,372)	(25,969)	(25,797)	(24,479)	(22,587)
Proceeds from Sale of Assets	374	-	-	-	-	-
<b>Net Cash Inflow/(Outflow) Investment</b>	<b>(24,586)</b>	<b>(16,372)</b>	<b>(25,969)</b>	<b>(25,797)</b>	<b>(24,479)</b>	<b>(22,587)</b>
<b>Cash flows from Financing Activities</b>						
Proceeds from Borrowings (incl repayments)	6,982	(2,163)	(15,869)	(2,443)	(10,097)	(5,260)
<b>Net Cash Inflow/(Outflow) Financing</b>	<b>6,982</b>	<b>(2,163)</b>	<b>(15,869)</b>	<b>(2,443)</b>	<b>(10,097)</b>	<b>(5,260)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>(12,684)</b>	<b>4,055</b>	<b>(2,454)</b>	<b>14,464</b>	<b>9,958</b>	<b>18,112</b>
<b>Cash at Beginning of Period</b>	18,083	5,399	9,454	7,000	21,464	31,422
<b>Cash at End of Period</b>	5,399	9,454	7,000	21,464	31,422	49,534



## Financial Performance Indicators – Water Storage and Delivery

Target	WS&D Financial Performance Ratios	2018/19 Forecast	2019/20 Budget	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
	<b><u>Short-Term Financial Sustainability Indicators</u></b>						
2.5x	Cash Interest Cover (MRD01)	1.8x	4.5x	7.7x	8.8x	9.8x	11.2x
>35%	Internal Financing Ratio	20%	141%	145%	159%	176%	197%
Positive	Current Ratio	70%	60%	71%	84%	109%	138%
> 50%	Quick Ratio	66%	55%	68%	84%	105%	131%
Positive	EBITDA Margin	-10.0%	-5.5%	26.1%	30.2%	30.6%	30.6%
	<b><u>Long-Term Financial Sustainability Indicators</u></b>						
<2.5%	Gearing Ratio (debt to assets)	2.5%	2.4%	1.8%	1.8%	1.7%	1.6%
Positive	Return of Assets (statutory)	-2.4%	-2.5%	-1.4%	-1.2%	-1.3%	-1.3%
Positive	Return of Equity	-2.1%	-2.1%	-0.7%	-0.6%	-0.6%	-0.6%
	<b><u>Financing Indicators</u></b>						
<60%	Regulatory Gearing Ratio	39.1%	25.6%	21.7%	16.8%	12.4%	7.8%

## Quarterly Operating Statement – Water Storage and Delivery

	2019/20 Quarter 1 Budget \$'000	2019/20 Quarter 2 Budget \$'000	2019/20 Quarter 3 Budget \$'000	2019/20 Quarter 4 Budget \$'000	2019/20 Budget \$'000
<b>Revenue From Operating Activities</b>					
Tariff	30,324	30,324	30,324	30,324	121,297
Government Grants	90	90	90	90	360
Government Services Contract	-	2,912	-	-	2,912
MDBA Contract	2,705	2,996	4,088	4,964	14,754
Connections Project	1,024	507	481	591	2,603
Other Revenue	1,730	1,944	2,447	2,504	8,625
<b>Total Revenue</b>	<b>35,873</b>	<b>38,773</b>	<b>37,430</b>	<b>38,473</b>	<b>150,551</b>
<b>Expenditure From Operating Activities</b>					
Operations	11,017	11,202	9,455	9,356	41,030
Maintenance	6,670	6,281	6,285	6,084	25,320
Management & Administration	6,737	6,166	7,615	8,231	28,749
Government Grants	93	92	92	92	369
Government Services Contract	672	646	651	653	2,622
MDBA Contract	2,540	2,808	3,819	4,628	13,795
Connections Project	1,024	507	481	591	2,603
Environmental Contribution	698	698	698	698	2,793
Asset Disposals	2,015	15,015	15,015	8,015	40,060
<b>Total Expenses</b>	<b>31,467</b>	<b>43,415</b>	<b>44,111</b>	<b>38,348</b>	<b>157,341</b>
<b>% of Revenue</b>	88%	112%	118%	100%	105%
<b>EBITDA</b>	<b>4,406</b>	<b>(4,642)</b>	<b>(6,681)</b>	<b>125</b>	<b>(6,790)</b>
<b>% of Revenue</b>	12%	-12%	-18%	0%	-5%
Statutory Depreciation	26,130	26,368	25,810	26,857	105,165
Interest	1,767	1,767	1,767	1,767	7,068
<b>Net Profit (Loss) Before Tax</b>	<b>(23,491)</b>	<b>(32,777)</b>	<b>(34,258)</b>	<b>(28,499)</b>	<b>(119,023)</b>
Tax (Expense)/Benefit	7,370	9,555	9,986	8,796	35,707
<b>Net Profit (Loss) After Tax</b>	<b>(16,121)</b>	<b>(23,222)</b>	<b>(24,272)</b>	<b>(19,703)</b>	<b>(83,316)</b>

## Quarterly Balance Sheet – Water Storage and Delivery

	2019/20 Quarter 1 Budget \$'000	2019/20 Quarter 2 Budget \$'000	2019/20 Quarter 3 Budget \$'000	2019/20 Quarter 4 Budget \$'000
<b>Current Assets</b>				
Cash	21,319	29,901	33,335	9,454
Accounts Receivable	6,480	1,972	5,843	20,976
Inventory	2,681	2,681	2,681	2,610
<b>Total Current Assets</b>	<b>30,480</b>	<b>34,554</b>	<b>41,859</b>	<b>33,040</b>
<b>Non Current Assets</b>				
Infrastructure	4,342,620	4,305,361	4,269,064	4,458,674
Work in Progress	43,714	43,714	43,714	43,714
Property, Plant and Equipment	78,107	76,842	75,640	78,867
Intangibles	7,205	6,972	6,750	6,761
<b>Total Non Current Assets</b>	<b>4,471,646</b>	<b>4,432,888</b>	<b>4,395,169</b>	<b>4,588,016</b>
<b>TOTAL ASSETS</b>	<b>4,502,127</b>	<b>4,467,443</b>	<b>4,437,027</b>	<b>4,621,056</b>
<b>Current Liabilities</b>				
Creditors & Accruals	15,780	17,147	21,529	17,609
Borrowings	1,968	1,367	894	17,691
Other Lease Liability	2,382	2,382	2,382	2,382
Employee Entitlements	19,366	16,669	16,571	16,117
<b>Total Current Liabilities</b>	<b>39,496</b>	<b>37,565</b>	<b>41,376</b>	<b>53,799</b>
<b>Non Current Liabilities</b>				
Borrowings - Long Term	111,499	111,499	111,499	94,072
Other Lease Liability	1,949	1,949	1,949	1,949
Employee Entitlements	1,957	1,947	1,937	1,891
Deferred Tax Liability	478,707	468,884	458,619	450,084
<b>Total Non Current Liabilities</b>	<b>594,112</b>	<b>584,279</b>	<b>574,004</b>	<b>547,996</b>
<b>TOTAL LIABILITIES</b>	<b>633,608</b>	<b>621,844</b>	<b>615,380</b>	<b>601,795</b>
<b>NET ASSETS</b>	<b>3,868,519</b>	<b>3,845,599</b>	<b>3,821,647</b>	<b>4,019,261</b>
<b>Equity</b>				
Contributed Capital	2,631,749	2,631,749	2,631,749	2,849,279
Asset Revaluation Reserve	1,579,992	1,579,992	1,579,992	1,579,992
Accumulated Surplus	(343,222)	(366,142)	(390,094)	(410,010)
<b>TOTAL EQUITY</b>	<b>3,868,519</b>	<b>3,845,599</b>	<b>3,821,647</b>	<b>4,019,261</b>

## Quarterly Statement of Cash Flow – Water Storage and Delivery

	2019/20 Quarter 1 Budget \$'000	2019/20 Quarter 2 Budget \$'000	2019/20 Quarter 3 Budget \$'000	2019/20 Quarter 4 Budget \$'000	2019/20 Total Budget \$'000
<b>Cash flows from Operations</b>					
<b>Cash Receipts</b>					
Fixed and Variable Charges	42,102	27,209	24,187	15,785	109,283
Govt Contributions/Grants	1,114	509	2,821	1,431	5,875
GST received from the ATO	1,916	1,555	1,569	1,643	6,683
Other Income	7,597	16,039	7,189	6,858	37,684
<b>Cash flows from Operations</b>	<b>52,729</b>	<b>45,313</b>	<b>35,765</b>	<b>25,717</b>	<b>159,525</b>
<b>Cash Payments</b>					
Payments to Suppliers & Employees	(28,718)	(28,430)	(26,757)	(41,036)	(124,940)
Interest and Other Costs of Finance Paid	(458)	(3,264)	(440)	(2,906)	(7,068)
Environmental Contributions	-	(931)	(931)	(931)	(2,793)
GST paid to the ATO	(406)	(446)	(597)	(685)	(2,133)
<b>Total Cash Payments for Operations</b>	<b>(29,582)</b>	<b>(33,070)</b>	<b>(28,725)</b>	<b>(45,557)</b>	<b>(136,935)</b>
<b>Net Cash Inflow/(Outflow) Operations</b>	<b>23,147</b>	<b>12,242</b>	<b>7,040</b>	<b>(19,840)</b>	<b>22,590</b>
<b>Cash flows to Investing Activities</b>					
Payments for Infrastructure Assets	(6,768)	(3,059)	(3,134)	(3,411)	(16,372)
<b>Net Cash Inflow/(Outflow) Investment</b>	<b>(6,768)</b>	<b>(3,059)</b>	<b>(3,134)</b>	<b>(3,411)</b>	<b>(16,372)</b>
<b>Cash flows from Financing Activities</b>					
Proceeds from Borrowings (incl repayments)	(459)	(601)	(473)	(630)	(2,163)
<b>Net Cash Inflow/(Outflow) Financing</b>	<b>(459)</b>	<b>(601)</b>	<b>(473)</b>	<b>(630)</b>	<b>(2,163)</b>
<b>Net Increase/(Decrease) in Cash</b>	<b>15,920</b>	<b>8,582</b>	<b>3,434</b>	<b>(23,883)</b>	<b>4,055</b>
<b>Cash at Beginning of Period</b>	5,399	21,319	29,901	33,336	5,399
<b>Cash at End of Period</b>	21,319	29,901	33,336	9,454	9,454

## Connections Project

The Connections Project is an externally funded project. The financial sustainability of the Project is assessed based on the ability to deliver the project within the funding, on time and on budget.

### Operating Statement – Connections Project

	2018/19 Forecast \$'000	2019/20 Budget \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
<b>Revenue From Operating Activities</b>						
Government Grants	81,179	66,882	56,048	-	-	-
Other Revenue	847	929	423	-	-	-
<b>Total Revenue</b>	<b>82,026</b>	<b>67,811</b>	<b>56,471</b>	-	-	-
<b>Expenditure From Operating Activities</b>						
Operations	18,341	5,187	-	-	-	-
Connections Project	61,102	75,232	67,653	-	-	-
<b>Total Expenses</b>	<b>79,443</b>	<b>80,419</b>	<b>67,653</b>	-	-	-
<b>% of Revenue</b>	97%	119%	120%	-	-	-
<b>EBITDA</b>	<b>2,583</b>	<b>(12,608)</b>	<b>(11,182)</b>	-	-	-
<b>% of Revenue</b>	3%	-19%	-20%	-	-	-
Statutory Depreciation	1,997	452	-	-	-	-
<b>Net Profit (Loss) Before Tax</b>	<b>586</b>	<b>(13,060)</b>	<b>(11,182)</b>	-	-	-
Tax (Expense)/Benefit	(175)	3,918	3,355	-	-	-
<b>Net Profit (Loss) After Tax</b>	<b>411</b>	<b>(9,142)</b>	<b>(7,827)</b>	-	-	-

## Balance Sheet – Connections Project

	2018/19 Forecast \$'000	2019/20 Budget \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
<b>Current Assets</b>						
Cash	283,082	128,628	-	-	-	-
Accounts Receivable	4,041	-	-	-	-	-
Inventory	21,977	-	-	-	-	-
<b>Total Current Assets</b>	<b>309,100</b>	<b>128,628</b>	-	-	-	-
<b>Non Current Assets</b>						
Work in Progress	186,690	186,690	-	-	-	-
Property, Plant and Equipment	1,979	-	-	-	-	-
Intangibles	452	-	-	-	-	-
<b>Total Non Current Assets</b>	<b>189,121</b>	<b>186,690</b>	-	-	-	-
<b>TOTAL ASSETS</b>	<b>498,221</b>	<b>315,318</b>	-	-	-	-
<b>Current Liabilities</b>						
Creditors & Accruals	21,258	21,254	-	-	-	-
Employee Entitlements	117	24	-	-	-	-
Unearned Revenue	119,638	54,804	-	-	-	-
<b>Total Current Liabilities</b>	<b>141,013</b>	<b>76,082</b>	-	-	-	-
<b>Non Current Liabilities</b>						
Employee Entitlements	467	95	-	-	-	-
Deferred Tax Liability	7,283	3,365	-	-	-	-
<b>Total Non Current Liabilities</b>	<b>7,750</b>	<b>3,460</b>	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>148,763</b>	<b>79,542</b>	-	-	-	-
<b>NET ASSETS</b>	<b>349,458</b>	<b>235,776</b>	-	-	-	-
<b>Equity</b>						
Contributed Capital	331,916	227,376	-	-	-	-
Accumulated Surplus/Deficit	17,542	8,400	-	-	-	-
<b>TOTAL EQUITY</b>	<b>349,458</b>	<b>235,776</b>	-	-	-	-

## Statement of Cash Flow – Connections Project

	2018/19 Forecast \$'000	2019/20 Budget \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
<b>Cash flows from Operations</b>						
<b>Cash Receipts</b>						
Govt Contributions/Grants	34,036	-	936	-	-	-
Other Income	3,889	2,977	730	-	-	-
<b>Cash flows from Operations</b>	<b>37,925</b>	<b>2,977</b>	<b>1,666</b>	-	-	-
<b>Cash Payments</b>						
Payments to Suppliers & Employees	(87,164)	(52,890)	(89,037)	-	-	-
<b>Total Cash Payments for Operations</b>	<b>(87,164)</b>	<b>(52,890)</b>	<b>(89,037)</b>	-	-	-
<b>Net Cash Inflow/(Outflow) Operations</b>	<b>(49,239)</b>	<b>(49,913)</b>	<b>(87,371)</b>	-	-	-
<b>Cash flows to Investing Activities</b>						
Payments for Infrastructure Assets	(125,943)	(114,541)	(54,732)	-	-	-
<b>Net Cash Inflow/(Outflow) Investment</b>	<b>(125,943)</b>	<b>(114,541)</b>	<b>(54,732)</b>	-	-	-
<b>Cash flows from Financing Activities</b>						
Proceeds from Contributed Capital	131,920	10,000	13,475	-	-	-
<b>Net Cash Inflow/(Outflow) Financing</b>	<b>131,920</b>	<b>10,000</b>	<b>13,475</b>	-	-	-
<b>Net Increase/(Decrease) in Cash</b>	<b>(43,262)</b>	<b>(154,454)</b>	<b>(128,628)</b>	-	-	-
<b>Cash at Beginning of Period</b>	326,344	283,082	128,628	-	-	-
<b>Cash at End of Period</b>	283,082	128,628	-	-	-	-

## Financial Performance Indicators – Connections Project

Target	Connections Project Financial Performance Ratios	2018/19 Forecast	2019/20 Budget	2020/21 Forecast	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast
	<b><u>Short-Term Financial Sustainability Indicators</u></b>						
2.5x	Cash Interest Cover (MRD01)	NC	NC	NC	-	-	-
>35%	Internal Financing Ratio	-39%	-44%	-160%	-	-	-
Positive	Current Ratio	1,446%	605%	NC	-	-	-
> 50%	Quick Ratio	1,343%	605%	NC	-	-	-
Positive	EBITDA Margin	3.1%	-18.6%	-19.8%	-	-	-
	<b><u>Long-Term Financial Sustainability Indicators</u></b>						
<2.5%	Gearing Ratio (debt to assets)	2.5%	2.4%	1.8%	-	-	-
Positive	Return of Assets (statutory)	0.1%	-3.2%	-7.1%	-	-	-
Positive	Return of Equity	0.1%	-3.1%	-6.6%	-	-	-
	<b><u>Financing Indicators</u></b>						
<60%	Regulatory Gearing Ratio	NC	NC	NC	-	-	-

NC - Not Calculable



# Appendices

## Appendix A: SAP Recommendations

GMW have progressed actions against the thirty SAP Recommendations, completing and closing out fourteen actions to date. Our work on the remaining sixteen actions is progressing, and the status of each recommendation is outlined below.

Recommendation	Status
<b>1.</b> In the short term (2018 to 2024), identify and achieve a further 10 per cent efficiency in both operating and capital expenditure across its regulated core businesses of gravity irrigation and 29 per cent in the pumped irrigation, drainage, water districts and fee for service businesses from 2019/20.	The savings targets (refer Recommendation 4) have been confirmed based on current modelling assumptions.
<b>2.</b> In the medium term (2025 to 2040), identify and achieve further efficiencies in the gravity irrigation business of around 15 per cent in 2024/25, and additional efficiencies of 5 per cent in 2029/30:	As per Recommendation 1
<b>3.</b> In the long term (2041 to 2067), identify additional 5 per cent efficiencies in operating and capital expenditures in 2039/40 in the gravity irrigation business, and apply these with a 1 per cent per annum price increase over the 10-year period 2029/30 to 2038/39.	As per Recommendation 1
<b>12.</b> In the context of the transformation activities, including channel by channel assessments, review latest asset management performance against the benchmark ISO 55000 standard and Asset Management Accountability Framework (AMAF) requirements, and use this to develop a comprehensive action plan to address any systemic and ongoing issues.	<ul style="list-style-type: none"> <li>Alignment with ISO 55000 assessed and compliance with AMAF audited.</li> <li>Channel x Channel model developed</li> </ul>
<b>14.</b> Develop a plan to address the potential reduction in GMID's footprint over the next 50 years due to changing environmental, market and cost challenges.	Data from the output of the Channel x Channel model to inform this recommendation
<b>15.</b> Review and consolidate the improvement opportunities identified in the Capital Investment Framework review and the Connections Project lessons learnt review.	An outline of the Capital Investment Framework (CIF) has been developed – Internal consultation with Business Unit/Division managers to occur.
<b>17.</b> Design a customer and stakeholder engagement program to improve trust and respect of GMW's customers and stakeholders	Recommendation paper has been completed for incorporation into the plan.
<b>18.</b> Review the Water Services Committees' and Customer Committees' Terms of Reference, membership and outcomes to enhance their contribution to GMW and ensure that they better reflect the customer and community base and transformation requirements.	Consultation with existing WSC members is in progress.
<b>19.</b> Develop policies and economic tools for deciding when and where to attract new customers across the GMID. This should include GMW publishing a Statement of Opportunities which would provide potential customers with valuable feasibility information relating to land.	Online 'Investor Centre' concept developed. Policies and business rules to support investment are also being drafted.

Recommendation	Status
<p><b>20.</b> Consult with customers about their willingness to reduce the extent of any price increases by accepting a different level of service, and reflect the outcomes of this consultation in its September 2019 pricing submission for the 2020 regulatory period. This would include adopting the Connections Project bottom-up processes and principles approach of channel inspections and information on individual's future business intentions to assist in reconciling local and whole of GMID outcomes.</p>	<p>GMW is currently engaging with customers (by segment) through a series of Working Groups (Pricing &amp; Tariff Review) to ascertain opportunities for cost reductions through changes in service offerings. This forms part of GMW's pricing submission.</p>
<p><b>22.</b> Develop a reporting framework that is consistent and accurate across the organisation to ensure informed decision making. This needs to include key performance indicators (KPI's), timeframes and strategic initiatives that align with GMW's strategy and transformation. The reporting framework should not be outsourced to large consulting firms if they do not fully understand the business.</p>	<p>Reporting framework design underway.</p>
<p><b>26.</b> Review the quality and coverage of board papers to ensure that they properly inform the board and assist them in their decision making. The Managing Director should be able to understand and respond with enough detail on papers presented to the board.</p>	<p>An assessment of Board papers has been completed.</p>
<p><b>27.</b> Review performance reporting arrangements to ensure that they are clearly aligned to strategic and corporate planning documents, and are informative about the evidence or reasons for any assessment of performance</p>	<p>Report on findings from review complete.</p>
<p><b>28.</b> Review decision making processes to eliminate additional processes that slow decision making and are inconsistent with delegated authorities.</p>	<p>Assessment of current state completed. Staff are generally frustrated at the complexity of the decision making processes.</p>
<p><b>29.</b> Review the operation of all its business functions including finance (e.g. separate regulatory and non-regulatory business unit reporting, borrowings profile), IT (e.g. the Enterprise Information Management system), risk, human resources, legal, billing, technical services. The review should include staffing, output, reporting and value add to the business.</p>	<p>In progress as part of organisational transformation.</p>
<p><b>30.</b> Review its non-core activities, including the fledgling commercial activity, given its additional cost and diversion of management time and attention. The review should include developing overarching principles that would determine initially if assessments of any commercial opportunities proceed, and risk assessed business plans and Profit and Loss (P&amp;L) accounts applying SMART principles (specific, measurable, attributable, relevant and time-bound) to each activity. These measures would determine whether those activities continue within GMW or could be divested by the end of 2019.</p>	<p>P&amp;Ls for each element of the non-regulated business have been established.</p>

## Appendix B: Disclosure Index

### Prescribed Framework

This Corporate Plan is submitted in accordance with section 247 of the *Water Act 1989* and provides information in accordance with the following requirements:

- the *Corporate Planning and Performance Reporting Requirements – Government Business Enterprises* (October 2009) (DTF Requirements) issued by the Department of Treasury and Finance
- the *Victorian Water Industry Corporate Planning and Reporting Guidelines 2019/20* (the Guidelines) issued by the Minister for Water, Lisa Neville (the Minister for Water), released 1 March 2019
- the *Letter of Expectation* (LOE), dated 26 February 2019 issued by the Minister for Water
- the Victorian Government's climate change adaptation plan *Water for Victoria – Water Plan (Water for Victoria)* issued by the Department of Environment, Land, Water and Planning (DELWP)
- the Statement of Obligations (General) and the Statement of Obligations (Emission Reduction) as issued under the *Water Industry Act 1994*

### Responsibilities as a Delegate or Appointee

We have responsibilities as a delegate or appointee of the Minister for Water and the Water Registrar pursuant to the *Water Act 1989* and the *Murray Darling Basin Act 1993*:

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

This Disclosure Index has been prepared to facilitate identification of our compliance with the Guidelines (next page).

Guidelines Reference	Requirement	Page Reference
<b>1.(a)</b>	Statement of Corporate Intent	5-12
<b>1.(b)</b>	Business plan and financial statements	20-25, 36, 49-64
<b>2.1.1.</b>	Climate change: provide a set of services that minimise environmental impacts, mitigate climate change and put in place adaptation strategies and actions	21-22, 26
<b>2.1.2.(a)</b>	Customer and community outcomes: customer satisfaction related goals	21-22
<b>2.1.2.(b)</b>	Customer and community outcomes: community engagement	16, 21, 25, 27
<b>2.1.3.(a)</b>	Water for Aboriginal cultural, spiritual and economic values: engagement of Aboriginal communities	21, 27
<b>2.1.3.(b)</b>	Water for Aboriginal cultural, spiritual and economic values: engagement of Traditional Owners	21, 27
<b>2.1.4.(a)</b>	Resilient and liveable cities and towns: participation in Integrated Water Management Forums (IWM)	21, 27
<b>2.1.4.(b)</b>	Resilient and liveable cities and towns: liveability benefits	21, 27
<b>2.1.4.(c)</b>	Resilient and liveable cities and towns: water efficiency programs	21, 27
<b>2.1.4.(d)</b>	Resilient and liveable cities and towns: improve affordability and assist customers in hardship	21, 27
<b>2.1.5.</b>	Recognising recreational values: plans for consideration of recreational values	21, 24, 28
<b>2.1.6.</b>	Leadership and culture: diversity and inclusion	21, 24, 28
<b>2.1.7.(a)</b>	Financial sustainability: price paths	19, 39, 43, 46
<b>2.1.7.(c)</b>	Financial sustainability: quarterly financial projections	58-60
<b>2.1.7.(d)</b>	Financial sustainability: debt management strategies	48-49
<b>2.1.7.(e)</b>	Financial sustainability: unregulated business activities	45-47
<b>2.1.7.(f)</b>	Financial sustainability: operational risk assessment	23, 69-70
<b>2.1.7.(g)</b>	Financial sustainability: impact on performance of high and low scenarios for key planning variables	49
<b>2.1.7.(h)</b>	Financial sustainability: any significant variations from the 2016 Pricing Decision	36
<b>2.2.(a)</b>	Planning assumptions: assumed demand, water allocations and supply availability	17-18
<b>2.2.(b)</b>	Planning assumptions: assumed price increases	19, 39, 43, 46
<b>2.2.(c)</b>	Planning assumptions: all other relevant assumptions in section 2.2 of the DTF requirements	15-19, 22-23, 31-36, 38-39, 43-44, 47-49
<b>5.1.</b>	Victorian Water Industry Performance Reporting Framework: PRF KPIs	22, 38, 43, 53, 57, 64

## Appendix C: Risk Assessment Framework

Risk Name	Planned Controls	Planned Risk Rating
<b>Reduction in funds to support business operations</b>	<ul style="list-style-type: none"> <li>Enhance and improve GMW business unit financial structure and financial systems</li> <li>Strengthen the Management Performance and Accountability Framework</li> <li>Review GMW's land ownership including sale of land and assets no longer needed or used by GMW</li> <li>Asset reviews and innovation</li> <li>Customer Data Cleansing Project/Missed Customer Bill</li> <li>Direct controllable operating cost actions</li> <li>Grant and partnership arrangements and identification of new revenue source</li> </ul>	<b>Medium</b>
<b>Decline in water resource availability</b>	<ul style="list-style-type: none"> <li>Climate Change Modelling Approach Project</li> <li>Water efficiencies</li> <li>Water Management Systems Roadmap – Greenfields Site</li> <li>Review and research BGA sources</li> <li>Research BGA thresholds and impacts to customer enterprise</li> </ul>	<b>Significant</b>
<b>Connections Project outcomes necessitate change for the wider business</b>	<ul style="list-style-type: none"> <li>Staff/resource planning post Connections Project</li> <li>Co-contribution opportunity for Connections Project (GMW/Project/Contractor)</li> <li>Communication and Engagement Plan for the Project and WS&amp;D</li> <li>Co-funding of the Project's works</li> <li>Connections Project reconfiguration committee</li> </ul>	<b>Medium</b>
<b>Significant organisational change</b>	<ul style="list-style-type: none"> <li>Use of sound change management practices</li> <li>Implement GMW's Succession Planning Framework including identification of key person risk and associated training and development programs</li> <li>Staff Communication and Engagement Review</li> <li>Direct controllable cost actions</li> </ul>	<b>Medium</b>
<b>Increased competition for personnel with skills critical to GMW operations</b>	<ul style="list-style-type: none"> <li>Implement GMW's Succession Planning Framework including identification of key person risk and associated training and development programs</li> <li>GMW's Work Experience Program for students across the GMID</li> <li>Leadership Development Program</li> <li>Staff Communication and Engagement Review</li> <li>Diversity and Inclusiveness Program to 2024</li> </ul>	<b>Medium</b>
<b>Increased number and/or severity of major disaster events</b>	<ul style="list-style-type: none"> <li>Develop strategy to establish water resource plans</li> <li>Identify key assets and assess options for weather/disaster proofing</li> <li>Whole of Life Asset Modelling Project</li> <li>Climate/weatherproof critical assets (asset maintenance program works) that are vulnerable to increased severity of weather events</li> <li>Develop Fire Management Plans for key operational areas</li> <li>Complete annual review of Flood Incident Management Plans</li> <li>Complete annual review of Dam Safety Emergency Plans (DSEP)</li> <li>Develop a long term strategy to cater for prolonged fuel shortage including identification and location of alternative stores and required equipment</li> <li>Conduct CCTV review for infrastructure of significance – operational and dams locations</li> <li>Climate Change Modelling Approach Project</li> <li>Capital Expenditure Investment Profile for asset classes</li> <li>Innovation program to reduce future asset investment costs</li> <li>Dams Portfolio Risk Assessment Program</li> </ul>	<b>Significant</b>

Risk Name	Planned Controls	Planned Risk Rating
<b>Changing customer base and/or land user requirements across the GMID</b>	<ul style="list-style-type: none"> <li>• Establish account manager arrangements which embed staff for large customer accounts</li> <li>• Community Participation Strategy</li> <li>• Operational recurrent expenditure savings</li> <li>• Whole of Life Asset Modelling Project</li> <li>• Climate Change Modelling Approach Project</li> <li>• Capital Expenditure Investment Profile for asset classes</li> <li>• Innovation Program to reduce future asset investment costs</li> <li>• Identify new revenue via third party funding</li> </ul>	<b>Medium</b>
<b>Changes governing GMW activities that increases workload without additional funding</b>	<ul style="list-style-type: none"> <li>• Attend Government forums where strategy/policy changes may be flagged</li> <li>• Implement action plans to address required works through changes and manage resource requirements associated with implementation</li> <li>• Implement outcomes delivered through external reviews or changes to policy directions (including recommendations from SAP process)</li> </ul>	<b>Medium</b>
<b>Sole or monopoly supplier arrangement for services critical to GMW operations and/or maintenance no longer able to provide product or services</b>	<ul style="list-style-type: none"> <li>• Develop risk mitigation plans for key suppliers</li> <li>• Water Management System Roadmap</li> <li>• Implement Procurement Internal Audit Findings</li> </ul>	<b>Medium</b>
<b>Customer or system data is lost, corrupted, inaccurate, duplicated, incomplete or leaked outside the organisation</b>	<ul style="list-style-type: none"> <li>• Customer Data Cleansing Project/Missed Customer Bills</li> <li>• Transfer of State Rivers and Water Supply Commission permanent files to PROV</li> <li>• Develop Information Management policy</li> <li>• Implement External Audit Actions</li> <li>• Implement VPDSS requirements</li> </ul>	<b>Significant</b>