



Australian Government
National Water Commission



National Water Commission
Annual Report 2014–15



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National Water Commission annual report 2014–15

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Australian Government
Department of the Environment

Dr Gordon de Brouwer PSM
Secretary

The Hon Bob Baldwin MP
Parliamentary Secretary to the Minister for the Environment
Parliament House
CANBERRA ACT 2600

Dear Parliamentary Secretary

I am pleased to present the final National Water Commission Annual Report 2014–15 as required under section 10 of the *National Water Commission (Abolition) Act 2015*.

Under section 10 (4) of the new Act, you are required to table this report in each House of Parliament as soon as practicable.

This Annual Report has been prepared in accordance with section 70 of the *Public Service Act 1999* and the *Requirements for Annual Reports* issued by the Department of the Prime Minister and Cabinet on 30 June 2015. It complies with guidelines issued by the Department of the Prime Minister and Cabinet for agencies under section 5 of the *Financial Management and Accountability Act 1997*.

I certify that the National Water Commission complied with the Commonwealth Fraud Control Guidelines 2011 and utilised appropriate fraud detection, investigation, reporting and data collection procedures and processes, and has prepared fraud risk assessments and fraud control plans that meet the Commission's specific needs.

Yours sincerely

A handwritten signature in dark ink that reads "Gordon de Brouwer".

Gordon de Brouwer
8 September 2015

Contacts

This annual report is available in multiple formats on the Department of the Environment website www.environment.gov.au

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1

Review by the Chief Executive Officer

Review by the Chief Executive Officer

This review and annual report to Parliament is the final task in implementation of the government's *National Water Commission (Abolition) Act 2015*. In consideration of this final report, it is worth reflecting briefly on the key achievements for the year, along with the people who ensured they were delivered and the legacy they have left.

In the six months to the end of 2014, the signature achievement of the National Water Commission (NWC) was the preparation and release of *Australia's water blueprint: national reform assessment 2014*. This report, the fourth assessment of the National Water Initiative, was provided to the Prime Minister as Chair of the Council of Australian Governments (COAG) in September 2014 and represented the culmination of many months of work and stakeholder consultation by Commissioners, my predecessor Ms Kerry Olsson and staff of the Commission.

The 2014 assessment report found that the economic, social and environmental focus of the National Water Initiative (NWI) retains significant support among governments and stakeholders. The report reinforced the widespread belief, both within Australia and abroad, that the NWI remains good policy and is a model for how governments everywhere could approach all elements of water reform in a rational way. However, the report also found that 'while the outcomes and objectives that comprise the framework remain relevant and enduring, many of the gains of reform are now taken for granted and the multi-party support that has been a hallmark of the NWI is at risk of breaking down.'

It is also clear that in many parts of Australia governments are yet to fully implement NWI principles in operational water management, often citing lack of resources or low risk of adverse outcomes as a reason for maintaining

'old' systems of water management and allocation. Yet there are few stakeholders and water consumers who would argue against the benefits of efficient and legally secure water entitlement systems and economically rational allocation and pricing of water. The assessment report suggests that an ongoing task for all water managers (and governments) is to constantly ask the question of whether what they are doing is consistent with NWI principles and if the application of those principles can generate an improved outcome compared with the alternative.

The fourth and final NWI assessment report was therefore a deep analysis of the state of play with implementation of the NWI and accordingly I acknowledge the excellent work that was done by all staff and the Commissioners in bringing it to fruition during a time of transition and uncertainty.

The other significant achievement of the NWC in the first half of the year was to undertake the administratively complex task of winding the agency down to a close while also delivering on major commitments such as the NWI assessment report. Staff redeployments and financial audits were implemented and resulted in good outcomes, including an unqualified audit report for a financial close late in the year. The NWC had 40 staff as at 1 July 2014. By 31 December 2014, 20 had transferred to other APS agencies, 18 took voluntary redundancies and two retired.

While plans for the repeal of the *National Water Commission Act 2004* originally envisaged cessation at the end of the 2014 calendar year, delays in passing the legislation meant that measures had to be implemented from the start of 2015 to ensure that all legal and administrative functions and obligations of the Commission could be continued until the legislation was passed.

Operationally, the Canberra office of the NWC closed on 31 December 2014. I was appointed as Acting Chief Executive Officer from 1 January 2015 to manage the administrative and financial matters of the Commission until such time as Parliament reached a determination on the National Water Commission (Abolition) Bill. The Bill passed both houses of Parliament on 26 May 2015 and received Royal Assent on 16 June 2015 (Act no. 63 of 2015).

During this period the Commissioners retained their positions and responsibilities, while I was the sole employee of the Commission and undertaking that role on a part-time basis while also retaining a role as an SES officer in the Australian Government Department of the Environment. With operational support from the Department, this arrangement worked well to ensure that the requirements of the *National Water Commission Act of 2004* were met.

Throughout 2014–15, the leadership of the Commissioners in delivering on stakeholders' expectations, while simultaneously overseeing the agency's efficient closure, ensured the legacy of the Commission and a smooth transition of ongoing functions to the Productivity Commission and the Department, as described in the repeal legislation, could be made.

I would like to thank the Chair, the Hon. Karlene Maywald and the Commissioners Rob Freeman, Leith Bouilly, Des Lord and Professor Jane Doolan for their patient support and guidance during the year. As also articulated by my predecessor Kerry Olsson, their efforts and achievements merit respect and recognition and it is of benefit to Australia that their water reform expertise will continue in other roles that they play in the Australian water scene.

The role of acting Chief Executive Officer from 1 January was occasionally daunting but also a great opportunity to learn more about the Commission and its work over the previous decade. It certainly reinforced in my own mind the enduring relevance of the NWI and also the potential for a careful refreshment of the policy after eleven years of implementation, subject to government consideration.

I could not have undertaken the role without the support of senior officers of the Department, including Kerry Olsson, and my own staff in the Water Resources Branch and Ms Clare Donnelly in particular. Along with Senator the Hon Simon Birmingham and Parliamentary Secretary, the Hon Bob Baldwin MP, I gratefully acknowledge their support and guidance.

Richard McLoughlin

Acting Chief Executive Officer,
National Water Commission

Commissioners

The Commission's independence and expertise primarily reside with Commissioners. Under the National Water Commission Act, the Commission comprises the Chair and at least two, but no more than four, Commissioners. All are appointed by the Governor-General for terms of up to three years.

The Chair is nominated by the Australian Government and is appointed in consultation with the other parties to the National Water Initiative (the state and territory governments). Two further Commissioners are nominated by the Australian Government, and two by the states and territories.

Commissioners were not representatives of any jurisdiction or industry sector. They were appointed in recognition of their expertise in water resource management, freshwater ecology or hydrology, resource economics, public sector governance, and the audit, evaluation or implementation of programmes relating to natural resource management.

The primary role of the Commissioners was to:

- provide advice on the Commission's strategic direction;
- with the support of Commission staff, prepare major reports and other advice to the Minister and to Council Of Australian Governments (COAG); and
- promote the role of the Commission and the NWI reforms.

At 1 June 2015, the NWC had a Chair and four Commissioners.

2014–15 Commissioners

Ms Karlene Maywald (Chair)

Karlene Maywald brings a high level of expertise in water resource management to her role as Chair of the Commission. As representative for the seat of Chaffey in the South Australian House of Assembly from October 1997 until March 2010, she was South Australia's Minister for Water Security and the River Murray during one of the worst droughts in living memory. She has a proven, longstanding track record in water management and is passionate about water reform in Australia.

Along with her extensive ministerial appointments and portfolio experience in South Australia, Ms Maywald has served on many national ministerial councils, including the Murray-Darling Basin Ministerial Council, the Natural Resource Management Ministerial Council, the Primary Industries Ministerial Council and the Regional Development Ministerial Council. Ms Maywald has strong board-level expertise in public policy, drawing on both public and private sector experience. She has served as a board member of the South Australian Water Corporation and on related SA Water board committees.

Ms Leith Bouilly

Leith Bouilly has a diverse portfolio of business interests in agriculture, property and human resource development, together with tertiary qualifications in science and business. She is an experienced company director and is Chair of Healthy Waterways Ltd, the Centre of Excellence for Water Recycling, and the Great Barrier Reef Marine Park Authority's Catchment and Coastal Reef Advisory Committee (term concluded in 2014). In addition, she is a member of Infrastructure Qld and serves as a board

member of Seqwater and Murrumbidgee Irrigation Ltd.

Ms Bouilly has been involved in water resource management at local, state and national levels for more than 20 years and is experienced in community engagement, governance, and research and development. She is a former Chair of the Community Advisory Committee to the Murray-Darling Basin Ministerial Council, and has also served on the boards of the Australian Broadcasting Corporation, Land & Water Australia, and the Cotton Research and Development Corporation.

Professor Jane Doolan

Jane Doolan is currently a Professorial Fellow in Natural Resource Governance at the University of Canberra. She has extensive experience in sustainable water resource management, having provided policy advice at senior levels on issues such as urban and rural water supply and security, national water reform and water sector governance. She has driven important initiatives in river health, environmental water allocation and catchment management at state and national levels.

Professor Doolan's career encompasses intergovernmental policy development and negotiations, particularly in relation to the management of the Murray-Darling Basin, and the oversight of major water projects and programmes. She holds a BSc (Hons) and PhD in Zoology from the University of Melbourne, and is currently a Director of Western Water Authority and eWater Ltd.

Mr Rob Freeman

Rob Freeman is an acknowledged leader in water and natural resource management in Australia. As a former senior executive in the Queensland, South Australian and Australian governments, he has a long and diverse background in policy development and implementation in the areas of water reform and natural resource management.

He served as Deputy Director-General of the Queensland Department of Natural Resources and Mines (1998–2002), Chief Executive of the South Australian Department of Water, Land and Biodiversity Conservation (2002–2008), and Chief Executive and member of the Murray-Darling Basin Authority (2008–2011).

Mr Freeman has participated in and been selected to chair many boards and national committees. He was a Commissioner and Deputy President of the former Murray-Darling Basin Commission (2002–2008).

Dr Des Lord

Des Lord is an internationally recognised scientist and engineer with nearly 40 years of experience in the water and offshore marine industries. He has practised widely in the management of natural resources in Australia, South Africa, Canada and Japan, where he has worked with water resource managers, a range of industries, academic institutions and consultants. He has been a board member of a number of private companies in Australia during the past 22 years and is currently Director, DA Lord and Associates Pty Ltd.

Dr Lord holds undergraduate degrees in science and a PhD in limnology/oceanography and chemistry, and was appointed adjunct professor in the Faculty of Science at the University of Western Australia in 2003. He has chaired extensive review processes on matters such as the Victorian, South Australian and Western Australian desalination projects and options for protecting the Lower Lakes during drought, and expert advisory groups for the Swan River Trust. He has also provided advice on water resource planning and management to a number of utilities across Australia.

Commission meetings

Under the National Water Commission Act, the Chair must convene at least five meetings in each calendar year.

From 1 July 2014 to 30 June 2015, the Commission met on five occasions (Table 1).

Records of meetings were published on the Commission's website following all meetings.

Table 1: Commission meetings 2014–15

Meeting number	Meeting date and location	Attendees
04/2014	26 September 2014; Canberra, ACT	All attended
05/2014	17 December 2014; Teleconference	All attended
01/2015	4 March 2015; Canberra ACT	All attended
02/2015	6 May 2015; Teleconference	All attended
03/2015	28 May 2015; Teleconference	All attended

26 September 2014: An overview of arrangements for the launch of the National Water Commission's Triennial Assessment was a focus at this meeting, with emphasis on which key messages should be included in its media release. Commissioners considered the draft National Partnership Assessments report where additional information on jurisdictions' performance on milestones was received from the Murray-Darling Basin Authority and the Department of the Environment.

17 December 2014: Commissioners provided updates on their engagement with stakeholders and other activities since meeting 4/2014, including the Triennial Assessment launch in October. The National Water Commission was represented at a Chilean delegation visit and at the Water Stewardship Australia's annual event.

4 March 2015: The Chair tabled a letter from the Parliamentary Secretary agreeing to the NWC expending funds for the collection of water data and the preparation of the 2013–14 Water

Market Report. Commissioners agreed that the acting Chief Executive Officer (CEO) would engage the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) to undertake the collection of relevant data. It was agreed that Commissioner Freeman would be the sponsoring Commissioner who would assist in determining the scope and outcome of the final report.

6 May 2015: The importance of the maintenance of the NWC catalogue of resources was discussed. The CEO provided an overview of steps to be taken to ensure information resources were maintained and made available to interested parties.

28 May 2015: The focus of the meeting was the finalisation of administrative tasks prior to Royal Assent being given to the National Water Commission (Abolition) Bill. The CEO ran through tasks that were in train to ensure the transition of functions to the Department of the Environment.



2

Commission Overview

Commission overview

Roles and functions

The National Water Commission was an independent statutory authority. It provided independent assurance of the Council of Australian Governments (COAG) national water reform agenda and promoted the objectives agreed by all governments in Australia under the 2004 Intergovernmental Agreement on a National Water Initiative (NWI).

The National Water Initiative

COAG initiates, develops and monitors policy reforms that are of national significance and require cooperative action by Australian governments.

COAG's principal water policy agreement is the 2004 Intergovernmental Agreement on a National Water Initiative. Through this enduring blueprint for water reform, all governments agreed on actions to achieve a more cohesive national approach to the way Australia manages, measures, plans for, prices and trades water.

The NWI represents a shared commitment by governments to increase the efficiency of Australia's water use, leading to greater certainty for investment and productivity for rural and urban communities and for the environment.

The initiative set out to achieve a nationally compatible market, regulatory and planning based system—one that manages surface water and groundwater resources for rural and urban use and optimises economic, social and environmental outcomes.

(Australia's water blueprint: national reform assessment 2014)

Governing legislation and functions

The Commission was created as a result of the NWI and was formally established by the *National Water Commission Act 2004*.

The Act specified the Commission's core functions—assessments, audit and monitoring—through which it assessed the implementation of water reforms by all jurisdictions and by providing strategic guidance and information. This is also reflected in the 2014–15 Portfolio Budget Statement outcome and objectives.

The Commission also had additional functions, delegated by other Commonwealth Acts and regulations, which require them to provide independent advice and reports.

Under the *Water Act 2007*, the Commission was required to audit the effectiveness of the implementation of the Murray-Darling Basin Plan and associated water resource plans.

The Commission also had delegated functions from the COAG Reform Council under the Murray-Darling Basin Agreement 2008 to assess performance against reform commitments in water management partnership agreements, and under the Carbon Credits (Carbon Farming Initiative) Regulations 2011.

Ministers and portfolio

At 30 June 2014, the Commission was accountable to the Parliamentary Secretary to the Minister for the Environment, Senator the Hon Simon Birmingham. The Commission was an independent statutory authority within the Environment portfolio. To achieve the agency objectives, it worked closely with COAG, state and territory governments, Australian Government departments and agencies, and the water industry.

On 23 December 2014 the new Parliamentary Secretary to the Minister for the Environment, the Hon Bob Baldwin MP, took over responsibility from Senator Birmingham. This included overseeing the implementation of the Government's policy decisions regarding the Commission.

Closure of the Commission

On 15 May 2014, the Australian Government's 2014–15 Budget confirmed the decision to close the National Water Commission at the end of 2014. The 2014–15 Portfolio Budget Statement relating to the Commission states:

The Government has decided to cease the operations of the Commission in 2014–15 and to reallocate its statutory and some assessment responsibilities to other agencies.

From the time this decision was announced Commissioners and the Executive worked to facilitate the transfer of functions to other suitable agencies. The Commission office closed on 31 December 2014 as planned and administrative arrangements were put in place to meet legislative obligations until the National Water Commission (Abolition) Bill received Royal Assent in June 2015.

As a statement of government policy on closure of the Commission, the Second Reading Speech on the Abolition Act is reprinted in full in the following:

Second Reading Speech – Parliamentary Secretary Mr Bob Baldwin, House of Reps 26 May 2015

Since the Australian government and all state and territory governments agreed to the National Water Initiative in 2004, there has been considerable progress in national water reform, through enhancing the security of irrigation water entitlements, enabling water markets and trade, strengthening Australia's water resource information base and improving urban water security.

These achievements, by all jurisdictions, represent real progress in the management and sustainability of our water resources.

The Abbott government is committed to continuing to progress national water reform and to supporting and promoting the principles of the National Water Initiative.

However, it is important to review ongoing arrangements and our government is also aware of the need to find appropriate savings measures and of returning the budget to surplus, and as such have determined it is no longer necessary to retain a separate body to undertake the auditing and monitoring functions of the National Water Commission.

In line with the government's ongoing commitment to the National Water Initiative principles, key National Water Commission functions will be retained and transferred to existing Commonwealth agencies.

The abolition of the National Water Commission is expected to result in a saving of approximately \$20 million over the forward estimates.

The findings of the Commission of Audit were taken into account in making this decision, which recommended abolishing the National Water Commission as a stand-alone agency.

The National Water Commission has played an important role in encouraging water resource policy and management nationally, following the development and agreement of the National Water Initiative a decade ago.

The National Water Commission has worked closely with the states and territories, to monitor the implementation of these water reform commitments on a wide range of fronts.

I would like to convey to the commissioners and the staff of the National Water Commission, both past and present, the government's appreciation for their work, which has served Australia well and has played a part in helping to place our nation at the forefront of water reform.

The key task going forward is to ensure that the principles of the National Water Initiative continue to be upheld across the water sector, for example:

- urban pricing principles
- management of rural and environmental water
- effective implementation of the Murray-Darling Basin Plan.

The government will ensure that the important audit and review functions required under the National Water Initiative and Water Act 2007 are continued.

To give effect to this, the Productivity Commission will have responsibility for:

- ***the triennial assessments of progress toward achieving National Water Initiative objectives and outcomes by state and territory governments;***
- ***the independent audit of implementation of the Murray-Darling Basin Plan and associated water resource plans will continue as statutory functions which will be undertaken by the Productivity Commission; and***
- ***the Productivity Commission will also be responsible for the biennial National Water Planning Report Card which is produced under the triennial assessment.***

The government is confident in the ability of the Productivity Commission and its expertise in water policy.

By allocating the assessment and audit functions to the Productivity Commission, state and territory governments and stakeholders will benefit from the Productivity Commission's reputation for independence, the confidence in which it is held by the Australian public and governments, and its performance and benchmarking expertise.

The Department of the Environment will be responsible for:

- ***assessing the performance of the Murray-Darling Basin states against the performance milestones specified in the National Partnership Agreement on Implementing Murray-Darling Basin reform;***
- ***providing ongoing advice on the status of relevant state and territory water resource plans to the Clean Energy Regulator, as required under the Carbon Credits (Carbon Farming Initiative) Regulations 2011; and***
- ***the Department of the Environment will also be responsible for monitoring water markets and producing an annual water markets report, which will be undertaken for the department by the Australian Bureau of Agricultural and Resource Economics and Sciences, in the Department of Agriculture.***

I will now turn to the details of the bill.

The purpose of this bill is to repeal the National Water Commission Act 2004 in order to abolish the National Water Commission with effect from royal assent, while also providing that key assessment and audit functions of the National Water Commission that are considered essential in the future, will continue, but be undertaken by different agencies.

The bill amends the Water Act 2007 to provide that the triennial assessments of National Water Initiative implementation by state and territory governments and the independent audit of the Murray-Darling Basin Plan implementation will be undertaken as statutory functions by the Productivity Commission.

The bill makes consequential changes to the Water Act 2007 to reflect the fact that the National Water Commission will cease to exist. To this end, references to the National Water Commission in the Water Act 2007 will be removed, including references which

allow for the sharing of information with the National Water Commission or concerning its administration.

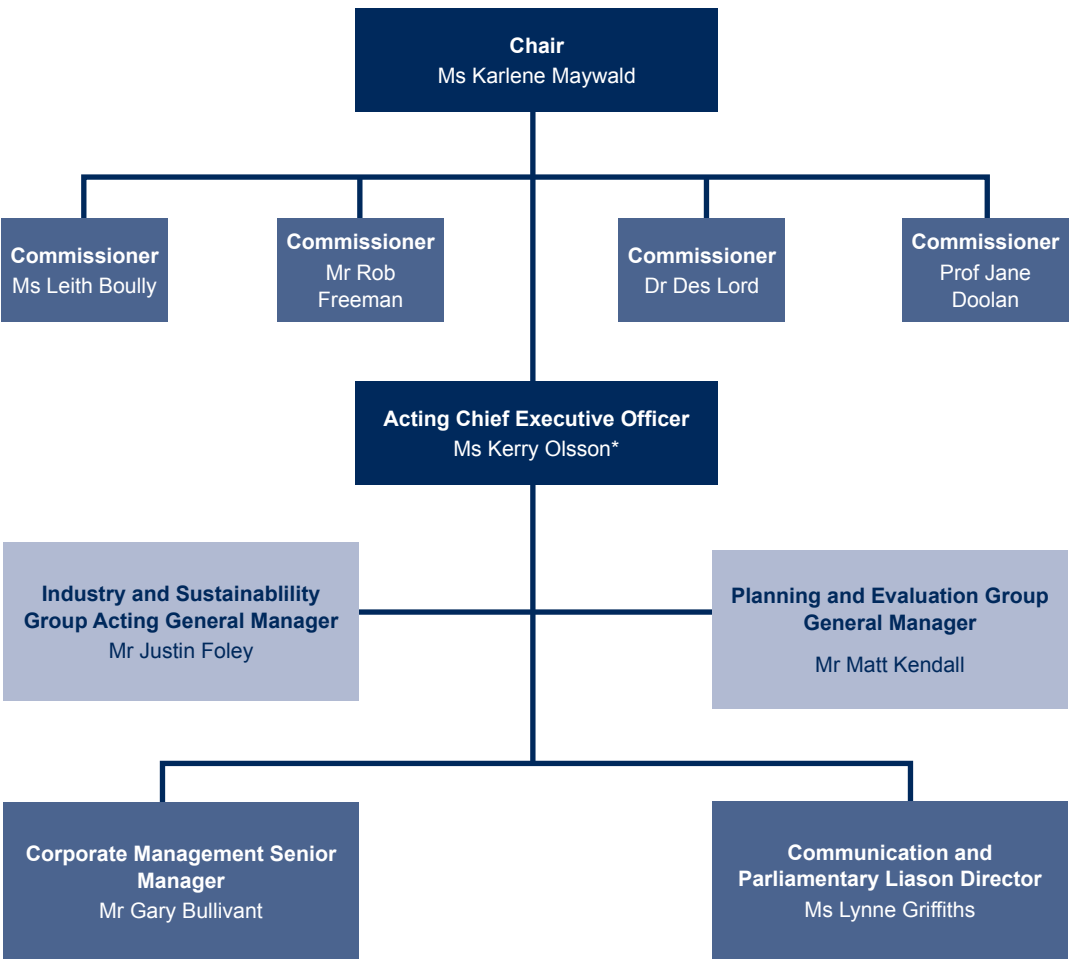
Lastly, the bill provides for transitional arrangements for the winding up of the National Water Commission's activities.

The government also made amendments to the bill while it was in the Senate following further discussions with key stakeholders that will ensure greater confidence in the Productivity Commission in undertaking these functions and for increased stakeholder engagement. Specifically, a stakeholder working group is to be established for each matter referred to the Productivity Commission for inquiry and, for each matter referred to the Productivity Commission, an associate commissioner must be appointed who is required to have extensive skills and experience in water resource management.

Organisational structure

The Commission was a small agency located in Canberra, with 37 staff members. As at 1 January 2015, staffing consisted of one part-time Chief Executive Officer.

Figure 1 : National Water Commission organisational structure



* Richard McLoughlin from 1 January 2015–16 June 2015



3

Performance report and outcomes

Performance report and outcomes

The Commission had one outcome as detailed in the 2014–15 Portfolio Budget Statement:

Outcome 1:

Informed decisions by governments on national water issues, and improved management of Australia's water resources, through advocacy, facilitation and independent advice.

Outcome 1 Strategy

The outcome will be achieved through:

- providing strategic assessments, independent advice and recommendations to the Minister for the Environment, and to the Australian, State and Territory governments on the implementation of the National Water Initiative;
- conducting assessment and monitoring of water reform issues, including identifying priority and emerging issues that impact on the sustainability and use of Australia's water resources;
- consulting with jurisdictions and other stakeholders to identify priorities for water reform; and
- The National Water Commission will maintain a high level of consultation with stakeholders to inform its assessment activities and structure recommendations for ongoing water reform.

Programme 1.1 Deliverables

- Assessment, monitoring and evaluation activities on priority issues related to water management in Australia.
- Report to the Minister and jurisdictions on progress with implementation of the NWI, including delivery of the Triennial Assessment Report and subordinate reports in 2014.
- Provide information and advice to governments, stakeholders and the community to inform improved water management.

Programme 1.1 Key Performance Indicators

- Strategic assessments and advice provided to the Minister and jurisdictions on national water reform issues are credible and independent.
- The Triennial Assessment Report and subordinate reports are delivered on time and are credible and independent.
- Engagement with all Australian governments and other stakeholders contributes to water reform.

The key output for the 2014–15 year was finalisation and publication of the 2014 Triennial Assessment report.

Quantitative deliverables and performance indicators

In 2014–15, the Commission met all of its key performance indicators. The Commission fully delivered on its legislated responsibilities by conducting assessments and monitoring matters relating to the NWI. The assessments and advice provided credible and independent analysis on water reform.

During the reporting period, the Commission completed all of the data collection, analysis and consultation required to deliver the triennial assessment on national water reform and provided the *Australia's water blueprint: national reform assessment 2014* report to the Parliamentary Secretary on 20 October 2014, as scheduled. The report was also provided to state and territory first ministers as required by the NWC Act.

The Commission also completed other important assessment activities that relate to the NWI. These included National Partnership agreement assessments, Water for mining and unconventional gas; *Australian environmental water management: 2014 review*; Urban water futures 2014 and *National water planning report card 2013*.

National Partnership Agreement on Implementing Water Reform in the Murray-Darling Basin

Under the *National Partnership Agreement on Implementing Water Reform in the Murray-Darling Basin* (NPA), the National Water Commission had responsibility for assessing jurisdictional performance against milestones in Schedule A of the NPA.

In October 2014, the Commission completed its assessment of jurisdictions' performance for the 2013–14 assessment period. The Commission found that all Basin states had met their commitments for 2013–2014 under the NPA. This report and previous assessment reports are available on the Commission's website.

With the closure of the Commission in 2014, this assessment function has now been transferred to the Department of Environment.

Performance trends

The decision in the 2014–15 Budget to abolish the Commission at the end of 2014 provided time for the completion of the triennial assessment required under the NWC Act to be delivered in late 2014, plus subordinate reports. No specific deliverables or KPIs were included for 2014–15.

The Commissions' performance in 2014–15 was therefore focussed on the completion of the triennial assessment and its administrative closure. The triennial assessment has been acknowledged as a major positive contribution to the future of water reform in Australia. Other reports were published during the course of the reporting period which provided assessments and advice on a number of water related reform issues. Closure activities continued throughout the reporting period with the substantive closure of operations completed by 31 December.

Over the three years up to the 2012–13 financial year, several indicators related to the Commission's Raising National Water Awareness (RNWS) Program. This large and complex programme involving more than 178 projects achieved a high percentage of its planned outcomes, which were disseminated to target audiences. These results were reported previously in the 2013–14 annual report.

Through 2010–11 to 2011–12, the Commission's performance progress in delivering on the Murray-Darling Basin audit framework was constrained by a delay in the finalisation of the Basin Plan. The conduct of the first audit in March 2013, however, met the statutory time-frames required under the *Water Act 2007*.

With the change in the Commission's role in 2012, a stronger focus was placed on assessment and monitoring activities. These were met through the delivery of significant assessments and monitoring reports that have

promoted transparency in the water sector and informed improved water management in Australia.

Financial Summary

The NWC was allocated funding in 2014–15 to meet the cost of the completion of its Triennial Assessment report and subordinate reports, and for closure activities. Employee expense funding was based on a stepped reduction in staff resources and the payment of separation costs if needed. The NWC effectively ceased its operations on 31 December 2014 and only limited expenditures were incurred between that time and passage of the NWC abolition Bill. No funding beyond 2014–15 is required.

The NWC received departmental funding in 2014–15 of \$4.922 million to meet its operating costs during the planned six months of operation pending the abolition of the Commission on 1 January 2015.

The outcome for the 2014–15 financial year was a departmental operating surplus of \$1.327 million (2013–14: \$0.697 million surplus). The result is well within the budget, which provided for an operating loss of \$0.129 million, representing unfunded depreciation and amortisation costs.

The variation between the 2014–15 budget and actual expenditure was due to the completion of programme activity at a cost lower than estimated; while staff numbers declined more quickly and separation costs were lower than budgeted. Supplier costs were closely managed and services terminated as soon as requirements were no longer needed.

No new assets were purchased and no capital expenditure was incurred. In finalising the 2013–14 financial statements asset values were adjusted through impairment based on a future operating life of six months resulting in the depreciation expense in 2014–15 being less than that included in the budget estimate.

With the closure of the Commission all assets were fully depreciated and disposed of in compliance with *Public Governance, Performance and Accountability Act 2013* (PGPA Act) requirements. Wherever possible, NWC physical assets such as furniture and office equipment were transferred to other government agencies. Agreement was reached with the building owner for the payment of a cash settlement instead of a physical make-good and the building was finally surrendered back to the owners in mid-January 2015.

The financial statements have been prepared on the basis of a non-ongoing business.

Table 3.1: Programme expenses 2013–14 to 2014–15

	Actual 2013 - 14 \$'000	Budget 2014 - 15 \$'000	Actual 2014 - 15 \$'000	Variation 2014 -15 \$'000
Annual departmental	7,541	4,922	3,588	27.1%
Expenses not requiring appropriation in the Budget year ^b	298	182	106	41.8%
Total Body	7,839	5,104	3,694	27.6%

a Appropriation Bill (No. 1) 2014–15, including any subsequent changes made to that appropriation. No administered funding received in 2014–15. b Represents depreciation expense, amortisation and audit fees.

The Australian National Audit Office audited the Commission's 2014–15 financial statements and issued an unmodified audit opinion for the statements. The Commission's full financial statements are in Section 5 of this report.

Table 3.2. Expenses summary for National Water Commission Outcome 1

Expenses for Outcome 1			
Outcome 1: Informed decisions by governments on national water issues, and improved management of Australia's water resources through advocacy, facilitation and independent advice	Budget* 2014–15 \$'000	Actual Expenses 2014–15 \$'000	Variation 2014–15 \$'000
	(a)	(b)	(a)-(b)
Programme 1.1: Water Reform			
Departmental expenses			
Departmental appropriation ¹	4,922	3,588	1,334
Expenses not requiring appropriation in the Budget year ²	182	106	76
Total for Programme 1.1	5,104	3,694	1,410
Outcome 1 Totals by appropriation type			
Departmental expenses			
Departmental appropriation	4,922	3,588	1,334
Expenses not requiring appropriation in the Budget year	182	106	76
Total expenses for Outcome 1	5,104	3,694	1,410
	2013–14	2014–15	
Average Staffing Level (number)	36	**	

* Full year budget, including any subsequent adjustment made to the 2014-15 Budget at Additional Estimates.

** As at 31 December 2014, staffing levels were at zero.

¹ Departmental appropriation combines ordinary annual services (Appropriation Act (No. 1) 2014–2015) and Retained Revenue Receipts under section 74 of the PGPA Act 2013.

² Expenses not requiring appropriation in the Budget year are made up of depreciation and amortisation expenses, asset write-downs and audit fee.

Table 3.3. National Water Commission Financial resources used summary

Agency Resource Statement				
		Actual available appropriation	Payments made	Balance remaining
		for 2014–15 \$'000	2014–15 \$'000	2014–15 \$'000
		(a)	(b)	(a)–(b)
Ordinary Annual Services				
Departmental appropriation ¹		13,154	4,938	8,216
Total ordinary annual services	A	13,154	4,938	8,216
Other services				
Departmental non-operating				
Equity injections ²		1,238	-	1,238
Total other services	B	1,238	-	1,238
Total Available Annual Appropriations and payments A+B		14,392	4,938	9,454
Total resourcing and payments		14,392	4,938	9,454

1 Appropriation Act (No.1) 2014–15. This also includes prior year departmental appropriation and section 74 Retained Revenue Receipts.

2 Prior year equity injections.



4

Management and accountability

Management and accountability

Corporate governance

A robust corporate governance and assurance framework has been in place for the life of the Commission and has provided stewardship for all activities. The framework encouraged and directed the efficient, effective, economical and ethical use of resources.

Elements of the corporate governance framework included strategic planning, audit and assurance activities, risk management, fraud prevention and control, committee oversight, the Chief Executive's Instructions, corporate policies and guidelines, and performance agreements.

The Commission's 2013–16 Strategic Plan set out the values expected to be upheld in the workplace. This strategic plan was overtaken by events in early 2014 with the Government decision to close the Commission; however, all corporate governance policies and responsibilities continued until late in 2014, including a comprehensive and independent audit of all finances of the Commission overseen by the Australian National Audit Office (ANAO). This financial audit reported an unqualified audit outcome with no issues of concern.

From 1 January 2015 standards of corporate governance were replaced by those in place in the Department of the Environment and are described in the Department's Annual Report.

Executive Committee

An Executive Committee met fortnightly until late 2014, chaired by the Commission's CEO. It considered strategic issues affecting the agency and oversaw the closure programme. The members of the Executive Committee at 1 July 2014 were:

- Kerry Olsson, Acting CEO, who had overall responsibility for the strategic direction and operations of the Commission

- Matt Kendall, General Manager, Planning and Evaluation Group
- Justin Foley, Acting General Manager, Industry and Sustainability Group
- Gary Bullivant, Senior Manager, Corporate Management
- Lynne Griffiths, Director, Communication and Parliamentary Liaison

Supporting committees

Audit and Risk Committee

The Audit and Risk Committee operated under a charter issued by the CEO in accordance with the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

A financial 'health check' was also undertaken by independent auditors Oakton during the first half of the financial year. The objective of the audit was to review the NWC's compliance with elements of the PGPA Act and assess the internal control environment. The audit assessed the arrangements that had been implemented across the NWC to ensure compliance, including an assessment of the internal control environment.

The audit was conducted in a single stage between 1 July and 30 September 2014, and was designed to provide a level of assurance to the CEO and the Audit Committee on the performance of the NWC in meeting its statutory financial obligations. The audit was used to complement auditing undertaken by the ANAO as part of the annual financial statement audit process, and was completed in a manner to enable possible ANAO reliance on this work for financial statements purposes, commencing with liaison with the ANAO appointed auditor.

The audit concluded that the policies and procedures that had been noted in previous audits at NWC continued to operate as intended and that they were in compliance with the requirements of the PGPA Act. Transactions were appropriately authorised and documented and the financial expenditure was appropriate and justified. No issues were noted in any of the testing performed and this indicated the professionalism and due diligence employed by the staff of NWC.

The NWC audit committee, which comprised an independent chair and two Commission staff, met in October 2014 to review the Commission's final position in the context of the closure. Advisers to the committee included the Commission's Chief Finance Officer, ANAO representatives and an internal audit services provider representative. For the final audit committee meeting in November 2014, representatives of the Department of the Environment also attended as observers.

The committee reviewed the financial statements to the end of November 2014 in anticipation of the handover of financial management responsibilities to the Department. It also reviewed the associated audit certification, recommended the approval of our annual Certificate of Compliance, and reviewed the risk management framework and plan.

No management issues were identified by the Audit Committee. The ANAO interim management letter of 22 December 2014 advised the CEO that:

... no matters were identified that would cause us to change our assessment of the risk of material misstatement in the 2014–15 financial statements from low. Overall, the interim audit identified for the period (1 July 2014 to 19 December 2014) under review that the key elements of internal control are operating effectively to provide reasonable assurance that the NWC should be able to produce financial statements that are free of material misstatement.

Workplace Consultative Committee

The Workplace Consultative Committee, which consisted of representatives of the CEO and staff, met as necessary during the first half of the financial year, principally in the context of the cessation of staff or transfer to other APS agencies.

Work Health and Safety Committee

The Work Health and Safety Committee, which included representatives from management and staff, met both formally and informally as necessary during the period to 31 December 2014 in the context of the imminent closure of the Commission. No substantive issues are recorded for the period.

Corporate and operational planning

The Commission's strategic plan, which identified priorities for the next three years, was a core component of the governance framework. The Strategic Plan 2013–16 was supported by an annual Commission-wide operational plan that incorporates deliverables, corporate commitments and communication requirements.

In July 2014, in discussions with group managers, the CEO assessed achievement against the strategic plan through reporting against operational plans. Individual staff performance agreements were linked to the operational plans.

The Strategic Plan was effectively suspended following the decision to abolish the Commission and attention was directed at key activities such as the completion and publication of the National water reform assessment in November 2014, as well as the efficient and effective administrative actions necessary to ensure that the closure was undertaken as planned.

Risk management

Risk management was a central element of operations and essential to achieving the Commission's planned outcome. Risk was always considered in key decisions and when planning and reviewing projects.

The Commission's Audit and Risk Committee last reviewed the enterprise risk profile in August 2013. The committee sought a review by our internal auditors of the Strategic Risk Management Plan 2013–15, and the review was incorporated into the future audit plan. Following the decision to close the Commission, the committee subsequently decided that there would be no value in undertaking the further review. It noted that separate risk management processes were needed to deal with the period up to the closure and this was implemented as part of a closure project plan.

Security management

Following the release of the new government protective policy framework, the Commission implemented its *Security manual* and security policy and procedures in 2013–14. As part of the update, an external adviser performed a gap analysis between the current operations at that time and the new framework. Only a small number of minor matters were identified and those matters were addressed.

The Commission continued to obtain information and communications technology (ICT) services from the Department of the Prime Minister and Cabinet. The department had updated electronic access, email protection and improved security for ICT systems consistent with the new framework. This service agreement continued until the Commission closed in June 2015.

Internal audits

Due to the decision to close the Commission, the Audit and Risk Committee decided not to proceed with the final audit on the approved strategic plan. As noted above, the committee recognised that a separate risk management

strategy would need to be put in place for our activities until the closure date.

Business continuity

The Commission's fully implemented business continuity and ICT disaster recovery plans established the thresholds, protocols and processes for identifying and managing business interruptions.

The key business continuity issue is in ensuring access to ICT services. As ICT support had previously been outsourced to the Department of the Prime Minister and Cabinet, Commission staff worked closely with the department on business continuity issues, including setting out performance requirements and recovery time-lines.

Ethics and values

The standards of behaviour expected of Commission employees are those set out in the Australian Public Service (APS) Code of Conduct and Values established by the *Public Service Act 1999*. The application of the code and values within the Commission was set out in the strategic plan and reflected in the enterprise agreement, and provided the foundation of human resources management policies and procedures.

Snapshot: Our values

The Commission's independence, expertise and advocacy primarily reside in its Commissioners. Our values supported their leadership:

- *Integrity—we are objective, transparent, ethical and accountable in our decisions and advice.*
- *Decency—we are courteous and respectful and act on feedback.*
- *Outcomes—we are committed to delivering high-quality results over the short and long term.*

- *Rigour—we are analytical and thorough, and we bring knowledge and expertise to our work.*
- *Leadership—we speak up, are courageous, and identify and respond to emerging issues.*
- *Innovation—we look outside the given, apply leading practice and support constant improvement.*
- *Collaboration—we work together with each other and our stakeholders to achieve common goals.*

Financial management and accountability

Financial management and accountability requirements for the Commission were specified in the Chief Executive's Instructions, which were issued by the CEO under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the substantive provisions of which came into effect from 1 July 2014. The Commission's financial framework was revised to align with the new PGPA Act rules as they were progressively issued by the Minister for Finance. Staff were made aware of the new PGPA Act and the areas of most change.

Fraud prevention and control

The Commission maintained a comprehensive fraud control plan, based on fraud risk assessments that complied with the *Commonwealth fraud control guidelines 2011*. It regularly reviewed fraud prevention and control measures and was committed to continuous improvement in fraud prevention and detection. This system remained in place until the end of 2014 whereupon the Department of Environment's systems were used until the Commission was closed.

Reporting on identified or suspected fraudulent activity was a standing item on the Audit and Risk Committee agenda. The Commission's Fraud Control Plan and procedures for the reporting of suspected fraudulent activity were available on the Commission's intranet. The

Senior Manager Corporate Management was the Commission's Fraud Control Officer.

No fraudulent acts within the Commission were identified or reported in 2014–15.

Performance against service charter and complaints

The Commission had a client services charter in place to meet our requirements during the period that we administered the Raising National Water Standards Program.

Following completion of that program, the Commission provided very limited services directly to the public. Systems were in place such that, if any complaints were received, they would be dealt with initially through a direct response, an internal investigation, an escalation to a senior officer, mediation or an external review. The goal was to manage any complaints in line with the principles of the *Better practice guide to complaint handling* produced by the Commonwealth Ombudsman.

No complaints were received in 2014–15.

External scrutiny

The Commission is subject to parliamentary scrutiny and each year appears before Senate Estimates committee hearings. In 2014–15, Commission staff appeared before the Senate Standing Committee on Environment and Communications as necessary and/or when called.

We also made public submissions to government water-related reviews and appeared before relevant parliamentary inquiries. In the interests of transparency, the Commission published links to all public inquiries and submissions on its website.

In accordance with the Australian Government's financial management policy, the ANAO audits our annual financial statements and provides a report to the Minister and Parliament.

There were no decisions or reports by other external bodies (such as the Commonwealth Ombudsman or parliamentary committees) specifically concerning the Commission during 2014–15. However the Senate Environment and Communications Legislation Committee examining the abolition Bill reported to the Senate on 24 November 2014.

No judicial or administrative decisions about Commission activities were handed down during the year.

Freedom of information

The Commission is subject to the *Freedom of Information Act 1982* and is required to publish information to the public as part of the Information Publication Scheme. This requirement is in Part II of the Act and has replaced the former requirement to publish a 'section 8' statement in an annual report.

Each agency must display on its website a plan showing what information it publishes, in accordance with Information Publication Scheme requirements. Our agency plan is available on our website at www.nwc.gov.au/organisation/foi/ips.

The Commission makes its freedom of information processes public on our website (www.nwc.gov.au/organisation/foi).

No freedom of information requests were received in 2014–15.

Public interest information disclosure

The *Public Interest Disclosure Act 2013*, which commenced on 15 January 2014, promotes integrity and accountability in the Australian public sector by encouraging the disclosure of information about suspected wrongdoing, protecting people who make disclosures and requiring agencies to take action.

The Act requires agencies' principal officers to put in place procedures for facilitating and dealing with public interest disclosures relating to their agency. A disclosure may be made

by a former or current agency staff member or by a service provider under a Commonwealth contract. An agency may also be allocated a disclosure that was received in another agency.

The Commission has previously established procedures setting out responsibilities and obligations, processes for receiving and handling reports of suspected wrongdoing, and reporting processes (reported in the 2013–14 annual report). In accordance with Public Interest Disclosure Act requirements, advice on public interest disclosure reporting and contact arrangements was published on the NWC website.

There were no disclosures made under this requirement in 2014–15.

Privacy

The *Privacy Act 1988* was amended by the *Privacy Amendment (Enhancing Privacy Protection) Act 2012* and the Privacy Regulation 2013, which came into effect on 12 March 2014. The amendments introduce, among other things, a revised set of Australian Privacy Principles and also give the Privacy Commissioner enhanced powers.

The principles introduce enhanced requirements for how entities collect, hold and disclose personal information; the purposes for which the information is collected, held and disclosed; how individuals can access and amend information held; and how individuals can complain about a breach of the privacy principles by an entity.

The Commission prepared a Privacy Policy to meet the requirements in 2013–14 and continued its implementation for the 2014–15 year. It was available on the Commission's website.

Management of human resources

The 2014–15 financial year was one of significant change and workforce transition, following confirmation of the abolition of the Commission in the May 2014 Budget.

Staff were provided with support in seeking alternative employment opportunities and this was overall a success. Those staff that elected to retire from the APS were provided with opportunities for retraining and/or financial advice consistent with provisions for redundancy programmes elsewhere.

In October 2013, a whole-of-government staff recruitment freeze was imposed by the government to manage its overall staff numbers and achieve its staff reduction targets. External advertising of APS vacancies and non-ongoing (temporary) employment was limited to critical vacancies for which a suitable employee could not be found within the APS. The recruitment freeze continued through the remainder of the reporting period. Due to closure of the Commission, the freeze did not have a significant impact on operations.

Staffing information – remuneration and non-salary benefits

All staff of the Commission were engaged under the *Public Service Act 1999*. Commissioners (including the Chair) are appointed by the Governor-General in accordance with the requirements of the *National Water Commission*

Act 2004. The CEO was appointed by the Australian Government minister responsible for the Commission in the Administrative Arrangements Orders.

The terms and conditions of employment for Senior Executive Service (SES) staff were negotiated and agreed as common law contracts. The terms and conditions for Commissioners and the CEO were determined by the Remuneration Tribunal.

The *National Water Commission Enterprise Agreement 2012–2014* set out the remuneration and terms and conditions of employment for non-SES staff. The agreement had a nominal expiry date of 30 June 2014. The agreement is available on the employment page on the Commission's website.

The Commission took no action to commence negotiations for a new agreement because of the pending closure of the Commission. Trends in base salary for Executive level and APS employees are set out in Table 4. The increase in salary between 2013 and 2014 reflects the payment of the final salary increase of two per cent, from 1 October 2013, under the Enterprise Agreement.

Table 4: Salary bands for Executive level and APS staff (\$)

	At 30 June 2013		At 30 June 2014		At 31 December 2014	
Classification	Min.	Max.	Min.	Max.	Min.	Max.
EL 2	113 884	135 538	116 161	138 249	116 161	138 249
EL 1	97 844	125 905	99 801	111 255	99 801	111 255
APS 6	81 004	91 399	82 624	92 848	82 624	92 848
APS 5	70 978	76 994	72 397	78 533	72 397	78 533
APS 4	63 760	69 373	65 035	70 761	65 035	70 761
APS 3	57 345	61 756	58 491	62 991	58 491	62 991
APS 2	50 125	55 739	51 127	56 854	51 127	56 854
APS 1	44 514	48 922	45 404	49 900	45 404	49 900

Staff transition and redeployment

The Commission developed a staff transition strategy in response to the Australian Government's decision to cease its operations at the end of the 2014 calendar year. The strategy set out considerations and processes for the management of staff, processes for offering voluntary redundancies, staff support and employee assistance arrangements. Staff were informed of the government's decision at an all-staff meeting, and regular meetings followed that provided advice and responded to concerns raised by staff.

Workshops and individual sessions were held on career transition, preparing a résumé and interview preparations. Training and development to assist staff in their career transition has also been facilitated. The Commission's Enterprise Agreement sets out the formal requirements for redeployment and retrenchment, and those requirements were incorporated into the staff transition strategy. Two staff accepted voluntary redundancies late in 2013–14.

From July onwards, staff numbers fell steadily as staff transferred to other agencies or accepted offers of voluntary redundancy. The challenge for the Commission was to retain the capability to deliver statutory responsibilities and closure activities while supporting staff through the transition.

Staffing profile

At 1 July 2014, the Commission employed 40 staff, of whom two were employed as non-ongoing employees. Five staff members worked part time, while the remainder worked full time. Two employees identified as indigenous.

All staff had ceased as of 31 December 2014. An acting CEO was appointed on a part time and non-ongoing basis from 1 January until 16 June 2015 when the *National Water Commission (Abolition) Act 2015* took effect.

Rewards and recognition

The Commission has a performance management policy that acknowledges staff for their personal work achievements as a contribution to our success. The policy requires managers to establish with their staff the outcomes to be achieved, in line with the relevant group operational plan and the Commission's Strategic Plan. Annual salary progression for staff below the top of the salary range required them to achieve a performance rating of at least 'Good Performance' in their performance assessment.

Managers were encouraged to recognise staff outside formal performance assessment processes for their good performance when their contribution is seen as having achieved a significant milestone or outcome. Staff were also recognised for their efforts at all-staff meetings.

The Commission did not pay performance bonuses to staff.

Learning and development

Expenditure on learning and development in the six months to 31 December 2014 was focused on assistance to staff transitioning to new roles and positions in other government or private sector agencies. This included assistance to some staff that had accepted voluntary redundancies and sought training to equip them for non-APS roles following their departure from the Commission.

Workplace consultative arrangements

The Commission maintained open consultation with staff through fortnightly all-staff meetings, group meetings and information sharing via the Intranet. Staff were kept informed of all management and operational issues, as well as external factors, relevant to the impending closure.

Work health and safety

The Commission remained committed to safeguarding the health, safety and welfare of staff and contractors while they were at work, and to preventing occupational injury.

The Commission had no new compensation claims during 2014–15. There were no open cases at 30 June 2014 or at 31 December 2014.

Diversity and inclusion

The Commission was committed to achieving and maintaining a diverse and inclusive workplace that was free from discrimination, bullying and harassment. As the enterprise agreement states:

- *The Commission values fairness, equity and diversity consistent with the APS Values and Code of Conduct.*
- *The Commission is committed to promoting and supporting workplace diversity and to creating an environment that values and utilises the contributions of people with different backgrounds, experiences and perspectives.*
- *The Commission and its staff members commit to respecting and valuing the diversity of the Commission's workforce by helping to prevent and eliminate discrimination on the basis of race, colour, sex, sexual preference, age, physical or mental disability, marital status, family responsibilities, pregnancy, religion, political opinion, national extraction or social origin.*
- *The parties covered by this Agreement recognise their shared desire to assist and involve Indigenous people in the workplace by:*
 - providing a sensitive and supportive environment for Indigenous people; and
 - supporting Australian Government programmes in relation to the employment of Indigenous people.
- *The Commission is also committed to increasing employment opportunities and*

accessibility for people with disability, increasing disability awareness, and ensuring that consultation with staff members with a disability occurs when developing policies and programmes that may impact on them.

The Commission maintained its approach to workplace diversity during the wind-down and closure.

Agency multicultural plan

All Australian Government departments and agencies are required to prepare two-year agency multicultural plans that are aimed at improving their performance in responding to the needs of Australia's culturally and linguistically diverse population.

The purpose of the plans is to ensure that the intended benefits of multicultural access and equity policy are realised and fully delivered through providing a clear, objective basis for measuring our commitment and performance.

Along with a number of other portfolio agencies, the Commission was represented in the Department of the Environment Agency Multicultural Plan for 2013–15. The plan provided a structured approach to improving our responsiveness to Australia's multicultural communities.

Web accessibility

The Commission strove to make work outputs accessible to the widest possible audience.

During 2014–15, the Commission maintained a commitment to publish all Commission reports in HTML format, as well as providing bookmarked PDFs for downloading and printing. The website is designed to display on all commonly used web browsers and to work effectively with accessibility hardware and software. The web pages are scalable to accommodate various common screen resolutions, including for tablets and mobile phones.

The Department of the Environment has committed to preserve the web presence and significant legacy of research and reports after the closure in June 2015.

Disability reporting

Since 1994, Australian Government departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the service report* and the *APS statistical bulletin* (both available at www.apsc.gov.au). Since 2010–11, departments and agencies have not been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the new National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring.

Financial management

Grants

The Commission did not have a specified discretionary grants programme. No grants were made in 2014–15.

Legal services

The Commission did not make any expenditure on legal services in 2014–15.

Purchasing and procurement

The Chief Executive's Instructions and financial guidelines require compliance with the *Commonwealth procurement guidelines*.

All contracts let during 2014–15 included a provision for contractors to allow access by the Auditor-General to their premises and records associated with Commission contracts. All contracts worth more than \$10 000 in 2013–14 were lodged on the AusTender website (www.tenders.gov.au). No contracts were exempted from being published on AusTender.

Consultants

The Commission engaged consultants when it lacked specialist expertise or when external expert review was required. Consultants were typically engaged to carry out specific tasks for which there was no in-house capacity, to audit our own operations, or to provide subject-specific experience to inform decision-making.

Before engaging consultants, staff took account of the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and related regulations, including the Commonwealth Procurement Rules, and internal policies.

In 2014–15, we used consultancies to support work on evaluation and assessment activities and internal audit services. During 2014–15, the Commission entered into one new consultancy contract involving a total expenditure of \$6 800. We also had two ongoing consultancy contracts active during the year, involving total actual expenditure of \$16 302.

Advertising and market research

All Australian Government departments and agencies subject to the Public Governance, Performance and Accountability Act are required to place their advertising through the Central Advertising System.

No advertising campaigns or market research with a value greater than \$12 400 (including GST) were undertaken during the financial year.

Asset management

The Commission had a small asset base that consisted mainly of office plant and equipment. This was disposed of through transfer to other agencies or through disposal consistent with relevant financial policies and processes.

The property lease expired at the end of the 2014–15 financial year. Following the decision to close the Commission a month-by-month extension of the property lease was negotiated which terminated in January 2015.

Environmental performance

While the legal and regulatory framework for the Commission does not explicitly refer to Ecologically Sustainable Development (ESD), the Commission committed to active implementation of all five ESD principles (integration, precaution, intergenerational equity, biodiversity and valuation) identified in the *Environment Protection and Biodiversity Conservation Act 1999*.

There were no documented instances in which the ESD principles have been used to modify a decision. However, much of our core business takes account of the ESD principles.

Information technology

The Commission's information technology was provided mainly through a shared services arrangement with the Department of the Prime Minister and Cabinet. The arrangement provided security, business continuity and service-level agreement outcomes that a small agency could not achieve by managing IT systems in its own right.

The Commission had a high ratio (74 per cent) of laptop computers to desktop computers. This management approach provided a high level of mobility for staff to enable them to work remotely, and also provided a business continuity capability should there be a problem with access to the office accommodation.



5

Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for the Environment

I have audited the accompanying financial statements of the National Water Commission for the period ended 16 June 2015, which comprise:

- Statement by the Secretary and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes comprising a Summary of Significant Accounting Policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Secretary of the Department of the Environment is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Secretary of the Department of the Environment is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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

Independence

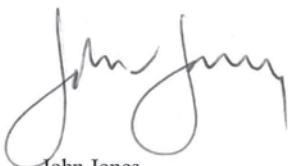
In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the National Water Commission:

- (a) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the National Water Commission as at 16 June 2015 and its financial performance and cash flows for the period then ended.

Australian National Audit Office



John Jones

Executive Director

Delegate of the Auditor-General

Canberra

18 August 2015

National Water Commission
STATEMENT BY THE SECRETARY AND CHIEF FINANCE OFFICER


In our opinion, the attached financial statements for the year ended 16 June 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

These are the final financial statements of the National Water Commission as it was abolished with effect from 17 June 2015, and the Department of the Environment assumed responsibility for any remaining obligations on behalf of the Government.

Signed..... 

Dr Gordon de Brouwer
Secretary
Department of the Environment

18 August 2015

Signed..... 

Lily Viertmann
Chief Finance Officer
Department of the Environment

18 August 2015

National Water Commission
Statement of Comprehensive Income
for the period ended 16 June 2015

	Notes	2015 \$'000	2014 \$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	4A	2,428	5,148
Suppliers	4B	1,204	2,446
Depreciation and amortisation	8A	57	241
Finance costs - unwinding of discount		-	4
Write-down and impairment of assets	4C	5	-
Total expenses		3,694	7,839
Own-Source Income			
Own-source revenue			
Other revenue	5A	56	222
Total own-source revenue		56	222
Gains			
Makegood provision reversals		43	-
Total gains		43	-
Total own-source income		99	222
Net cost of services		(3,595)	(7,617)
Revenue from Government - Departmental appropriations		4,922	8,314
Surplus attributable to the Australian Government		1,327	697
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus		-	(67)
Total comprehensive loss		-	(67)
Total comprehensive income attributable to the Australian Government		1,327	630

National Water Commission
Statement of Financial Position
as at 16 June 2015

	Notes	2015 \$'000	2014 \$'000
ASSETS			
Financial assets			
Cash and cash equivalents		-	118
Trade and other receivables	7A	<u>9,458</u>	<u>9,371</u>
Total financial assets		<u>9,458</u>	<u>9,489</u>
Non-financial assets			
Property, plant and equipment	8A	-	24
Computer software purchased	8A	-	38
Prepayments		<u>-</u>	<u>24</u>
Total non-financial assets		<u>-</u>	<u>86</u>
Total assets		<u>9,458</u>	<u>9,575</u>
LIABILITIES			
Payables			
Suppliers	9A	-	83
Other payables	9B	<u>-</u>	<u>197</u>
Total payables		<u>-</u>	<u>280</u>
Provisions			
Employee provisions	10A	-	1,011
Other provisions	10B	<u>-</u>	<u>153</u>
Total provisions		<u>-</u>	<u>1,164</u>
Total liabilities		<u>-</u>	<u>1,444</u>
Net assets		<u>9,458</u>	<u>8,131</u>
EQUITY			
Contributed equity		-	3,159
Reserves		-	528
Retained surplus		<u>9,458</u>	<u>4,444</u>
Total equity		<u>9,458</u>	<u>8,131</u>

National Water Commission
Statement of Changes in Equity
for the period ended 16 June 2015

	Retained earnings		Asset revaluation surplus		Contributed equity/capital		Total equity	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Opening balance								
Balance carried forward from previous period	4,444	3,747	528	595	3,159	1,921	8,131	6,263
Adjusted opening balance	4,444	3,747	528	595	3,159	1,921	8,131	6,263
Comprehensive income								
Surplus for the period	1,327	697	-	-	-	-	1,327	697
Other comprehensive income	-	-	-	(67)	-	-	-	(67)
Total comprehensive income	1,327	697	-	(67)	-	-	1,327	630
Total comprehensive income attributable to Australian Government	1,327	697	-	(67)	-	-	1,327	630
Transactions with owners								
Distributions to owners								
Returns of capital								
Equity adjustment on cessation	3,687	-	(528)	-	(3,159)	-	-	-
Contributions by owners								
Equity injection - Appropriations	-	-	-	-	-	1,238	-	1,238
Total transactions with owners	3,687	-	(528)	-	(3,159)	1,238	-	1,238
Closing balance at period end¹	9,458	4,444	-	528	-	3,159	9,458	8,131
Closing balance attributable to the Australian Government	9,458	4,444	-	528	-	3,159	9,458	8,131

1. For 2015:16 June 2015 (2014: 30 June 2014).

National Water Commission
Cash Flow Statement
for the period ended 16 June 2015

	Notes	2015 \$'000	2014 \$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations		4,938	8,118
Net GST received		111	189
Other		74	116
Total cash received		<u>5,123</u>	<u>8,423</u>
Cash used			
Employees		3,636	5,269
Suppliers		1,410	2,857
Section 74 receipts transferred to OPA		195	216
Total cash used		<u>5,241</u>	<u>8,342</u>
Net cash from/(used by) operating activities	11	<u>(118)</u>	<u>81</u>
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		-	36
Total cash used		<u>-</u>	<u>36</u>
Net cash from/(used by) investing activities		<u>-</u>	<u>(36)</u>
Net increase/(decrease) in cash held		<u>(118)</u>	<u>45</u>
Cash and cash equivalents at the beginning of the reporting period		<u>118</u>	<u>73</u>
Cash and cash equivalents at the end of the reporting period		<u>-</u>	<u>118</u>

National Water Commission
Schedule of Commitments
as at 16 June 2015

	2015 ¹ \$'000	2014 \$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments	-	(17)
Total commitments receivable	-	(17)
Commitments payable		
Other commitments		
Operating leases ²	-	53
Project commitments ³	-	13
Other ⁴	-	120
Total other commitments	-	186
Total commitments payable	-	186
Net commitments by type	-	169
BY MATURITY		
Commitments receivable		
Other commitments receivable		
Within 1 year	-	(17)
Total other commitments receivable	-	(17)
Total commitments receivable	-	(17)
Commitments payable		
Operating lease commitments		
Within 1 year	-	53
Total operating lease commitments	-	53
Other commitments		
Within 1 year	-	133
Total other commitments	-	133
Total commitments payable	-	186
Net commitments by maturity	-	169

Note: Commitments are GST inclusive where relevant.

1. Due to its abolition, the Commission had not entered into any new commitments and all existing commitments were completed as at 16 June 2015.
2. At 30 June 2014, the Commission entered into leases for office accommodation. The Commission operated on a monthly lease due to the proposed closure of the Commission on 31 December 2014.
3. At 30 June 2014, the Commission entered into a number of contracts for consultancy services associated with the Commission's work program. Services included the provision of technical advice, analysis and research.
4. At 30 June 2014, the Commission entered into agreements for the provision of motor vehicles to senior executive officers and contracts for administrative services and support.

National Water Commission

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Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the National Water Commission

The National Water Commission (the Commission) was established on 17 December 2004 with the passage of the *National Water Commission Act 2004*. The *National Water Commission Act 2004* was amended with effect from 1 July 2012, making a number of changes to the functions and operating arrangements of the Commission. The Commission was part of the Environment portfolio. The Commission was an Australian Government controlled entity.

The Commission was abolished with effect from 17 June 2015 following the passage of the *National Water Commission (Abolition) Act 2015* (NWC Abolition Act).

The Commission provided independent assurance of the Council of Australian Governments national reform agenda and promoted the objectives of the National Water Initiative Intergovernmental Agreement.

The Commission was structured to meet the following outcome:

Outcome 1: Informed decisions by governments on national water issues, and improved management of Australia's water resources, through advocacy, facilitation and independent advice.

The Commission's activities contributing towards this outcome were classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Commission in its own right. Administered activities involve the management or oversight by an entity, on behalf of the government, of items controlled or incurred by the government. The Commission had no administered activities in 2014-15 (2013-14: none).

1.2 Basis of Preparation of the Financial Statements

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) Financial Reporting Rule (FRR) for reporting periods ending on or after 1 July 2014; and
- b) Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The functions of the Commission have been distributed to the Productivity Commission, the Department of the Environment, ABARES and the Bureau of Meteorology, and relevant assets and liabilities have transferred and are continuing in the Department of the Environment. The financial statements have been prepared on a going concern basis (on the basis that assets and liabilities will be realised in the normal course of business).

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

The financial statements are for the period 1 July 2014 to 16 June 2015 whereas the comparatives are for the 12 month period 1 July 2013 to 30 June 2014.

Unless an alternative treatment is specifically required by an accounting standard or the FRR, assets and liabilities are recognised in the statement of financial position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the contingencies note.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

Section 10 of the NWC Abolition Act requires the Secretary of the Department of the Environment to prepare the final financial statements for the Commission.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Commission has not made any judgements that could have a significant impact on the amounts recorded in the financial statements.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The issuance of AASB 1055 *Budgetary Reporting* requires the Commission to disclose budgeted information, presented to Parliament in the Portfolio Budget Statements. The Commission will also be required to provide explanations of significant variances between the budgeted amounts and actual results. This standard applies to reporting periods commencing on or after 1 July 2014.

No new or revised standards were issued prior to the signing of the statement by the Secretary and Chief Finance Officer of the Department of the Environment, that were applicable to the current reporting period had a material impact on the Commission's financial statements.

1.5 Revenue

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Commission gains control of the appropriation. Appropriations receivable are recognised at their nominal amounts.

1.6 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

Other Distributions to Owners

There were no transactions with the Government as owner during 2014-15 (2013-14: none).

1.7 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits expected within twelve months of the end of the reporting period are measured at their nominal amounts. The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Commission is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Commission's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined in accordance with the 'short hand' method permitted for small agencies under the FRR. The estimate of the present value of the liability takes into account staff turnover rates and expected pay increases.

Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The Commission recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

Superannuation

The Commission's employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other elected defined contribution schemes.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Commission makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Commission accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.8 Leases

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

1.9 Financial Assets

Cash and cash equivalents

Cash is recognised at its nominal amount. Cash and cash equivalents include:

- a) cash on hand; and
- b) deposits on demand in bank accounts.

Loans and Receivables

Trade receivables are classified as 'loans and receivables' and recorded at face value less any impairment. Trade receivables are recognised where the Commission has a legal right to receive cash. Trade receivables are derecognised upon payment.

All financial assets are expected to be recovered in no more than 12 months unless otherwise specified.

Impairment of Financial Assets

Loans and receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable.

1.10 Financial Liabilities

The Commission classifies its financial liabilities which include supplier and other payables as 'other financial liabilities'.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Supplier and other payables are derecognised upon payment.

All financial liabilities are expected to be settled in no more than 12 months unless otherwise specified.

1.11 Contingent Liabilities and Contingent Assets

The Commission had no quantifiable, unquantifiable or significant remote contingent assets or liabilities as at 16 June 2015 (2013-14: nil).

1.12 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

1.13 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the Statement of Financial Position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Following initial recognition at cost, property, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Depreciation

Depreciable property, plant and equipment assets are written off to their estimated residual values over their estimated useful lives to the Commission using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2015	2014
Leasehold improvements	Lease term	Lease term
Plant and equipment	5 to 7 years	5 to 7 years
IT equipment	3 years	3 years

As the Commission was abolished with effect from 17 June 2015, the useful lives of all property, plant and equipment assets were adjusted and all assets were fully depreciated by 16 June 2015.

Impairment

Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Commission were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.14 Intangibles

The Commission's intangibles comprise internally developed software and purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Commission's software are 2 to 3 years (2013-14: 2 to 3 years).

As the Commission was abolished with effect from 17 June 2015, the useful lives of all intangible assets were adjusted and all intangible assets were fully amortised by 16 June 2015.

1.15 Taxation

The Commission is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

1.16 Constitutional and Other Legal Requirements

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth [2014] HCA 23*, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Note 2: Events After the Reporting Period

The Commission was abolished with effect from 17 June 2015 following the passage of the *National Water Commission (Abolition) Act 2015* (NWC Abolition Act). Accordingly, there were no subsequent events that had the potential to significantly affect the ongoing structure and financial activities of the Commission.

Note 3: Net Cash Appropriation Arrangements

	2015 \$'000	2014 \$'000
Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations¹	1,270	389
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>57</u>	<u>241</u>
Total comprehensive income - as per the Statement of Comprehensive Income	<u>1,327</u>	<u>630</u>

1. From 2010-11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

Note 4: Expenses

	2015	2014
	\$'000	\$'000
Note 4A: Employee Benefits		
Wages and salaries	1,033	3,923
Superannuation:		
Defined contribution plans	95	443
Defined benefit plans	209	298
Leave and other entitlements	164	452
Separation and redundancies	927	32
Total employee benefits	2,428	5,148

Note 4B: Suppliers

Goods and services supplied or rendered		
Consultants/contractors	170	597
Travel	33	248
Information and communication technology	224	449
Property operating expenses	51	94
Staff-related expenses	47	132
General goods and services	337	343
Total goods and services supplied or rendered	862	1,863
Goods supplied in connection with		
Related parties	1	-
External parties	18	21
Total goods supplied	19	21
Services rendered in connection with		
Related parties	467	425
External parties	376	1,417
Total services rendered	843	1,842
Total goods and services supplied or rendered	862	1,863
Other suppliers		
Operating lease rentals in connection with		
External parties		
Minimum lease payments	329	557
Workers compensation expenses	13	26
Total other suppliers	342	583
Total suppliers	1,204	2,446

Note 4C: Write-Down and Impairment of Assets

Impairment of property, plant and equipment	2	-
Impairment on intangible assets	3	-
Total write-down and impairment of assets	5	-

Note 5: Own-Source Income

	2015 \$'000	2014 \$'000
Own-Source Revenue		

Note 5A: Other Revenue

Resources received free of charge		
Remuneration of auditors	44	53
Revenue from external entities	12	169
Total other revenue	56	222

Note 6: Fair Value Measurements

The following tables provide an analysis of assets and liabilities that are measured at fair value.

The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 6A: Fair Value Measurements, Valuation Techniques and Inputs Used

	Fair value measurements at the end of the reporting period			For Level 2 fair value measurements	
	2015 \$'000	2014 \$'000	Category	Valuation technique	Inputs used
Non-financial assets					
Property, plant and equipment	-	24	Level 2	Cost approach	Market cost at acquisition and consumed economic benefit/obsolescence of asset
Total non-financial assets	-	24			

The highest and best use of all non-financial assets are the same as their current use. No change in valuation technique occurred during the period.

Note 7: Financial Assets

	2015 \$'000	2014 \$'000
Note 7A: Trade and Other Receivables		
Goods and services receivables in connection with		
Related parties	-	2
External parties	-	63
Total goods and services receivables	-	65
Appropriations receivables		
Existing programs	9,454	9,275
Total appropriations receivables	9,454	9,275
Other receivables		
GST receivable from the Australian Taxation Office	-	31
FBT receivable from the Australian Taxation Office	4	-
Total other receivables	4	31
Total trade and other receivables	9,458	9,371
Trade and other receivables aged as follows		
Not overdue	9,458	9,307
Overdue by		
0 to 30 days	-	10
31 to 60 days	-	54
Total trade and other receivables	9,458	9,371

Credit terms for trade and other receivables were within 30 days (2013-14: 30 days).

Note 8: Non-Financial Assets

Note 8A: Reconciliation of the Opening and Closing Balances of Buildings, Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances of buildings, property, plant and equipment and intangibles for 2015

	Leasehold improvements	Property, plant and equipment	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2014					
Gross book value	442	220	64	346	1,072
Accumulated depreciation/amortisation and impairment	(442)	(196)	(64)	(308)	(1,010)
Total as at 1 July 2014	-	24	-	38	62
Impairments recognised in net cost of services	-	(2)	-	(3)	(5)
Depreciation/amortisation	-	(22)	-	(35)	(57)
Total as at 16 June 2015	-	-	-	-	-
Total as at 16 June 2015 represented by					
Gross book value	-	-	-	-	-
Accumulated depreciation/amortisation and impairment	-	-	-	-	-
Total as at 16 June 2015	-	-	-	-	-

Note 8A (Cont'd): Reconciliation of the Opening and Closing Balances of Buildings, Property, Plant and Equipment and Intangibles

Reconciliation of the opening and closing balances of buildings, property, plant and equipment and intangibles for 2014					
	Leasehold improvements	Property, plant and equipment	Computer software internally developed	Computer software purchased	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2013					
Gross book value	442	221	64	310	1,037
Accumulated depreciation/amortisation and impairment	(290)	(118)	(59)	(236)	(703)
Total as at 1 July 2013	152	103	5	74	334
Additions - by purchase	-	-	-	36	36
Revaluations and impairments recognised in other comprehensive income	-	(20)	-	(47)	(67)
Depreciation/amortisation	(152)	(59)	(5)	(25)	(241)
Total as at 30 June 2014	-	24	-	38	62
Total as at 30 June 2014 represented by					
Gross book value	442	220	64	346	1,072
Accumulated depreciation/amortisation and impairment	(442)	(196)	(64)	(308)	(1,010)
Total as at 30 June 2014	-	24	-	38	62

Note 9: Payables

	2015 \$'000	2014 \$'000
<u>Note 9A: Suppliers</u>		
Trade creditors and accruals	-	83
Total suppliers	-	83
Suppliers in connection with		
Related parties	-	25
External parties	-	58
Total suppliers	-	83

Settlement was usually made within 30 days.

Note 9B: Other Payables

	2015 \$'000	2014 \$'000
Wages and salaries	-	132
Superannuation	-	21
Separations and redundancies	-	32
Fringe benefits tax	-	12
Total other payables	-	197

Note 10: Provisions

	2015 \$'000	2014 \$'000
<u>Note 10A: Employee Provisions</u>		
Leave	-	1,011
Total employee provisions	-	1,011

All employee provisions were expected to be settled within 12 months.

Note 10B: Other Provisions

	2015 \$'000	2014 \$'000
Provision for restoration obligations	-	153
Total other provisions	-	153

	Provision for restoration \$'000	Total \$'000
As at 1 July 2014	153	153
Amounts used	(110)	(110)
Amounts reversed	(43)	(43)
Total as at 16 June 2015	-	-

Note 11: Cash Flow Reconciliation

	2015 \$'000	2014 \$'000
Reconciliation of net cost of services to net cash from/(used by) operating activities		
Net cost of services	(3,595)	(7,617)
Revenue from Government	4,922	8,314
Adjustments for non-cash items		
Depreciation/amortisation	57	241
Net write down of non-financial assets	5	-
Movements in assets and liabilities		
Assets		
(Increase)/Decrease in net receivables	(87)	(429)
(Increase)/Decrease in prepayments	24	(1)
Liabilities		
Increase/(Decrease) in employee provisions	(1,011)	(158)
Increase/(Decrease) in suppliers payables	(83)	(316)
Increase/(Decrease) in other payables	(197)	43
Increase/(Decrease) in other provisions	(153)	4
Net cash from/(used by) operating activities	(118)	81

Note 12: Senior Management Personnel Remuneration

	2015 \$	2014 \$
Short-term employee benefits¹		
Salary	221,791	609,750
Annual leave	13,903	38,071
Long-service leave	4,532	12,411
Other	21,465	37,217
Total short-term employee benefits	261,691	697,449
Post-employment benefits		
Superannuation	169,860	111,022
Total post-employment benefits	169,860	111,022
Termination benefits		
Voluntary redundancy payments	206,959	-
Total termination benefits	206,959	-
Total senior executive remuneration expenses	638,510	808,471

1. Annual and long service leave were included in short-term employee benefits as all accrued entitlements were transferred to other agencies or paid out to employees prior to the closure of the Commission.

The total number of senior management personnel that are included in the above table are 3 (2014: 4).

Note 13: Appropriations

Note 13A: Annual Appropriations ('Recoverable GST exclusive')

Annual Appropriations for 2015

	Appropriation Act		PGPA Act		Total appropriation \$'000	Appropriation applied in 2015 (current and prior years) \$'000	Variance \$'000	Section 51 determinations \$'000
	Annual Appropriation \$'000	AFM \$'000	Section 74 \$'000	Section 75 \$'000				
Departmental								
Ordinary annual services	4,922	-	195	-	5,117	(4,938)	179	-
Total departmental	4,922	-	195	-	5,117	(4,938)	179	-

Annual Appropriations for 2014

	Appropriation Act		FMA Act		Total appropriation \$'000	Appropriation applied in 2014 (current and prior years) \$'000	Variance \$'000	Section 51 determinations \$'000
	Annual Appropriation \$'000	AFM \$'000	Section 31 \$'000	Section 32 \$'000				
Departmental								
Ordinary annual services	8,314	-	216	-	8,530	(7,904)	626	-
Other services	1,238	-	-	-	1,238	-	1,238	-
Equity								
Total departmental	9,552	-	216	-	9,768	(7,904)	1,864	-

Note 13B: Unspent Annual Appropriations ('Recoverable GST exclusive')

	2015 \$'000	2014 \$'000
Departmental		
<i>Appropriation Act (No. 1) 2013-2014</i>	3,099	8,037
<i>Appropriation Act (No. 2) 2013-2014</i>	1,238	1,238
<i>Appropriation Act (No. 1) 2014-2015</i>	5,117	-
Total departmental	9,454	9,275

Note 14: Reporting of Outcomes

The Commission had only one outcome, as described in Note 1.1. Therefore no attribution was required. The figures for this outcome appear in the Statement of Comprehensive Income and Statement of Financial Position. Net costs shown included intra-government costs that were eliminated in calculating the actual Budget outcome.

Note 15: Budgetary Reports and Explanations of Major Variances

The following tables provide a comparison of the original budget as presented in the 2014-15 Portfolio Budget Statements (PBS) to the 2014-15 final outcome as presented in accordance with Australian Accounting Standards for the Commission. The Budget is not audited.

Note 15A: Departmental Budgetary Reports

Statement of Comprehensive Income

for the period ended 16 June 2015

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
NET COST OF SERVICES			
Expenses			
Employee benefits	2,428	3,539	(1,111)
Suppliers	1,204	1,436	(232)
Depreciation and amortisation	57	129	(72)
Write-down and impairment of assets	5	-	5
Total expenses	3,694	5,104	(1,410)
Own-Source Income			
Own-source revenue			
Other revenue	56	53	3
Total own-source revenue	56	53	3
Gains			
Makegood provision reversals	43	-	43
Total gains	43	-	43
Total own-source income	99	53	46
Net cost of services	(3,595)	(5,051)	1,456
Revenue from Government - Departmental appropriations	4,922	4,922	-
Surplus/(Deficit) attributable to the Australian Government	1,327	(129)	1,456
OTHER COMPREHENSIVE INCOME			
Items not subject to subsequent reclassification to net cost of services			
Changes in asset revaluation surplus	-	-	-
Total comprehensive income/(loss)	-	-	-
Total comprehensive income/(loss) attributable to the Australian Government	1,327	(129)	1,456

1. The Commission's original budgeted financial statement that was first presented to parliament in respect of the reporting period (the 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Statement of Financial Position
as at 16 June 2015

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
ASSETS			
Financial assets			
Cash and cash equivalents	-	-	-
Trade and other receivables	9,458	-	9,458
Total financial assets	9,458	-	9,458
Non-financial assets			
Property, plant and equipment	-	-	-
Computer software purchased	-	-	-
Prepayments	-	-	-
Total non-financial assets	-	-	-
Total assets	9,458	-	9,458
LIABILITIES			
Payables			
Suppliers	-	-	-
Other payables	-	-	-
Total payables	-	-	-
Provisions			
Employee provisions	-	-	-
Other provisions	-	-	-
Total provisions	-	-	-
Total liabilities	-	-	-
Net assets	9,458	-	9,458
EQUITY			
Contributed equity	-	-	-
Reserves	-	-	-
Retained surplus	9,458	-	9,458
Total equity	9,458	-	9,458

1. The Commission's original budgeted financial statement that was first presented to parliament in respect of the reporting period (the 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Statement of Changes in Equity
for the period ended 16 June 2015

	Retained earnings			Asset revaluation surplus			Contributed equity/capital			Total equity		
	Actual	Budget estimate	Variance ²	Actual	Budget estimate	Variance ²	Actual	Budget estimate	Variance ²	Actual	Budget estimate	Variance ²
	2015 \$'000	2015 \$'000		2015 \$'000	2015 \$'000		2015 \$'000	2015 \$'000		2015 \$'000	2015 \$'000	
Opening balance												
Balance carried forward from previous period	4,444	3,497	947	528	595	(67)	3,159	3,159	-	8,131	7,251	880
Adjusted opening balance	4,444	3,497	947	528	595	(67)	3,159	3,159	-	8,131	7,251	880
Comprehensive income												
Surplus/(Deficit) for the period	1,327	(129)	1,456							1,327	(129)	1,456
Total comprehensive income	1,327	(129)	1,456	-	-	-	-	-	-	1,327	(129)	1,456
Total comprehensive income attributable to												
Australian Government	1,327	(129)	1,456	-	-	-	-	-	-	1,327	(129)	1,456
Transactions with owners												
Distributions to owners												
Returns of capital	-	(3,368)	3,368	-	-	-	-	-	-	-	(3,368)	3,368
Cash transfers to the OPA	3,687	-	3,687	(528)	(595)	67	(3,159)	(3,159)	-	-	(3,754)	3,754
Equity adjustment on cessation	3,687	(3,368)	7,055	(528)	(595)	67	(3,159)	(3,159)	-	-	(7,122)	7,122
Total transactions with owners	3,687	(3,368)	7,055	(528)	(595)	67	(3,159)	(3,159)	-	-	(7,122)	7,122
Closing balance at period end	9,458	-	9,458	-	-	-	-	-	-	9,458	-	9,458
Closing balance attributable to the Australian Government	9,458	-	9,458	-	-	-	-	-	-	9,458	-	9,458

1. The Commission's original budgeted financial statement that was first presented to parliament in respect of the reporting period (the 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Cash Flow Statement

for the period ended 16 June 2015

	Actual	Budget estimate	
		Original ¹	Variance ²
	2015	2015	2015
	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Appropriations	4,938	6,507	(1,569)
Net GST received	111	-	111
Other	74	-	74
Total cash received	5,123	6,507	(1,384)
Cash used			
Employees	3,636	4,859	(1,223)
Suppliers	1,410	1,599	(189)
Section 74 receipts transferred to OPA	195	-	195
Total cash used	5,241	6,458	(1,217)
Net cash from/(used by) operating activities	(118)	49	(167)
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	-	230	(230)
Total cash used	-	230	(230)
Net cash from/(used by) investing activities	-	(230)	230
Net increase/(decrease) in cash held	(118)	(181)	63
Cash and cash equivalents at the beginning of the reporting period	118	181	(63)
Cash and cash equivalents at the end of the reporting period	-	-	-

1. The Commission's original budgeted financial statement that was first presented to parliament in respect of the reporting period (the 2014-15 Portfolio Budget Statements (PBS)).

2. Between the actual and original budgeted amounts for 2015. Explanations of major variances are provided further below.

Note 15B: Departmental Major Budget Variances for 2015

Explanations of major variances	Affected line items (and statement)
<p><u>Employees / Suppliers / Appropriations</u></p> <p>The Commission was appropriated funding in 2014-15 to meet the cost of the completion of its Triennial Assessment report and subordinate reports and for closure activities. Employee expense funding was based on a stepped reduction in staff resources and the payment of separation costs if needed. The variance is due to the earlier than expected departure of staff and the non-payment of separation costs where staff transferred to other Commonwealth agencies.</p>	<p><i>Employee benefits and Suppliers (Statement of Comprehensive Income), Appropriations, Employees and Suppliers (Cash Flow Statement)</i></p>
<p><u>Depreciation and amortisation</u></p> <p>Depreciation and amortisation expense was lower than anticipated due to asset value adjustments made at 30 June 2014 to reflect reduced asset useful lives as a result of the proposed closure of the Commission.</p>	<p><i>Depreciation and amortisation (Statement of Comprehensive Income)</i></p>
<p><u>Gains / Purchase of property, plant and equipment</u></p> <p>Lower than expected costs for makegood activities on the Commission's leased office premises resulted in a \$43,000 write-back of the associated provision for restoration.</p> <p>The budget provided equity funding for the makegood of the Commission's leased office premises. The actual makegood expenditure was funded by operating appropriations.</p>	<p><i>Makegood provision reversals (Statement of Comprehensive Income)</i> <i>Purchase of property, plant and equipment (Cash Flow Statement)</i></p>
<p><u>Trade and other receivables / Equity</u></p> <p>The budget was prepared on the assumption that the Commission's unspent annual appropriations would be formally reduced prior to the Commission's cessation date.</p>	<p><i>Trade and other receivables, Retained surplus (Statement of Financial Position / Statement of Changes in Equity)</i></p>



Appendices

Appendix A: Published reports

Australian environmental water management: 2014 Review (13 August 2014)

Third report in a series of assessing progress made by each jurisdiction performance in achieving the National Water Initiative's integrated environmental water management outcomes.

Australia's water blueprint: national reform assessment 2014 (20 October 2014)

Independent, evidence-based assessment of whether the water reforms articulated in the NWI, including subsequent COAG reforms, are achieving their intended outcomes.

National water planning report card 2013 (7 July 2014)

This is the second in the series initiated by the Council of Australian Governments' Water Reform Committee in 2010 and presents a consolidated summary of the status of water planning as at 31 December 2013 with information on 174 planning areas across Australia.

National partnership agreement assessments (15 December 2014)

Assesses jurisdictional performance against milestones in the National Partnership agreement on Implementing Water Reform in the Murray-Darling Basin.

Urban water futures 2014 (14 October 2014)

Provides an updated overview of the urban water reform context and assesses the current performance of the urban water sector across Australia.

Water for mining and unconventional gas under the National Water Initiative (15 December 2014)

A review of the core NWI components of planning, entitlements and management as they apply to the mining and unconventional gas industries.

Appendix B: List of requirements

Part of report	Description	Requirement	Page
	Letter of transmittal	Mandatory	
	Table of contents	Mandatory	
	Index	Mandatory	
	Glossary	Mandatory	
	Contact officer(s)	Mandatory	
	Internet home page address and Internet address for report	Mandatory	
Review by Secretary			
	Review by Chief Executive Officer	Mandatory	
	Summary of significant issues and developments	Suggested	
	Overview of agency's performance and financial results	Suggested	
	Outlook for following year	Suggested	Not applicable
	Significant issues and developments—portfolio	Portfolio departments—suggested	
Agency overview			
	Role and functions	Mandatory	
	Organisational structure	Mandatory	
	Outcome and programme structure	Mandatory	
	Where outcome and programme structures differ from PB Statements/ PAES or other portfolio statements accompanying any other additional appropriation bills (other portfolio statements), details of variation and reasons for change	Mandatory	Not applicable
	Portfolio structure	Portfolio departments—mandatory	Not applicable
Report on performance			
	Review of performance during the year in relation to programmes and contribution to outcomes	Mandatory	

Part of report	Description	Requirement	Page
	Actual performance in relation to deliverables and KPIs set out in PB Statements/PAES or other portfolio statements	Mandatory	
	Where performance targets differ from the PBS/PAES, details of both former and new targets, and reasons for the change	Mandatory	
	Narrative discussion and analysis of performance	Mandatory	
	Trend information	Mandatory	
	Significant changes in nature of principal functions/services	Suggested	
	Performance of purchaser–provider arrangements	If applicable, suggested	Not applicable
	Factors, events or trends influencing departmental performance	Suggested	
	Contribution of risk management in achieving objectives	Suggested	
	Performance against service charter customer service standards, complaints data, and the agency's response to complaints	If applicable, mandatory	
	Discussion and analysis of the agency's financial performance	Mandatory	
	Discussion of any significant changes in financial results from the prior year, from budget or anticipated to have a significant impact on future operations	Mandatory	
	Agency resource statement and summary resource tables by outcomes	Mandatory	
Management and accountability			
Corporate governance			
	Agency heads are required to certify that their agency complies with the Commonwealth fraud control guidelines	Mandatory	
	Statement of the main corporate governance practices in place	Mandatory	
	Names of the senior executives and their responsibilities	Suggested	

Part of report	Description	Requirement	Page
	Senior management committees and their roles	Suggested	
	Corporate and operational plans and associated performance reporting and review	Suggested	
	Internal audit arrangements including approach adopted to identifying areas of significant financial or operational risk and arrangements to manage those risks	Suggested	
	Policy and practices on the establishment and maintenance of appropriate ethical standards	Suggested	
	How nature and amount of remuneration for SES officers is determined	Suggested	Not applicable
External scrutiny			
	Significant developments in external scrutiny	Mandatory	
	Judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner	Mandatory	Not applicable
	Reports by the Auditor-General, a parliamentary committee, the Commonwealth Ombudsman or an agency capability review	Mandatory	Not applicable
Management of human resources			
	Assessment of effectiveness in managing and developing human resources to achieve departmental objectives	Mandatory	
	Workforce planning, staff turnover and retention	Suggested	
	Impact and features of enterprise or collective agreements, individual flexibility arrangements (IFAs), determinations, common law contracts and Australian Workplace Agreements (AWAs)	Suggested	
	Training and development undertaken and its impact	Suggested	
	Work health and safety performance	Suggested	

Part of report	Description	Requirement	Page
	Productivity gains	Suggested	Not applicable
	Statistics on staffing	Mandatory	
	Enterprise or collective agreements, IFAs, determinations, common law contracts and AWAs	Mandatory	
	Performance pay	Mandatory	Not applicable
Assets management	Assessment of effectiveness of assets management	If applicable, mandatory	
Purchasing	Assessment of purchasing against core policies and principles	Mandatory	
Consultants	Summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). A statement noting that information on contracts and consultancies is available through the AusTender website.	Mandatory	
Australian National Audit Office access clauses	Provisions in contracts allowing access by the Auditor-General	Mandatory	
Exempt contracts	Contracts exempted from publication in AusTender	Mandatory	
Financial statements	Financial statements	Mandatory	
Other mandatory information			
	Work health and safety (Schedule 2, Part 4 of the Work Health and Safety Act 2011)	Mandatory	
	Advertising and market research (section 311A of the Commonwealth Electoral Act 1918) and statement on advertising campaigns	Mandatory	

Part of report	Description	Requirement	Page
	Ecologically sustainable development and environmental performance (section 516A of the Environment Protection and Biodiversity Conservation Act 1999)	Mandatory	
	Compliance with the agency's obligations under the Carer Recognition Act 2010	If applicable, mandatory	
	Grant programmes	Mandatory	
	Disability reporting—explicit and transparent reference to agency-level information available through other reporting mechanisms	Mandatory	
	Information Publication Scheme statement	Mandatory	
	Correction of material errors in previous annual report	If applicable, mandatory	Not applicable
	Agency resource statements and resources for outcomes	Mandatory	
	List of requirements	Mandatory	

Abbreviations and acronyms

ANAO	Australian National Audit Office
APS	Australian Public Service
basin states	New South Wales, Victoria, Queensland, South Australia and the Australian Capital Territory
CEO	Chief Executive Officer
COAG	Council of Australian Governments
EL	Executive level
ESD	ecologically sustainable development
KPI	key performance indicator
MDB	Murray-Darling Basin
MDBA	Murray-Darling Basin Authority
NWC	National Water Commission
NWI	National Water Initiative
PGPA	Public Governance, Performance and Accountability Act 2013
RNWS Program	Raising National Water Standards Program
SES	Senior Executive Service
WCAG	Web Content Accessibility Guidelines

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