



Annual report

2023/24

Acknowledgement

Wannon Water and the Victorian Government proudly acknowledge Victoria's Aboriginal communities and their rich cultures, and pay their respects to their Elders past and present. We recognise the intrinsic connection of Traditional Owners to Country and acknowledge their contribution to the management of land, water and resources.

We acknowledge the Gunditjmara Peoples, the Eastern Maar Peoples, the Wotjobaluk, Jaadwa, Jadawadjali, Wergaia and Jupagalk Nations, and the Wadawurrung Peoples.

We acknowledge the Traditional Owner corporations of Gunditj Mirring Traditional Owners Aboriginal Corporation, Eastern Maar Aboriginal Corporation, Barengi Gadjin Land Council Aboriginal Corporation, and Wadawurrung Traditional Owners Aboriginal Corporation.

We acknowledge Aboriginal and Torres Strait Islander peoples as Australia's First Peoples and as the Traditional Owners and Custodians of the land and water on which we rely. We recognise and value the ongoing contribution of Aboriginal peoples and communities to Victorian life and how this enriches us. We embrace the spirit of reconciliation, working towards the equality of outcomes and ensuring an equal voice.

Pareeyt Poondée-teeyt – Water is Life

Dhauwurd Wurrung language group

Pa poonteyt paman paman - And life is sacred

Keerray Wurrung language group

About this report

Wannon Water's Annual Report 2023/24 describes our activities between 1 July 2023 and 30 June 2024 to meet our customers' needs, regulatory obligations, maintain our asset base, and achieve our vision of going beyond water for strong communities.

It's been prepared according to the Financial Reporting Direction FRD 30 – Standard Requirements for the Publication of Annual Reports. This defines the design and print specifications of annual reports to ensure consistency, cost minimisation and low environmental impact.

As part of our commitment to sustainability, a limited number of copies of this report will be printed. An online version of this report is available on our website at wannonwater.com.au.

If you would like a copy of this report in a different accessible format, please contact us on 1300 926 666 or at info@wannonwater.com.au

Our cover artwork, "Hypnotic Waterways", is by Sherry Johnstone, a proud Keerray Woorroong, Yorta Yorta woman of the Maar Nation (Gunditjmara).

Contents

Overview

A message from the Chair and Managing Director	5
Our vital role	8
Key facts	10
Our purpose and strategic direction	11
Performance against objectives	12

Our customers and communities

Engagement	14
Customer bills	15
Support for our customers	15
Support for our community	16
Recognising Aboriginal values	19

Our people

Organisational structure	20
Our Board	21
Our culture	25
Workforce statistics	28
Health and safety – Zero Harm	29

Our environment

Resilient and liveable cities and towns	31
Integrated Water Management (IWM)	34
Links with local government	35
Circular economy outcomes	35
Recognising recreational values	35
Environmental statutory obligations	36
Climate change and energy	38

Our performance

Financial result	43
Financial performance indicators	49
Operational performance indicators	50
Certification	52

Compliance

Bulk water entitlements	55
Groundwater licences	57
Legislative compliance	58
Contracts and consultancies	60
Reviews and studies	62
Asset Management Accountability Framework	66

Our financial statements

Certification	136
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Appendix 1

Disclosure index	139
------------------	-----

Appendix 2

Detailed water consumption statistics	141
---------------------------------------	-----

Appendix 3

Sewerage services	143
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Responsible body declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Wannon Water's Annual Report for the year ending 30 June 2024.



Helen Scarborough
Chair
Wannon Water
13 September 2024

Manner of establishment

Wannon Water (Wannon Region Water Corporation) is a regional urban water corporation wholly owned by the Victorian State Government and constituted under the *Water Act 1989* as a statutory corporation in July 2005.

Responsible Minister

Minister for Water
Harriet Shing MP
1 July 2023 to 30 June 2024

WannonWATER



One of the year's highlights was being named both the Australasian and International Organisation of the Year at the prestigious International Association for Public Participation (IAP2) Core Value Awards.

The accolade recognised our community engagement activities which ensure our customers are involved in the decisions that affect them and that we understand their needs and expectations.

A message from the Chair and Managing Director

Water is central to life.

Our responsibility to provide sustainable water services and strengthen our communities is at the core of what we do.

We acknowledge that we have much to learn from the Traditional Owners of the region who cared for the waterways and lands for tens of thousands of years, and placed deep cultural and spiritual values on this precious resource.

Although our history cannot compare, next year will mark a significant milestone as we celebrate 125 years of supplying safe and reliable drinking water to our customers.

When "beautiful, clear water" started flowing from the Grampians through the pipes and taps of Hamilton in June 1900, it was the start of a new era. Over the next few decades, our predecessor authorities continued to install water supply systems in other towns across our region, and commissioned sewerage systems to protect public health and the environment.

Outbreaks of diseases such as scarlet fever, typhus, typhoid and diphtheria - exacerbated due to inadequate water supplies over the summer months - became rare. New houses developed and businesses prospered, bringing economic growth and optimism.

It's such an important legacy, and one that we continue to build on every year as we focus on our vision of going beyond water for strong communities.

Meeting needs. Exceeding expectations.

Providing great experiences for every customer, every day is the commitment we made in our 2023-2028 Customer Experience Strategy, Here for You.

We're intent on supporting and meeting the evolving needs of our 45,226 customers across South West Victoria. The past few years have been particularly challenging for many people as a result of cost-of-living pressures, lack of affordable housing, and high interest rates.

We remain committed to keeping bills affordable and targeting support to those facing financial stress. This is a priority of our five-year Price Submission and reflected in feedback from customers.

During the year, we answered 25,177 calls through our contact centre. We also helped 143 customers who were finding it difficult to pay their bills with strengthened and more accessible financial support programs, to a total value of more than \$33,000.

Customer experience was front and centre during the design of our new website, launched in early 2024. It features a fresh and clean look and allows people to easily discover “everything Wannon Water” in a simple click or two, or by using the improved search function on every page. Highlights include improved accessibility and usability tools, and options to change the language to suit individual needs.

Share your thoughts. Shape our future.

Our community engagement framework provides the mechanism to ensure that engagement with customers and communities is integrated into our day-to-day activities and planning. This allows us to remain a relevant service provider and understand how we can best meet people’s needs.

In October, we were named both the Australasian and International Organisation of the Year in the prestigious International Association for Public Participation (IAP2) Core Values Awards for our engagement work. The awards recognised the high quality of our engagement program and our vision of becoming a truly customer-centric organisation.

Creating a more sustainable future

South West Victoria is home to a precious natural environment that we’re determined to care for and protect. We have a responsibility to plan long into the future and we want to play a leading role in addressing the impact of climate change and adapting to its challenges. That’s why we’ve committed to net zero emissions by 2030.

Over the past few years we’ve undertaken a range of projects including solar panel systems, a wind turbine, and a carbon offset tree plantation which have reduced our emissions by a third. Soon, we’ll construct our largest solar panel system at Brierly Basin in Warrnambool, we’ll be transitioning our passenger vehicle fleet to electric vehicles by 2030, and planting even more trees to help meet our future targets. By the end of 2025, we’ll have reduced our emissions by almost 80 per cent.

We’ve also been supporting a regional transition to a low-carbon, circular economy, with a specific focus on water, sewage and materials being used across the water system. With only 5.4 per cent of materials across Australia being circular, it’s vital that industry, community and government come together and play their part in the transition.

To help this process, we developed a Circular Economy Roadmap which outlines a program of work to help us bring our circular economy goals to life. We’ve also created a Circular Economy Planning Toolkit to help other regional water authorities and organisations design and implement their own circular economy principles and initiatives.

These initiatives resulted in us winning the 2024 Circular Project Award at the Waste Management and Resource Recovery Association Australia’s ENVIRO Awards in late June. The industry award celebrates leaders in the field who are maximising resources and making lasting change for their communities.

Quality Water for Wannon

We’re excited to be on the way to improving water quality in Port Fairy, Portland and Heywood. It’s part of the \$52.2 million Quality Water for Wannon Program which is jointly funded by the Australian Government, through its National Water Grid Fund. We’ll be delivering the project on behalf of our customers and the Victorian Government.

Upgrading the water treatment plant by adding reverse osmosis was the only option to improve water quality in Portland and Heywood. However, in Port Fairy, we investigated both an upgrade of the treatment plant and the construction of a pipeline to connect to Warrnambool. Each option had strengths, however the local treatment option was the recommended approach based on the lower costs involved, the greater reliability of both water quality and water security, fewer upstream impacts on the environment, and greater flexibility for the future.

We sought feedback from customers and interested stakeholders in early 2024 with more than 75 per cent of people saying they love the project, and the majority favouring reverse osmosis as the preferred option. It’s clear that our customers are frustrated by the poor water quality and want improvements as soon as possible. Our project team has now started the detailed design and approvals process and all three towns will have improved water quality by 2029.

Other major projects

Construction of the two new tanks and other facilities at the Warrnambool Sewage Treatment Plant (STP) has been in full swing over the past 12 months. The \$85 million project is on track to be completed next year. We know there’s been some concern about the removal of vegetation in the Thunder Point area as part of the work. One of our major priorities is to ensure the area is returned to a state that protects its coastal aesthetics so we’ve been engaging with community and environmental groups to develop a landscape plan.

In parallel with the upgrade project, we need to consider our community's long-term expectations on how we should manage treated effluent in the future. There are a number of options available to us and we have to decide which best serves the community and our stakeholders, so we've started work to develop an Effluent Management Strategy.

We upgraded the Warrnambool Water Treatment Plant with a new ultraviolet disinfection and backwash system. Our treatment process already meets strict health standards, and this project goes further in improving the quality of water for our Warrnambool, Allansford and Koroit customers.

An 11-million-litre tank at the Hamilton Water Treatment Plant is being upgraded with a new roof and an interior recoat. The tank stores clear water that's been through the treatment process and is ready to be distributed to customers in Hamilton, Dunkeld and Tarrington.

We've also been drilling a new bore at the Port Campbell Water Treatment Plant to secure the water supply for our Port Campbell, Peterborough and Timboon customers into the future. The current bore was commissioned in 1996 and is now halfway through its expected lifespan.

One project that will not proceed as planned is the Penshurst Adaptive Wastewater Pilot Project. Our Board reluctantly decided to discontinue the project due to the estimated cost which had almost doubled. The project has financial risks for customer bills in the long term and is no longer a viable alternative approach for small town sewerage improvements. We know there are challenges around wastewater management in Penshurst and the impact it's having on the environment and in limiting future development opportunities. We remain committed to engaging with the community and continuing to investigate other options to provide a sustainable wastewater solution.

We are Wannon

We're proud of our people at Wannon Water. They're committed to helping us provide more affordable, reliable and personalised services and making a real and positive difference to the region we call home.

Our People strategy, We are Wannon, was launched this year. Designed to enhance the employee experience and drive delivery of our strategic objectives, it encourages us to work smarter, enhance our safety culture, think differently, and strengthen our reputation as an employer of choice.

Supporting our employees in their work and personal lives is vital for a great life-work balance, so we were very proud to become the first water corporation in Australia to be certified as a family friendly employer. Family Friendly Workplaces, an initiative of UNICEF Australia and Parents at Work, recognised our initiatives that support employees to meet their work, family and wellbeing needs. This includes leading policies and practices on flexible work, parental leave, family care and family wellbeing.

Thank you

Directors Adrian Panow, Michael Crutchfield and Mick Murphy completed their terms on 30 September 2023. We thank them for their contributions to our organisation and their dedication to the water industry as a whole over a combined service of 23 years.

Minister for Water Harriet Shing, appointed five new independent Directors to our Board from 1 October. We welcomed Emma Olivier, Neil Plummer, Gordon Rich-Phillips, Narelle Allen and Bill Millard who bring with them an excellent mix of diversity, skills and experience.

Together with our employees, we'll continue to deliver on our key priorities and customer promises into the next year and beyond. Achieving the right balance between investing in our infrastructure, meeting our environmental commitments, and ensuring affordable customer bills is not easy. We look forward to continuing to engage with our customers and communities to ensure we get it right.



A handwritten signature in dark ink, appearing to read 'H Scarborough'.

Helen Scarborough
Chair



A handwritten signature in dark ink, appearing to read 'A. Jeffers'.

Andrew Jeffers
Managing Director

Section 1: Overview

Our vital role

Every day, we supply South West Victoria with sustainable water services, while leading our communities towards a healthier, more prosperous future. It's a commitment that we're proud to make to the region we call home.

We're your local, dependable experts

From the South Australian border to the Otways. From the Grampians to the coast. Our services take care of more than 30 communities, including residents, farmers, businesses and industries. It's our responsibility to supply you with fresh water, from source to tap, and manage sewage to protect your health and wellbeing.

Putting people first comes naturally to us so we're here to help with more affordable, reliable and personalised service. You'll see us around, in towns and on streets, maintaining and upgrading the pipes, pump stations and treatment plants we all need.

We're making a real and positive difference

As locals, we're driven to shape our region for the better. We're committed to working with our communities and strategic partners to support the health and wellbeing of our people and protect our natural environment. We simply believe it's the right thing to do and it all comes back to our greater vision to go beyond water for stronger communities.

It's about delivering sustainable water services together with positive change for our region – and we're proud to be leading the way.

Nature and range of services provided

We're an entity that delivers government objectives and priorities, primarily under the *Water Act 1989* and the policy directions set out in *Water for Victoria*.

As Victoria's second largest regional urban water corporation by area, we cover 23,500 square kilometres and a total population of 100,400. Our region extends from the Otway Ranges to the South Australian border and includes the major centres of Warrnambool, Portland and Hamilton where our three offices are located.

We provide services to 34 towns, including residential, commercial, industrial and rural customers. Our primary functions (within our service districts) are to:

- Provide, manage, operate and protect water supply systems, including the collection, storage, treatment, transfer and distribution of drinking water.
- Provide, manage and operate systems for the conveyance, treatment and disposal of sewage and, if we so decide, of trade waste.
- Identify community needs relating to water supply and sewerage services, and to plan for the future needs of the community relating to water supply and sewerage services.
- Develop and implement programs for the conservation and efficient use of water, and for the recycling and reuse of treated wastewater.
- Investigate, promote and conduct research into any matters which relate to our functions.
- Educate the community about our functions.

Water sources

We supply water from a diverse range of water sources, including surface water catchments, deep geothermal and shallow groundwater aquifers.

System	Source	Towns supplied
Otway	Gellibrand River catchment and groundwater (this system is supplemented by the Warrnambool Roof Water Harvesting Scheme)	Warrnambool, Simpson, Cobden, Camperdown, Glenormiston, Lismore, Derrinallum, Terang, Mortlake, Purnim, Allansford and Koroit
Grampians	Streams in the southern Grampians catchment (this system is supplemented by water piped from Rocklands Reservoir as required)	Hamilton, Cavendish, Dunkeld and Tarrington
Balmoral	Rocklands Reservoir	Balmoral
Glenthompson	A local catchment and groundwater	Glenthompson
Dilwyn	Dilwyn Aquifer	Dartmoor, Heywood, Peterborough, Port Campbell, Port Fairy, Portland and Timboon
Tullich	Tullich borefield	Casterton, Coleraine, Sandford and Merino
Other	Local aquifers	Penshurst, Caramut, Macarthur and Darlington

Customer numbers

Water

We provide water services to a total of 45,226 residential, commercial, industrial and rural customers across 34 customer zones. The total growth in the number of water customers was 0.9 per cent in 2023/24, with 382 new customers connected to a reticulated water service.

Our customer base is composed of 86 per cent residential customers, 10 per cent business customers and 4 per cent rural customers who are connected to the water supply.

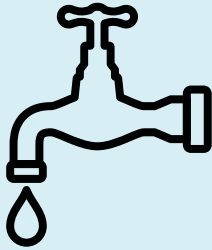
Customer segment	Number of customers connected	Total water consumption (megalitres)	Percentage of total consumption	5-year average consumption (megalitres)	Average consumption per customer 2023/24 (kilolitres)
Residential	38,696	5,430	46%	5,280	140
Business	4,710	5,041	42%	4,832	1,070
Rural	1,820	1,462	12%	1,363	803
Total	45,226	11,934	100%	11,474	264*

**NOTE – The average consumption per customer figure covers all customer segments including eight major industries who each use more than 50 megalitres per year.*

Sewerage

Our sewage treatment plants service residential customers and accept trade waste from industry and businesses. We provide these services to a total of 38,840 residential, commercial and industrial customers across 16 sewerage systems. The total growth in the number of customers was 0.8 per cent in 2023/24, with 314 new customers connected to a sewerage service.

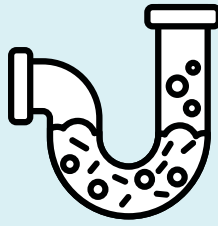
Key facts



45,226

water

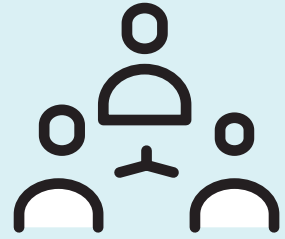
customers



38,840

sewerage

customers



244

employees



25,177

calls

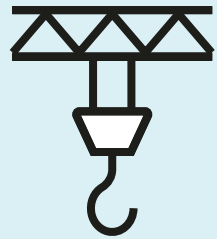
answered



\$44,000

community

grants



\$56m

capital

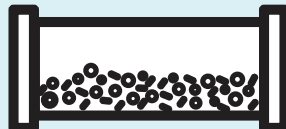
works



1,958

kilometres

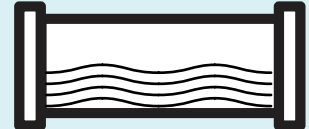
water mains



1,008

kilometres

sewer mains



69

kilometres

**recycled
water mains**

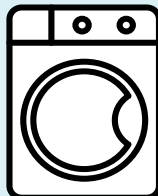


11,934

megalitres

water treated

(33 million litres a day)

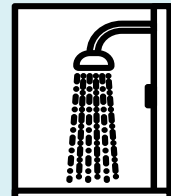


12,379

megalitres

sewage treated

(34 million litres a day)



172

litres a day

**residential
water use**

Our purpose and strategic direction 2023-28

TO DELIVER WATER AND SEWERAGE SERVICES AND IMPROVE
THE LIVES OF PEOPLE IN SOUTH WEST VICTORIA

BEYOND WATER
FOR *strong*
COMMUNITIES

Putting people first

We genuinely care about our employees, our customers and our communities, and we're making a real and positive difference.

Our customers

We meet customer needs and exceed their expectations.

The environment

We are bold in our work to care for and protect the environment.

Collaboration and
innovation

Employer of choice

Technology and systems

Financial sustainability

Performance against objectives

Our strategic priorities:

Our strategic priorities are aligned with the expectations of our customers and the Minister for Water. Throughout this annual report, we describe the activities that have occurred during 2023/24 to ensure we deliver on expectations and make meaningful progress. We monitor and measure our performance through the following suite of key projects and initiatives.

Key initiatives and projects

✓ Met ● Partially met ■ Not met

	KEY PROJECT/INITIATIVE	COMMENT	RESULT
CUSTOMER	Maintaining our Zero Harm approach (as an organisation which delivers water and sewerage services 24-7)	Zero Harm safety behaviours were introduced with training sessions for all employees. Our People strategy, We are Wannon, was developed, and included a key pillar on safe people. The strategy will be implemented from 2024 to 2028.	✓
	Implementing year one of the 2023-28 Here for You Customer Experience Strategy	Significant work on the overall program occurred this year including an updated customer property damage procedure, the implementation of SMS for unplanned outages and work on family violence systems. The program wasn't delivered as originally intended largely due to significant delay in our CX Plus project. The strategy's action plans have now been reviewed and a 2024/25 program of works has been developed.	●
	Improving the accessibility of our information and education materials	Our new website was designed and commissioned and is compliant with Website Content Accessibility Guidelines 2.1 level AA. A UserWay widget has been applied to both the website and our Engage & Explore platform, providing adjustments for disability profiles, plus translation services.	✓
ENVIRONMENT	Supporting implementation of Water is Life: Traditional Owner Access to Water Roadmap	Internal conversations continue to explore and understand opportunities aligned with the intent of the roadmap. The Nation Statements (which express Traditional Owners' cultural and water-related value, goals, aspirations, outcomes and any other relevant information deemed important) are increasingly being referenced internally.	✓
	Delivering our roadmap to carbon neutrality and switching on more locally generated renewable energy	Our Roadmap to Net Zero plan was developed and is being implemented. Emissions reporting shows a 25 per cent increase in emissions due to pumping during dry weather so offsets will be surrendered to bring it in on target.	✓
	Finalising and implementing our Climate Change Adaptation Plan	A climate adaptation roadmap is under development following internal engagement and initial gap analysis.	✓



	KEY PROJECT/INITIATIVE	COMMENT	RESULT
ENABLERS	Implementing projects outlined in the digital platform roadmaps	The draft Digital Strategy and draft Cyber Resilience Strategy are now complete. Some key milestones in the Asset Management Information Systems' Roadmap have been achieved, including the migration of all asset data from Conquest to Maximo.	✓
	Finalising and implementing our We are Wannon: Our People strategy	We are Wannon was finalised and implementation this year has been heavily focussed on building initiatives.	✓

Section 2: Our customers

Our customers and communities

Engagement

Engagement insights are critical in guiding our plans for delivering on customers' priorities and expectations.

We define engagement as a genuine process of working with people to build capacity, strengthen relationships and inform decisions. It's guided by our Community Engagement Framework, which incorporates the International Association of Public Participation's (IAP2) core values and approach.

We have an annual process of engaging with our community to help inform the development of each corporate plan and other longer-term planning. We also engage with customers on specific projects that may impact them. Our approach to engagement is inclusive, ensuring the diversity of our customer groups can participate if they choose to.

As part of our engagement approach, we recruit community members to form a Regional Advisory Forum (RAF) that contributes to the annual engagement cycles for a five-year term. The RAF meets twice a year in May and November.

This year's annual cycle recorded a total 3,311 instances of engagement, through online and phone surveys, face-to-face engagement during a community roadshow and other customer feedback.

What we heard

Value for money is most important for our customers, with water quality, taste, cost of bills and water pressure becoming more influential in their perceptions of good service.

Water quality

- Water quality and taste are a key area for improvement, particularly in Port Fairy, Portland and Heywood.

Affordability

- Our customers want us to keep our bills affordable.
- There is a higher rate of vulnerability for customers due to cost-of-living impacts.

Service levels

- Most customers are satisfied with our existing service levels and want us to maintain them.

Water security

- Customers value water conservation and education to promote water saving in the home and industry.
- Customers want to know more about how we will maintain and protect our water quality for the future.

Metrics on value for money, trust, reputation in the community, and overall satisfaction are monitored by the Essential Services Commission (ESC) and us each year using a range of methodologies. These help us to better understand customers' perceptions of our services.

Although the results are not considered statistically significant, there have been slight drops in all four metrics. However, our results align with the average results for other Victorian water corporations of similar size.

Like the ESC research, our Customer Value Survey saw no global shifts of statistical significance for the key customer perception metrics. Agreement statement results for the 2024 survey were:

- Value for money: 6.5 out of 10.
- Trust: 7.3 out of 10.
- Reputation in the community: 7.3 out of 10.
- Overall satisfaction: 7.7 out of 10.

Our net promoter score was stable compared to the past two years, with no major shifts in the proportion of promoters, passives and detractors.

While there was a decline this year, value for money remained the primary driver of overall satisfaction. Also of note in 2024, customer service dropped in importance (previously a secondary driver) and is now positioned after information and water quality.

Compared to the key driver analysis conducted in 2023, this year's analysis showed a much broader range of attributes contributing to overall satisfaction (it was not driven by just one or two key service attributes). Additionally, there was a considerably larger proportion explained by other factors not measured in the survey.

Customer bills

We have a great track record in delivering efficiencies for the benefit of our customers without any reduction in customer service levels. Our prices reflect our strategic direction of going beyond water for strong communities and our commitment to delivering long-term value for customers.

	2022/23	2023/24
Residential bill – owner/occupier (\$ real 2023/24) The actual bill for an owner-occupier with typical (average) water use in real 2023/24 dollars	\$1,179.86	\$1,189.93
Percentage change from prior year		0.85%
Residential bill – renter (\$ real 2023/24) The actual bill for a renter with typical (average) water use in real 2023/24 dollars	\$218.92	\$223.33
Percentage change from prior year		2.01%
Typical average water use (kL) assumed in owner-occupier and rental bill calculations	140 kL	140 kL
Non-residential bill – business (\$ real 2023/24) The annual bill for a business using 3 ML per annum in real 2023/24 dollars	\$8,145.89	\$8,296.50
Percentage change from prior year		1.85%

Support for our customers

Community service obligations	2022/23 (\$)	2023/24 (\$)
Provision of water and sewerage concessions	3,608,274	3,647,422
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	296,128	295,806
Utility relief grant scheme payments	109,305	89,418
Water concession on life support machines	614	237
Hardship Relief Grant Scheme (Sewerage and Water Connection Scheme)	N/A	N/A

Supporting customers who need financial help

We offer flexible instalment payment plans to customers who prefer to pay by regular instalments. As at 30 June 2023, instalment plans were in place for 2,962 customers.

Other tailored assistance to customers needing financial help included:

- Encouraging customers who receive Centrelink payments to use the Centrepay facility.
- Helping customers to complete government-funded rebate and grant scheme applications.
- Providing information on how to reduce household water consumption.
- Referring customers to a free, independent financial counselling service.
- Waiving interest on overdue charges, providing relief for unexpected high water use, providing bonus credits, and waiving long-term debt for customers in genuine financial hardship.
- Providing home water audits by a licensed plumber and some assistance for repairs to leaks in conjunction with the Department of Energy, Environment and Climate Action (DEECA) Community Rebate Program.
- Cross-referrals with local government and the energy sector.
- Payment extensions of three months, six months, 12 months and longer if needed.
- Concession discounts for those who hold a valid concession card.
- Undetectable water leak grants.
- Access to State Revenue Office rebates (not-for-profits).
- All debt collection and restriction ceased during the period.



Support for our community

Our community support program, known as the *Ripple Effect*, provides grants and sponsorships to eligible organisations who are planning projects or events that contribute to one or more key themes:

- Regional prosperity
- Education, training and volunteering
- Health and wellbeing
- Natural environment.

Grants

Our annual *Ripple Effect* grants program helps community groups and schools run projects and activities, and provides funding for international aid projects.

Organisation	Description	Outcomes	Total grant	2023/24 allocation
COMMUNITY GRANTS (UP TO \$5,000)				
South Western Model Engineers and Cobden Miniature Railway	Facility upgrades	New concrete flooring, roof covering and seating to provide shelter from both sun and rain for volunteers and visitors.	\$3,000	\$3,000
Portland Community Garden	Urban farm expansion	Additional space for volunteers to grow produce and increase involvement from community groups including Landcare, disability service providers and Mealshare.	\$3,500	\$3,500
Glenelg and Southern Grampians Local Learning and Employment Network	Young Leaders Program	Nineteen students from four Glenelg schools participated in the program which included workplace mentoring and orientation across a range of regional industries. The program led to greater confidence, greater awareness of local opportunities and ongoing links between students, schools and employers.	\$2,500	\$2,500
Warrnambool Roller Derby League	Uniform kit	Purchase of 35 new uniforms for junior and senior derby teams, reducing the financial barrier for participation.	\$1,600	\$1,600
Warrnambool Maori Multicultural Club	Second Gear Learn 2 Drive support program	New driver instruction and mentoring for 40 young and migrant drivers in Warrnambool.	\$2,000	\$2,000
Glenelg and Southern Grampians Local Learning and Employment Network	Future Leaders of Industry program	Introduction to 12 different occupations through industry tours and mentorships for Southern Grampians students. Program included a day on Country at Budj Bim.	\$2,500	\$2,500
Warrnambool City Band	Percussion instruments	New drum kit purchased.	\$1,000	\$1,000
Warrnambool Community Garden	Community local species planting days	Tubestock sourced from Worn Gundidj and other native nurseries to create biodiversity corridor across the community garden.	\$2,500	\$2,500

Portland Family History Group	Digital recording equipment	Three oral history interviews recorded as part of the Voices of the South West oral history project, with the new equipment allowing the group to continue to collect stories into the future.	\$1,000	\$1,000
Hamilton-Coleraine Railway Line Committee	Improved safety practices	Ninety-five volunteers have had first aid and chainsaw safety training. First aid and snake bite kits are now in all committee of management vehicles.	\$3,000	\$3,000
Btr Together	All-abilities playground	Equipment purchased for an all-abilities playground near Hamilton's existing Lakes Edge Adventure Playground.	\$2,000	\$2,000
Rotary Club of Warrnambool	Science and Engineering Challenge outreach program	Nearly 140 students from six south-west schools participated in the national challenge, organised by the University of Newcastle.	\$2,000	\$2,000
Road Safety Education Limited (RYDA)	Road safety education	Two hundred and sixty students from five south-west schools participated in a highly interactive education course for high-risk young drivers.	\$3,000	\$3,000
Western District Health Service	Live4Life program	Three events held for Year 8 students, increasing their awareness of teenage mental health, and building capacity to provide peer support.	\$2,500	\$2,500
Warrnambool and District Community Hospice	Education and training sessions	Seventy-eight volunteers retained and an additional 12 recruited. The training increased volunteer confidence in providing quality in-home support, and in their own self-care.	\$2,400	\$2,400
Southwest Sport	Elevating and Empowering Women in Sport Leadership Forum	Seventy community and sporting group representatives engaged in discussions around women's leadership and respect in sport.	\$2,500	\$2,500

SCHOOL GRANTS (UP TO \$1,000)

Warrnambool College	Carbon offset tree planting program	Students planted 750 trees on a section of the Port Fairy-Warrnambool Rail Trail.	\$1,000	\$1,000
Heywood and District Secondary College	Outdoor shared table for Paddock to Plate classes	Students co-designed a new meeting and eating space, including landscaping with plants labelled with their Dhauwurd Wurrung name.	\$1,000	\$1,000
St Patrick's Primary School, Koroit	Support for the Picnic to Paddock event	An estimated 3,000 people attended this successful community event, raising money, showcasing local produce, and fostering community connections.	\$1,000	\$1,000

INTERNATIONAL AID (UP TO \$4,000)

The Bandari Project	Essential school supplies for disadvantaged children in Tanzania	The purchase of teaching and learning materials, school uniforms and shoes has helped students from across years P-6 to successfully complete their academic year at Bandari. Many are the first in their family to get an education.	\$2,000	\$2,000
Bali Smiles	Construction of two water wells to secure the supply of water, and a communal kitchen	In addition to two new water wells, the grant enabled four families to have electricity connected to their homes for the first time.	\$2,000	\$2,000
TOTAL			\$44,000	\$44,000

Sponsorship

Our *Ripple Effect* sponsorship program distributed more than 5,000 items of merchandise, including water bottles, sports prize packs, shopping bags, backpacks, trigger nozzles and pens to members and students of 47 community groups, sporting clubs and schools.

Water for Community program

Our *Water for Community* rebate recognises and supports the mental, physical and social health benefits created through green public open spaces and indoor and outdoor sporting facilities.

The rebates are applied to eligible not-for-profit organisations responsible for paying the water bill for properties such as parks and gardens, sporting and recreational grounds, swimming pools, median strips, roundabouts, cemeteries and boat ramps. In 2023/24, we provided \$218,542 in rebates to 234 customers.

The *Water for Community* program also funds accessible water refill units in public spaces and portable units at community events, encouraging people to avoid single-use plastic for drinking water. We launched our 1,000-litre Thirst Aid trailer to further enhance this program during the year. We supported 25 community events, including 12 with the new trailer, providing free water to tens of thousands of people across the region.

Community partnerships

We have a strong commitment to strengthening the communities we serve. Partnering with other regional organisations on matters of importance for Wannon Water, and our communities, is a strategic way to meet this commitment.

We are leaders or active partners in the Regional Executive Forum, Great South Coast Integrated Water Management Forum, Great South Coast Economic

Future Implementation Committee, Great South Coast Social Futures Committee, South West Victoria Alliance Board, Partnership Brokers Association South West Community of Practice, the Committee for Portland, the Respect 2040 Executive Governance Group, Thriving South West Victoria, Wata Waetnanda and Women's Health and Wellbeing Barwon South West.

A few highlights from our involvement in these groups includes:

- The Great Ocean Road and Southern Grampians Geothermal Tourism Prospectus was launched in mid-2023 with our support and involvement in the Great South Coast Economic Futures Committee.
- We provided the keynote speaker at the Committee for Portland annual general meeting.
- We provided support for Great South Coast Economic Futures and Food and Fibre by participating in the 2024 EvokeAG agriculture and agrifood innovation conference in Perth in Feb. This participation highlighted the opportunity for regional development in South West Victoria.
- As an active member in the South West Partnership Brokers Community of Practice, we supported a further 22 people in the region to undertake partnership brokering training in February, and hosted a Partnership Brokers Association Masterclass in June.
- Thriving South West Victoria reviewed its strategic goals and branding, grew its membership, raised awareness about local disadvantage, and continued its partnership with Thriving Communities Australia. The network, which we lead, also held Connect to Thrive, a housing solutions forum in June. It included 80 South West Victorians with representation from real estate agents, developers, employers, community and housing services, local and state government and philanthropists.

We also strengthened our partnerships with our region's two catchment management authorities (CMAs). Together with the Glenelg Hopkins CMA, we undertook a partnership health check and developed and launched our joint, multi-year partnership statement for the third time. We also refreshed our existing partnership with the Corangamite CMA, more deeply exploring multiple areas in our existing memorandum of understanding.

Education

Our new education plan came into action this year. It focuses on educating our customers and communities about our services, their water supply, and how we can work together for better sustainability outcomes for our region. We delivered 12 community education sessions, with sustainability and managing our natural assets the most requested topics.

In partnership with the Glenelg Hopkins CMA and Southern Rural Water, we again delivered a successful National Water Week poster competition, receiving 409 high-quality entries from 15 schools. One of our entries was selected as a state winner. A new category was introduced to include kindergartens in 2023 with a huge uptake across the state.

As a pilot this year, we reintroduced community tours in a new format. This increased the education offerings available to community members and helped us to better manage our own resources. We delivered nine tours across our water treatment plants in Warrnambool, Camperdown and Casterton, attracting a total of 181 participants.

We developed four new online modules for secondary schools, linking directly to the curriculum for years 7-10 to support schools in delivering their own water literacy initiatives. We also created water testing kits for schools to borrow free of charge to further support these resources.

Recognising Aboriginal values

Our strategic priorities commit us to supporting Aboriginal self-determination and the ongoing protection of the environment. We strive to do this through action and education, prioritising Country and our communities.

During the year, we provided opportunities for employees and Board Directors to build cultural awareness through:

- Cultural immersion tours at the Budj Bim Cultural Landscape.
- Participation in National Reconciliation Week activities within the region and online.

- Cultural awareness training provided by the Koorie Heritage Trust.

We responded to community invitations to support and be involved in the following community events:

- Koorie Aspirations Day organised by Neil Porter Legacy.
- Close the Gap Day organised by Kirrae Health.
- National Reconciliation Week event in Heywood organised by Glenelg Shire Council.
- National Reconciliation Week event in Warrnambool organised by Wata Waetnanda.

We engaged with Traditional Owner Groups through various stages of projects including:

- Warrnambool STP upgrade revegetation.
- Integrated Water Management.
- Gellibrand River Summer Flows Program.

A Board Observer (Aboriginal) Scholarship Program was introduced for the first time, with the first observer starting their 12-month program in May. The aim of the program is to provide opportunities to develop skills in good governance and networking.

A key priority has been establishing the relationship and works program with the newly created water corporation partnership officer role at Eastern Maar Aboriginal Corporation.

This year, we prepared four cultural heritage management plans for projects located at the Hamilton STP and the Port Campbell bore site according to the *Aboriginal Heritage Act 2006*. We appointed a cultural heritage consultant to prepare the plan and liaise with Registered Aboriginal Party applicants.

Partnerships with Traditional Owners

There are no formal partnership agreements with Traditional Owners in place.

We have a multi-party agreement with Eastern Maar Aboriginal Corporation, Barwon Water and Grampians Wimmera Mallee Water to support partnership work between the four organisations.

During the year, a water corporation partnership officer started at Eastern Maar Aboriginal Corporation. We've been establishing the governance and shared awareness of priorities of the organisations, with the aim of identifying appropriate projects and future initiatives.

We don't issue or allocate water entitlements so we haven't been required to inform relevant Traditional Owners of opportunities to access water entitlements or allocations within their Country.

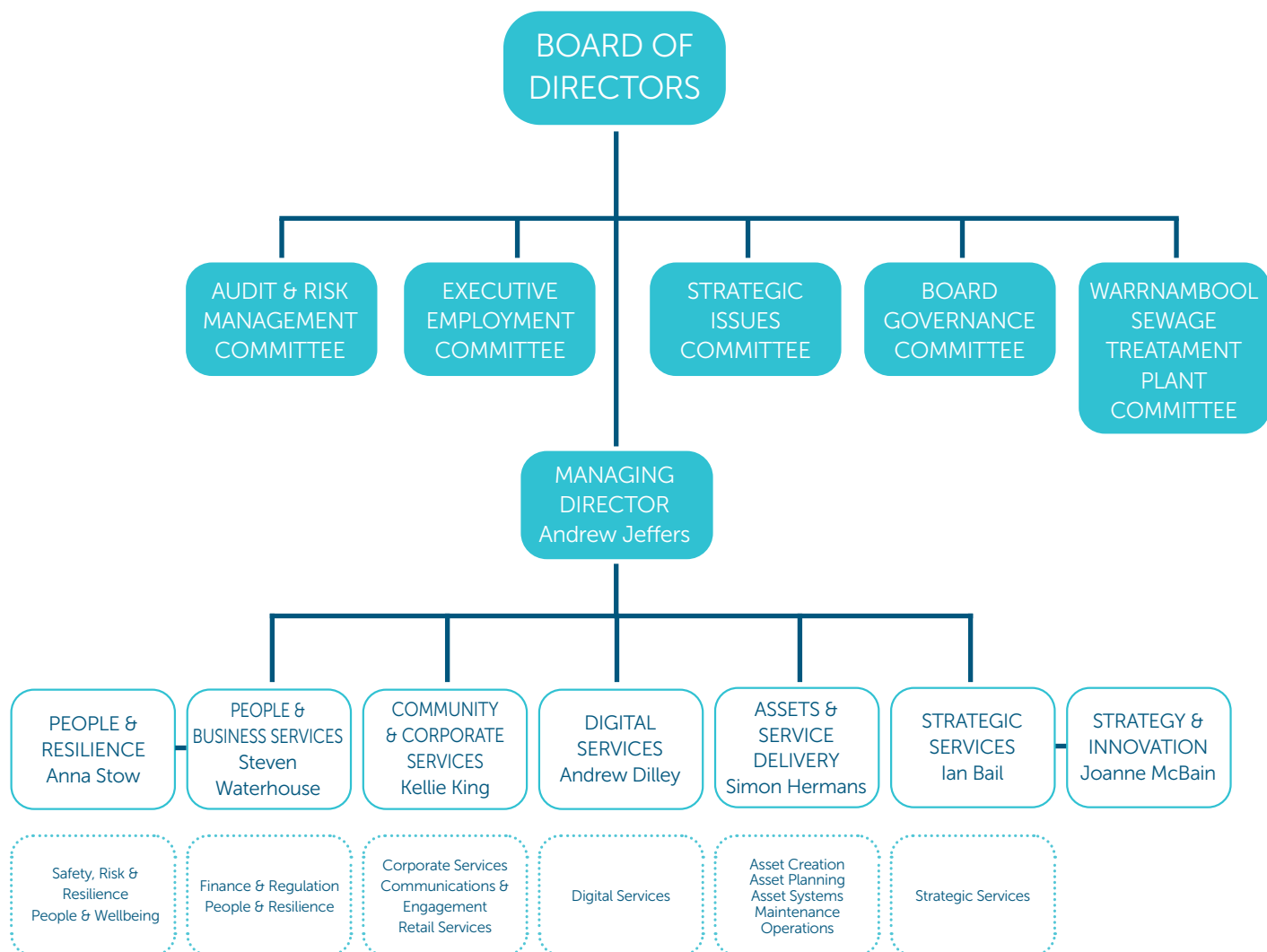
Supporting Aboriginal self-determination

We do not currently have formal partnership agreements with Aboriginal Community Controlled Organisations.

Section 3: Our people

Organisational structure

As at 30 June 2024



Our Board

Board Directors

Our Board comprises nine independent non-executive Directors and one executive Director (the Managing Director). The non-executive Directors are appointed by the Minister for Water in consultation with the Treasurer for terms up to four years. The Victorian Government sets their remuneration. The Managing Director is appointed by the Board in accordance with the *Water Act 1989*.

The Board is responsible for the overall corporate governance of Wannon Water including:

- Setting the strategic direction.
- Guiding and measuring implementation of the strategy.
- Setting the risk appetite.
- Establishing and leading the culture.
- Being accountable to stakeholders including the authorising environment, the community and employees.
- Meeting all governance and compliance requirements.

The Board conducted an internal annual performance review in 2023/24. The review was conducted under the requirements of clause 3.2 of the Statement of Obligations and section 95(4) of the *Water Act 1989*. The annual assessment was consistent with the Minister's Board Performance Guidelines 2020, and the guidelines issued by the Victorian Public Sector Commission. This included a review of progress on actions arising from previous years' reviews, the majority of which were closed out. A summary report will be provided to the Minister by 31 August 2024, according to the Minister's guidelines.

Directors bring an appropriate mix of skills and experience to the Board.

DR HELEN SCARBOROUGH – CHAIR
BEc, MEc, PhD, GAICD
Appointed 1 October 2017

Helen is a research economist with more than 30 years' experience in academia and industry. Her master's degree is in industrial organisation and her PhD in environmental economics. As a former Associate Professor of Economics at Deakin University, Helen has published widely, presented at national and international conferences, and shared her interest in economics with many students.

Helen is a graduate member of the Australian Institute of Company Directors. Helen has previously chaired the Audit and Risk Management Committee and currently chairs the Strategic Issues and Executive Employment committees of the Board.

Helen lives in Warrnambool and is a passionate advocate for regional communities, particularly those in South West Victoria.

Committee membership:

- Strategic Issues Committee – Chair
- Executive Employment Committee – Chair.

KEN KING – DEPUTY CHAIR
Dip For, BForSc (Hon), MRSV
Appointed 1 October 2017

Ken was previously the Deputy Secretary of the Department of Sustainability and Environment (DSE) and has held executive roles in DSE, its predecessors, and Parks Victoria for 25 years. Ken was also a senior project manager at the Victorian Planning Authority.

Ken has extensive experience in forestry, fire, fauna and flora management, and operations, policy and strategy.

Ken has served as a director for several boards and held a range of leadership roles within Victorian agencies including chair of the Natural Resources Conservation League of Victoria and Eucalypt Australia. He was an independent member of Colac Area Health's Risk and Audit Committee.

Committee membership:

- Audit and Risk Management Committee – Chair
- Board Governance Committee – Chair
- Strategic Issues Committee.

ANDREW JEFFERS - MANAGING DIRECTOR
BEng (Civil), MEng (Env), MBA, GAICD
Appointed 20 July 2015

Prior to his appointment in July 2015, Andrew worked for 16 years with Wannon Water and 23 years within the Victorian water industry in engineering and corporate roles, resulting in a deep understanding of the water industry and the business of a water corporation.

Andrew understands Wannon Water exists for its customers and recognises the importance and community value of providing high-quality water, sewerage and trade waste services. He has a special interest in ensuring that Wannon Water helps communities in the south-west flourish.

Andrew is a member of the Victorian Intelligent Water Network Executive Group, a director of VicWater, a director of the Institute of Water Administration and a director of the South West Victoria Alliance.

Committee membership:

- Board Governance Committee
- Strategic Issues Committee.

DR SUSAN BRUMBY

RN, DipFarmMgt, GCertHELT, GDipWomensSt, GCertSciCommun, MHM, PhD, FAICD, ARLF
Appointed 1 October 2019

Susan was the founding director of the National Centre for Farmer Health, a position she held from 2008 to 2021, and has experience in agriculture, health reform, public health, advocacy, education and academia as a professor at Deakin University. She enjoys leadership challenges and is passionate about achieving excellent outcomes for customers and our regional community more broadly.

Previous positions include senior executive health service roles, managing a beef and wool property, collaborative international work, and serving on several state and federal government advisory councils. She is a graduate of the Australian Rural Leadership Program and chair of Western Victoria Primary Health Network.

Susan's PhD and ongoing work is in the health, wellbeing and safety of agricultural and communities.

Committee membership:

- Executive Employment Committee
- Strategic Issues Committee
- Warrnambool STP Committee – Chair.

NARELLE ALLEN

GCert Mktg, GAICD
Appointed 1 October 2023

In a 30-year career spanning Sydney, Melbourne and South West Victoria, Narelle has worked with some of Australia's leading organisations and brands including Telstra, Qantas, ANZ and the Victorian Government.

Narelle is an experienced marketer and brand strategist and her passion lies in consumer relationships and brand management. She has a real interest in applying her varied skills to making a positive difference to the communities of South West Victoria and is currently the Manager of Brand and Strategic Marketing at South West TAFE.

A graduate of the Institute of Company Directors, Narelle was also a board member of South West Healthcare from June 2015 to June 2024.

Committee membership:

- Board Governance Committee
- Strategic Issues Committee.

BILL MILLARD

BSSc, MBA, CEDA, GAICD
Appointed 1 October 2023

Bill is a local government professional with extensive regional and metropolitan industry knowledge at director and CEO level.

He has previously filled roles including Director of City Growth at Warrnambool, Director Strategic Development at Hobsons Bay City Council, and CEO roles at Moyne Shire and Mansfield Shire (interim).

Bill holds a Bachelor of Social Science, an MBA in Strategic Human Resource Management, is a Certified Economic Developer, and a graduate of the Australian Institute of Company Directors.

Committee membership:

- Executive Employment Committee
- Strategic Issues Committee.

EMMA OLIVIER

BBus, CA, GAICD
Appointed 1 October 2023

Emma is the founder and CEO of Twenty Percent Disability Inclusion Advisory and brings more than 30 years of consulting experience. Born without a left hand, she understands the challenges and opportunities of disability in the workplace. Emma has worked with utilities in retail, distribution and mid-stream infrastructure in functional and executive roles in Australia and overseas.

Actively involved in community service, Emma is Victoria's first one-armed surf lifesaver and volunteers with Starfish Nippers.

Emma serves on various committees and boards, including Leadership Victoria, Housing Hub, and Bayside Council's Disability Access and Inclusion Advisory Committee. Her commitment to disability inclusion extends to roles on audit and risk committees for Scope Australia and Wellways Australia.

Committee membership:

- Audit and Risk Management Committee
- Executive Employment Committee
- Strategic Issues Committee.

NEIL PLUMMER

MBA, MSc, GradDipComp, DipMet, GAICD
Appointed 1 October 2023

As a director with Out of the Box Executive, Neil helps organisations navigate the energy, climate and circular economy transition.

Previously head of Climate Services at the Bureau of Meteorology, Neil provides climate research services to the Victorian Government. He has worked on international projects, including climate services and disaster risk reduction for Pacific islands.

Neil serves on the board of Geelong Sustainability, chairing its Audit, Finance and Risk Committee and leading its Strategy Working Group. He recently joined the Technical Advisory Committee of Climate Communications Australia. He is a graduate member of the Australian Institute of Company Directors, holds Masters degrees in both Business Administration and Science, a Graduate Diploma in Computing, and a Diploma in Meteorology.

Committee membership:

- Audit and Risk Management Committee
- Strategic Issues Committee.

GORDON RICH-PHILLIPS

BBus, GAICD
Appointed 1 October 2023

Gordon served as a Member of the Parliament of Victoria from 1999 until his retirement in 2022, representing Eumemmerring Province and the South Eastern Metropolitan Region.

As a Cabinet Minister in the Baillieu/Napthine Government, Gordon served as Assistant Treasurer, Minister for Aviation Industry, and Minister for Technology, working to develop Victoria's aerospace, ICT and biotech sectors.

He was Deputy Leader of the Opposition in the Legislative Council and chaired Select Committee inquiries into the lease of the Port of Melbourne and the restructure of Victoria's fire services, as well as chairing the Standing Committee on Finance and Public Administration.

Gordon holds a Bachelor of Business, is a graduate of the Australian Institute of Company Directors, and has been a pilot since he was 16 years old.

Committee membership:

- Audit and Risk Management Committee
- Strategic Issues Committee
- Warrnambool STP Committee.

Board meetings

Board meetings are scheduled monthly except for January, April and July. Minutes of meetings record Board decisions.

Directors receive customer and other stakeholder feedback through a range of mechanisms including an ongoing rolling program of direct engagement, customer surveys, community consultation and project-based customer committees.

BOARD MEETINGS ATTENDED

Director	Attended	Eligible to attend
Helen Scarborough (Chair)	11	11
Susan Brumby	11	11
Andrew Jeffers	11	11
Ken King	11	11
Narelle Allen*	9	9
Bill Millard*	9	9
Emma Olivier*	8	9
Neil Plummer*	9	9
Gordon Rich-Phillips*	9	9
Michael Crutchfield#	1	2
Mick Murphy#	2	2
Adrian Panow#	2	2

#Total number of meetings reflects completion of term on 30 September 2023.

*Total number of meetings reflects Board appointment on 1 October 2023.

Note: The total for the financial year includes nine ordinary meetings and two resolutions without meeting held pursuant to Section 122A of the Water Act 1989.

Board committees

The Board has five committees to assist it in carrying out its responsibilities:

- Audit and Risk Management Committee
- Board Governance Committee
- Executive Employment Committee
- Strategic Issues Committee
- Warrnambool STP Committee.

Information on these committees, including the purpose of each major committee and the extent to which the committee has achieved its purpose, is available to the public on request.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee provides independent assurance and advice to the Board on Wannon Water's risk, control and compliance framework, and its external accountability responsibilities. The committee monitors compliance and effectiveness of certified management systems and monitors the effectiveness of cyber resilience. The committee meets with the internal auditor, SW Australia, and the external auditor regularly.

As of 30 June 2024, the committee comprised non-executive independent Directors Ken King (Chair), Emma Olivier, Neil Plummer, Gordon Rich-Phillips and independent external members Shannyn Martin and Joseph Dalessandro.

AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS ATTENDED

Member	Attended	Eligible to attend
Ken King (Chair)*	3	3
Emma Olivier*	3	3
Neil Plummer*	3	3
Gordon Rich-Phillips*	3	3
Shannyn Martin	4	4
Joseph Dalessandro	4	4

*Total number of meetings reflects appointment to the Committee on 23 October 2023.

BOARD GOVERNANCE COMMITTEE

The Board Governance Committee assists the Board in carrying out its duties by providing objective review, advice and assistance in developing and progressing Board governance initiatives.

EXECUTIVE EMPLOYMENT COMMITTEE

The Executive Employment Committee oversees succession planning and remuneration policies and practices for executive employment in line with Public Entity Executive Remuneration Policy and Victorian Independent Remuneration Tribunal guidelines.

STRATEGIC ISSUES COMMITTEE

The Strategic Issues Committee provides a forum for Directors to explore issues of strategic importance in depth and build relationships with key stakeholders.

WARRNAMBOOL STP COMMITTEE

The Warrnambool STP Committee assists the Board in its governance accountabilities by providing a strong conduit between the Board and the project steering committee. Its primary function is the oversight of key strategic risks related to the Warrnambool STP Upgrade Project.

Ethical standards

The Board acknowledges the need for, and continued maintenance of, the highest standards of corporate governance practice and ethical conduct by Directors, employees and contractors. The Board has a comprehensive governance manual that seeks to ensure high standards of ethical behaviour through policies supported by specific awareness and compliance programs. The governance manual is regularly reviewed.

The Code of Conduct for Directors of Victorian Public Entities issued by the Public Sector Standards Commissioner provides guidance to Directors for compliance with the public sector values and good governance practice.

The Board reviewed the Instrument of Delegation for financial and non-financial decision-making during the reporting period.

Our culture

A safe and positive workplace culture is crucial for fostering employee engagement and satisfaction. When employees feel valued and secure, their dedication to work increases, boosting motivation and productivity. This alignment between safety, culture, and our strategic priorities drives our organisational success.

To measure employee engagement, satisfaction, and the adoption of our flexible work arrangements, we use the Victorian Public Sector Commission's People Matter Survey. In 2023, we achieved an impressive response rate of 86 per cent, surpassing both our comparator group and the broader public sector. Our engagement index rose to 77 points, up from 73 points the previous year, exceeding the public sector average by 10 points. Satisfaction levels were equally high, with many employees expressing contentment with their roles, work-life balance, and career prospects. Notably, 86 per cent of our employees feel proud to be part of Wannon Water and would recommend us as a great place to work.

In response to feedback from our Service Delivery teams on flexible work options, we launched a pilot program for a nine-day fortnight this year. This initiative supports our goal of providing equitable and accessible flexible work options, promoting an inclusive work environment.

While celebrating these engagement and satisfaction achievements, we are committed to continuous improvement to further enhance employee experiences and flexibility.

Pecuniary and conflicts of interest

Directors and managers completed declarations of pecuniary interest and addressed any potential conflicts of interest during the reporting period.

Independent advice

The Board ensures that it maintains independent judgement. Directors are entitled to seek independent legal advice on matters relating to the business of Wannon Water at the corporation's expense, subject to consultation with the Chair. No Director exercised this right during the reporting period.

We are Wannon: our People Strategy

This year marks a milestone with the launch of our four-year We are Wannon strategy, focusing on our people and aligning closely with our strategic goals.

The strategy prioritises four key pillars: safe people, a dynamic workforce, we all belong, and valued and recognised. Looking forward, we envision Wannon Water as a thriving organisation where employees enjoy their work, and top talent competes to join us. Our managers will lead by example, navigating industry trends while maintaining a safe, connected, inclusive environment that supports employees' authentic selves and fosters a positive employee experience.

SAFE PEOPLE

Our commitment to a Zero Harm culture remains unwavering. We strive to ensure that our safety performance meets or exceeds industry standards. This involves proactive measures to manage and prevent injuries, cultivating physical and psychological safety within our workplace. Employees and managers are well-informed and play an active role in maintaining and enhancing safety culture and standards.

A DYNAMIC WORKFORCE

We acknowledge the importance of preparing for future challenges and opportunities. Our ongoing workforce planning efforts aim to align the right people, with the right skills, in the right place, at the right time to meet future demands effectively. By working smarter not harder, we equip our teams with the skills and strategies needed to enhance effectiveness and productivity. This proactive stance not only keeps us ahead of industry shifts but also solidifies Wannon Water's reputation as a forward-thinking organisation.

WE ALL BELONG

Ensuring we have an inclusive, equitable, and diverse workforce is a priority for us. We're committed to reducing the gender pay gap, increasing diversity across our teams, and promoting a culture where everyone can share their stories and experiences. Flexibility in the workplace has been expanded to better meet employee expectations and needs, ensuring that all employees can balance their work and life commitments effectively.

VALUED AND RECOGNISED

Our goal is to strengthen our reputation as an employer of choice. We create a work environment where employees feel connected, respected, and empowered to bring their unique strengths to the work. Valuing and recognising the contributions of our employees, creates a sense of pride and engagement throughout the organisation.

Public sector values and employment principles

Our policies and practices are consistent with the Victorian Public Sector Commission's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. We comply with the *Public Administration Act 2004* and are committed to applying merit and equity principles when appointing employees. The selection processes ensure that applicants are assessed and evaluated fairly and equitably based on their ability to meet the key selection criteria and other accountabilities without discrimination.

Our Code of Conduct reinforces the expectations of employment consistent with the *Human Rights and Responsibilities Act 2006*.

We advise our employees on how to avoid conflicts of interests, how to respond to offers of gifts and how we manage misconduct.

Workplace conditions, policies, and procedures

We've focused on enhancing workplace conditions and implementing key procedures and policies to create a positive and inclusive work environment.

ENTERPRISE BARGAINING

We began enterprise bargaining to negotiate terms and conditions of employment, ensuring that our workforce receives fair compensation and that working conditions meet the evolving needs of the sector.

CHILD SAFETY POLICY AND PROCEDURE

Recognising our responsibility to protect the wellbeing of children in our communities, we introduced a comprehensive Child Safety Policy and an accompanying procedure. The policy outlines our commitment to creating a child-safe environment and sets clear guidelines for our people to follow, ensuring the safety and protection of children who interact with our services.

BULLYING, DISCRIMINATION AND HARASSMENT FREE WORKPLACE PROCEDURE

In alignment with the *Sex Discrimination Act 1984* and its positive duties' requirements, we've used the recommendations from the Respect@Work report to ensure our workplace is safe and respectful. We've implemented ongoing training and awareness programs, establishing clear reporting mechanisms for employees to raise concerns, and updated our Bullying, Discrimination, and Harassment Free Workplace Procedure to help prevent any of these incidents.

Leadership, learning and development

Throughout the year, we reaffirmed our dedication to enhance leadership, learning opportunities, and professional development across all levels of our organisation. This commitment is not merely a strategic objective, but a core value that underpins our workplace culture.

We provided 13,058 hours of learning and development this year, averaging 53 hours per employee - an increase from the previous year.

We're actively enhancing our leadership programs to empower our current and future leaders. Our efforts are focused on the following key initiatives:

NEXTGEN WOMEN'S PROGRAM

This program is designed to cultivate the leadership potential of women within our organisation. Through targeted mentoring, skill development and networking opportunities, we aim to equip our female talent with the tools and confidence to take on leadership roles.

WORK SMARTER, NOT HARDER PROGRAM

We're building internal leadership programs that use coaching principles, enabling participants to refine their leadership skills through practical, on-the-job learning experiences. By focusing on real-time challenges and personalised development plans, we aim to generate resilient leaders capable of steering Wannon Water into the future.

Diversity, equity, inclusion and belonging

We celebrate diversity, promote inclusivity, and embed a sense of belonging for all employees through our "lived" organisational values and positive workplace culture.

We submitted a bi-annual progress report on our Gender Equality Action Plan¹ (GEAP) to the Victorian Commission for Gender Equality in the Public Sector. This report details our achievements and the challenges in advancing gender equality within our workforce, including the following aspirational targets:

Workforce Inclusion and Management Plan initiative	2023 target	2023/24 actual	2022/23 actual	2021/22 actual	2020/21 actual
Females who manage teams	40%	26%	28%	23%	24%
My organisation uses inclusive and respectful images and language (based on People Matter Survey results)	95%	N/A	88%	90%	-
My manager treats employees with dignity and respect (based on People Matter Survey results)	95%	87%	92%	94%	-
The average annualised total remuneration pay gap is reduced by 5%	5%	15.1%	16.8%	-	-

For the 54 positions we filled in 2023/24:

- 38 per cent of applicants were female.
- 39 per cent of short-listed candidates were female.
- 39 per cent of the final appointments were female.

In 2023/24, one executive officer identified as a woman.

Two years into our four-year GEAP, we acknowledged the challenge of meeting our aspirational targets for gender equality and sustainable change. In response, we've introduced a program to accelerate career development opportunities for future women leaders.

Diversity, equity, inclusion, and belonging have long been integral components of our workforce strategy, driving engagement, performance, and retention. We celebrated this through more than eight days of significance during the year.

Our people are embracing cultural awareness training with increased attendance, particularly over the past two years.

Cultural Awareness training	2023/24	2022/23	2021/22	2020/21	2019/20
Number of employees completed	104	75	30	20	27

FAMILY-FRIENDLY WORKPLACE INITIATIVES

We became Australia's first accredited family-friendly water corporation during the year, highlighting our commitment to supporting employees and their families. Through flexible work arrangements and parental leave policies, we empower employees to succeed professionally while nurturing their personal lives. This milestone reflects our values and sets a benchmark for the water industry, reinforcing our leadership in employee welfare and workplace innovation.

¹ The GEAP is available on our website.

Workforce statistics

The number of ongoing full-time equivalent employees in the reporting period increased by two, with the total all-employee head count increasing by 15. Contributing factors were a need to resource several major projects and the growth of the Digital Services and Service Delivery areas.

Employees have been correctly classified in workforce data collection.

	30 June 2024							30 June 2023						
	All employees		Ongoing			Fixed term & casual		All employees		Ongoing			Fixed term & casual	
	No.	FTE	Full-time	Part-time	FTE	No.	FTE	No.	FTE	Full-time	Part-time	FTE	No.	FTE
Women	96	83	55	28	71	13	12	93	81	53	31	73	9	8
Men	148	145	134	5	137	9	8	146	144	134	4	136	8	8
Unknown	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AGE														
15-24	7	7	6	0	6	1	1	10	10	10	0	10	0	0
25-34	54	51	45	3	46	6	5	51	48	39	4	41	8	7
35-44	57	50	39	13	46	5	4	60	54	43	15	52	2	2
45-54	78	75	63	10	70	5	5	77	74	64	9	70	4	4
55-64	44	41	34	6	37	4	4	37	35	29	5	32	3	3
65+	4	4	2	1	3	1	1	4	4	2	2	4	0	0
CLASSIFICATION														
Band 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Band 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Band 3	1	1	0	1	1	0	0	1	1	0	1	1	0	0
Band 4	68	61	53	10	58	5	3	62	57	48	11	54	3	3
Band 5	53	49	40	10	46	3	3	60	56	45	11	52	4	4
Band 6	53	50	39	8	44	6	6	47	44	35	8	40	4	4
Band 7	24	23	21	2	22	1	1	27	26	24	1	24	2	2
Band 8	21	20	16	2	17	3	3	20	19	15	3	17	2	2
Senior Manager	18	18	14	0	14	4	4	16	16	14	0	14	2	2
EXECUTIVES														
General Manager	5	5	5	0	5	0	0	5	5	5	0	5	0	0
Managing Director	1	1	1	0	1	0	0	1	1	1	0	1	0	0
TOTAL EMPLOYEES	244	228	189	33	208	22	20	239	225	187	35	209	17	16

NOTES:

Excludes seven non-executive Board Directors appointed by State Government

FTE refers to full-time employee equivalent

Data on employees who identify themselves as "self-described" is collected annually

Employees are classified as a band (Band 1 to 8) under the Wannon Water Enterprise Agreement 2020.

Senior Managers refer to employees who have signed a Senior Management Agreement.

Executives refer to employees who are engaged by the organisation under a contract governed by the Public Entity Executive Remuneration Policy.



Health and safety - Zero Harm

Our approach to Zero Harm is more than just physical safety. It encompasses Zero Harm to our people and to our environment. We prioritise safe and inclusive behaviours among our employees, considering the wellbeing of our communities and the environment in which we operate. Providing safe drinking water is a vital aspect of our commitment to protecting the health and safety of all.

Safety is reinforced through internal proactive engagement and ongoing consultation with the Occupational Health and Safety (OH&S) Committee and the Zero Harm Champions group. Our risk management and audit programs continuously review and monitor compliance with our OH&S systems, identifying opportunities to work even more safely.

Key safety initiatives

Our strategic direction is centred on putting people, including our employees, first. In 2023/24 we continued to enhance the effectiveness and ease of use of our Zero Harm Integrated Management System (IMS).

The IMS is a risk-based approach that aligns with our Zero Harm aspirations. It focuses on three key principles:

- People – who are engaged, capable and demonstrate our Zero Harm culture.
- Processes – provide clear and consistent direction and are simple to use.
- Plant – employees have the right equipment and tools for activities they perform.

All impacted employees are engaged in reviewing and enhancing their daily processes, procedures, and tools. It empowers them to enhance safety, protect the environment, and deliver safe drinking water to the community. The IMS is a crucial step in our commitment to excellence and safety in all aspects of our operations. Achievements in 2023/24 included:

PEOPLE

We are Wannon has a key pillar focusing on safe people (building on our Zero Harm culture). This includes embedding our Zero Harm Safety Behaviours for employees and leaders, and continuing our transition from being reactive to leading safety indicators.

We provided leadership training for the prevention and management of psychological hazards within the workplace.

Our Zero Harm Safety Awards, launched in 2022/23, have expanded to include the environment. They continue to recognise individuals and teams who have shown outstanding dedication and innovation in the protection of health and safety and the environment. Our annual award winner in 2023, treatment operations officer Noel Kenny, developed an engineered solution to reduce the risk of employees being struck when they were loading bulk bags onto trucks.

PROCESSES

This year we approved 20 standards supporting our IMS. They set out clear requirements for employees and contractors for how to manage our highest risk activities and legislated obligations.

We've implemented a High Potential Incident (HPI) process as part of a national initiative led by the Water Services Association Australia (WSAA). Water corporations share details of incidents and near-miss events to learn and help prevent them happening elsewhere.

Internal and external alerts for hazards and risks continue to be shared internally, aiding safety discussions for the OH&S Committee and at team level.

We're pleased to have successfully maintained certification to ISO 45001, the leading international standard for OH&S.

PLANT

We continue to transition our enterprise risks into our new risk management software. This will enhance our ability to communicate our highest risks and further align processes to ensure they continue to be managed to accepted levels.

Through the development of our IMS standards, and in consultation with employees, we continue to invest in plant and equipment to maintain the safety and wellbeing of our employees and the community.

We are pleased to have successfully maintained certification to ISO 45001, the leading international standard for OH&S.

Training

We uphold rigorous compliance standards through comprehensive role requirement training programs. The programs cover safety protocols and regulatory requirements and are tailored to specific roles.

Performance measures

Our key OH&S performance indicators align with the standards set out in the workplace injury and disease recording standard AS 1885.1—1990.

OH&S INDICATORS

	Claims	2023/24	2022/23	2021/22	2020/21	2019/20
Number of Lost Time Standard Claims		0	4	3	4	3
Number of Lost Time Standard Claims per 100 FTE		0	2.22	1.33	2.01	1.50
Average cost per claim		\$0.00	\$2,996	\$9,276	\$12,615	\$12,025
	Incidents					
No. of Incidents		50	45	52	68	118*
Rate per 100 FTE		20.49	20.00	21.66	34.17	59.00

* Increase reflects the new multi-classification reporting of incidents to support improved safety outcomes.

Section 4: Our environment

Our environment

Resilient and liveable cities and towns

Over the past 12 months, we've held various education sessions across our service region with the aim of increasing knowledge and awareness of our water sources and sustainable water use practices. Our new Every Drop Counts campaign, which provides practical resources for customers wanting to save water, was promoted on our website and through our social media channels.

We're a proud supporter of Smart Water Advice, a not-for-profit water efficiency project run by Smart Approved WaterMark for water utilities and councils throughout Australia. This initiative allows us to provide a range of online tips and resources to help customers save water in their homes, gardens and at work.

We're also an active participant in DEECA's WaterSmart program. The program provides digital metering for non-residential customers to assist them to make smart water-efficient decisions within their business. There

has been a good uptake in the initiative and we hope it will help us and our customers identify and fix water leaks, and discover areas where water can be used more efficiently.

A second element of the WaterSmart program is targeted at improving the water efficiency of sporting fields that draw from the Otways catchment. Around 10 sites that have high water use will undertake a water audit and receive support to adopt some of the recommended improvements.

We're also continuing to investigate and evaluate alternative uses for recycled water across the region.

WATER CONSUMPTION

Residential use in our region, once climate corrected, was 172 litres/person/day in 2023/24, which was higher than the previous year. Non-residential water use, when climate corrected, was similar to the previous year, with 2,956 litres used per connection. We've observed a notable reduction in rural water use over the past decade, and particularly in the past four years. The usage for 2023/24 was 2,197 litres/connection.

WATER CONSUMPTION REPORT*

Residential connections	Number of residential connections	38,677
	Potable water volume consumed by residential connections	5,429 megalitres
	Per capita daily residential potable water consumption	172 litres/day
	Recycled water volume used by residential connections	0
	Treated stormwater volume used by residential connections	0
Non-residential connections	Number of non-residential connections	5,911
	Potable water volume consumed by non-residential connections	4,857 megalitres
	Recycled water volume (end use) used by non-residential connections:	
	Commercial purposes	0
	Industrial purposes	0
	Agricultural purposes	0
	Municipal purposes	0
	Total	0
	Total number of connections	44,588
	Total potable water consumed	10,286 megalitres
	Total recycled water and stormwater volume	0
	Total volume of water used by connections	10,286 megalitres
	Average annual water consumption	9,827 megalitres
Non-revenue water	Leakage	1,766 megalitres
	Firefighting	6 megalitres
	Other	28 megalitres
	Total non-revenue	1,800 megalitres
Total volume of water from all sources		12,086 megalitres

* Table does not include 641 non-potable water connections which used 1,694 megalitres (15 per cent of our total water consumption).

MAJOR NON-RESIDENTIAL WATER USERS

Volumetric range – ML per year	Number of customers
Equal to or greater than 50ML and less than 100ML	1
Equal to or greater than 100ML and less than 200ML	2
Equal to or greater than 200ML and less than 300ML	0
Equal to or greater than 300ML and less than 400ML	4
Equal to or greater than 400ML and less than 500ML	0
Equal to or greater than 500ML and less than 750 ML	0
Equal to or greater than 750ML and less than 1,000ML	0
Greater than 1,000ML	1
Total no. of customers	8

MAJOR NON-RESIDENTIAL WATER USERS' PARTICIPATION IN WATER EFFICIENCY PROGRAMS

Name of customer	Participation in water efficiency program	Water Management Plan Developed
Saputo - Allansford	No	No
Fonterra Australia Pty Ltd - Cobden	No	No
Provico - Dennington	No	No
Midfield Meat International Pty Ltd - Warrnambool	No	Yes
Bega Cheese Limited - Koroit	No	In progress
Sun Pharmaceutical Industries (Australia) Pty Ltd – Port Fairy	No	No
Alcoa Portland Aluminium Pty Ltd - Portland	No	No
Sungold - Allansford	No	No

WATER RECYCLING

Volumes of recycled water totalled 1,960 megalitres in 2023/24, representing 18 per cent of the overall available supply of treated effluent. A particularly dry year allowed for the effective irrigation of our farmland sites and, for the first time in 15 years, the full removal of treated effluent from our winter storages.

The bulk of the available supply of recycled water goes to ocean through outfalls at the Warrnambool, Port Fairy and Portland sewage treatment plants. More than 50 per cent is discharged from the Warrnambool STP. This recycled water has limited use for recycling due to the high salt content coming from industrial customers. Discharge of this flow into the ocean is deemed fit for purpose due to its salty nature.

We continue to work with regional industry to improve water management outcomes and, where possible, provide recycled water solutions, removing the need for the use of drinking water.

DROUGHT RESPONSE

Permanent Water Saving Rules continue to apply across our service area. No water restrictions were required in the reporting period.

Our Drought Response Plan is designed to protect water resources during severe dry periods. Good storage levels across our systems means that the plan was not invoked. There were no restrictions on recreational playing fields, with many already using recycled water or other non-drinking water supplies.

CORPORATE WATER CONSUMPTION

Apart from office-based water use, consumption at our other sites is difficult to determine and compare, as consumption includes operational usage (at treatment plants, etc.) as well as employee water usage.

Office location	Total full-time equivalent employees	Office space (m ²)	Water consumption (kL)	kL/FTE	Water consumption by office space (L/m ²)
25 Gateway Road Warrnambool*	147	3,530	540	3.7	153
15 Townsend Street Portland	4	278.4	61	15.3	219
66 Gray Street Hamilton	7	614.7	33	4.7	54
Total	158	4,423.1	634	4.0	143

* Rain water is used for flushing toilets and watering gardens at the Gateway Road office in Warrnambool.

COMMUNITY PROGRAMS

Name of program	No. of customers
Community Rebate Program	2
Community Housing Retrofit Program	N/A

SUSTAINABLE WATER USE

We're fortunate to have a diverse range of water supplies which have proven to be reliable and secure, even during extended periods of drought. Nonetheless, our customers are increasingly discussing the link between water and the impacts of climate change. Our community engagement work has shown that customers want us to proactively promote water sustainability, regardless of whether water restrictions are on the horizon for our region or not.

WARRNAMBOOL ROOF WATER HARVESTING SCHEME

Our Warrnambool Roof Water Harvesting Scheme is progressively being expanded as development occurs in Warrnambool's main north-east growth corridor over the next 30 years. Eventually, the roofs of up to 5,000 new homes will form an urban catchment that is expected to contribute 640 megalitres of water each year into the Brierly Basin and then be treated at the Warrnambool Water Treatment Plant for urban drinking water. This represents eight per cent of the water sourced from the Otway catchment for the Warrnambool area.

In recent years, the scheme has been collecting water from lots within each new stage of the Northern Edge subdivision, with more than 300 houses now connected. The concept continues to demonstrate the benefits of integrated water management. This includes alleviating nuisance flood impacts and costly council asset maintenance, and the use of alternative sources of water to help meet the challenges of climate change adaptation.

Integrated Water Management (IWM)

Sometimes, one agency can't do things on their own and integrated planning is required. We continued to play a leadership role with DEECA in supporting the Great South Coast Integrated Water Management (IWM) Forum.

Established in 2018, members of the forum include local government, catchment management authorities, Southern Rural Water, Deakin University and Traditional Owner representatives from across the region. The forum has committed its best endeavours to achieving its vision: "Water is life - we will work together with our communities to deliver integrated water outcomes contributing to the resilience of our environment, culture and economy".

Projects identified support the forum's strategic objectives of:

- Safe, secure and affordable supplies in an uncertain future.
- Effective and affordable wastewater systems.
- Avoided or minimised existing and future flood risks.
- Healthy and valued waterways and marine environments.
- Healthy and valued landscapes.
- Community values are reflected in place-based planning.
- Jobs, economic benefits and innovation.

PENSHURST ADAPTIVE WASTEWATER PILOT PROJECT

We've been working with the Southern Grampians Shire and DEECA to find a sustainable solution to address the impact of failing septic systems in small towns across the region. The project team investigated a whole-of-town wastewater solution and, as a first step, one part of town was selected to trial a pilot wastewater management and water recycling system.

Our consultants originally estimated the full town project would cost nearly \$10.4 million (pre-pandemic prices). The outcome would mean \$17 million in environmental, health and amenity benefits for the town – a \$1.78 return for every \$1 invested. However, more recent estimates showed the cost of the fully implemented solution for the entire town had risen substantially to \$19.6 million, and the potential benefits had reduced to just under \$11.5 million. This means the project would only return 59 cents in benefits for every \$1 invested. Similarly, the pilot project costs for the pilot precinct have also risen from \$1.7 million to \$2.7 million, creating a \$1 million funding shortfall.

As a result, the project had financial risks for customer bills in the long term and was no longer a viable alternative approach for small town sewerage improvements. Our Board reluctantly decided not to proceed with the project but remains committed to investigating other options to provide a sustainable wastewater solution for the town.

We acknowledge the current challenges around wastewater management in the Peshurst township and the impact it is having on the environment. We also understand that it is limiting opportunities for the town's future development. We'll continue monitoring the quality of the groundwater so we can better understand some of the impacts of wastewater disposal in the town and help inform future investigations.

We've also initiated a post-project review with the shire and DEECA to better understand the factors leading up to the project's cancellation. We hope to use this information locally and share it with other small unsewered towns.

ALBERT PARK CENTRALISED ROOF WATER HARVESTING PROJECT

This project continues to see the retrofitting of roof water harvesting infrastructure to community buildings on the north-west side of the Albert Park precinct and Warrnambool College. At the completion of the current stage of connections, about half of all roofs at Warrnambool College and 80 per cent of the roofs in Albert Park will be connected to the roof water harvesting network. This will contribute more than eight megalitres a year to Warrnambool's drinking water supply and reduce stormwater flows, minimising associated flooding and waterway health impacts.

LAKE PERTOBE IWM PLAN

Together with Warrnambool City Council, Glenelg Hopkins CMA, Eastern Maar and DEECA, we've been supporting the development of an IWM plan for Lake Pertobe in Warrnambool. The plan, finalised in 2024, identifies projects that enhance the overall amenity of the lake while improving stormwater quality and reuse, aquifer recharge, water balance and ecological values.

HAMILTON ROOF WATER HARVESTING EXPANSION

Opportunities for roof water harvesting were identified in the Hamilton IWM Plan completed in 2020. This project, led by Southern Grampians Shire, will use the roofs at the Hamilton Indoor Leisure and Aquatic Centre/showgrounds and the Hamilton Regional Livestock Exchange to provide an alternative fit-for-purpose water supply for those locations. The project outcomes include, mitigation of nuisance flooding impacts, reduced extraction from surface water, and reduced water bills for council.

RIVERS OF WARRNAMBOOL PROJECT

Led by the Glenelg Hopkins CMA, this project has involved catchment, instream and riparian works to improve the health of Warrnambool's rivers which extend for around 140 kilometres.

DEECA provided additional funding to design and begin long-term strategic planning and monitoring activities. Initially these activities will include in-stream fauna monitoring using eDNA and a social benchmarking project. eDNA is seen as a cost-effective way of sampling all project waterways to gain baseline data of in-stream species and an indication of distribution across the rivers. The results will be used to determine areas for physical sampling and future on-ground works and additional monitoring. The social benchmarking project will develop and explore indicators to assess and track change in attitudes towards project waterway uses and values through time.

Links with local government

We value our close relationships with local government and continue to explore opportunities to partner with councils to access government funding for the benefit of our region.

Integrated solutions have been a focus of our work with councils this year, with a number of projects underway or continuing across the region.

Research has also been undertaken in conjunction with project partners on exploring additional sewage treatment capacity and avenues for recycled water use in Camperdown.

Circular economy outcomes

Our Circular Economy Roadmap is part way through being implemented with activities to date including:

- Inclusion in our corporate plan and other strategic planning documents.
- Successful buy-in from executives to support circular economy activities through presentations and ongoing consultation.
- A case study on the life cycle mapping of water meters.
- A feasibility assessment on alum sludge recovery.
- A trial of pump snoring completed and now due to be rolled out across all applicable sites.
- An internal education program including:
 - Development of a circular economy intranet page with a dedicated program of monthly case studies shared across the organisation. These demonstrate circular economy in practice, or successful projects that have been undertaken.

- Site visits for key staff to local resource recovery sites.
- Inclusion of circular economy principles in employee induction material.
- Development of a circular economy visual to prompt conversation and education around circular economy principles and systems thinking.
- Collaboration with regional stakeholders to explore solutions for organic material that recover organics at higher value.
- A local network that spans various levels of government and industry.

We're proud to have won the 2024 Circular Project award at the Waste Management and Resource Recovery Association Australia's ENVIRO Awards. We were recognised for our innovative work towards bringing a circular economy to life. In particular, the association acknowledged the development of our Circular Economy Roadmap and Planning Toolkit as well as the ongoing collaborative work being undertaken across the region.

Recognising recreational values

CONSIDERATION OF RECREATIONAL VALUES IN BUSINESS OPERATIONS

There were no site-based projects planned or delivered during the year to improve recreational enjoyment of water storages.

Our focus for increasing recreational outcomes consistent with Water is Life is through our Recreational Opportunities Strategy, published in August 2022. The strategy aimed to increase public access to a broader range of assets as we have limited water storages that are suitable for recreation. We do not manage any declared recreational areas.

ENGAGEMENT PROCESSES WITH THE COMMUNITY OR STAKEHOLDERS

Our Recreational Opportunities Strategy and our Price Submission 2023-28 were both strongly informed by community engagement in relation to environmental performance, and water planning and management.

IMPROVEMENTS TO INFORMATION SOURCES

We continue to explore opportunities for increasing public access to assets for recreational purposes. During the year we launched our new website which includes details on several of the existing recreational opportunities available to the community.

COLLABORATION WITH STAKEHOLDERS

We've been actively engaging with local government to identify collaborative opportunities for increasing recreational outcomes in our region. Glenelg Shire's Municipal Health and Wellbeing Plan includes an action to increase public art in partnership with us. We're also working with Warrnambool City Council to explore opportunities for visual projections onto community assets to enhance community health and wellbeing outcomes.

Environmental statutory obligations

VICTORIAN WATERWAY MANAGEMENT STRATEGY AND REGIONAL WATERWAY STRATEGIES

The Victorian Waterway Management Strategy, released in 2013, provides a continuing framework for the management and improvement of rivers, estuaries and wetlands across Victoria. The Corangamite and Glenelg Hopkins waterway strategies detail the regional implementation of the Victorian strategy and aim to improve the health of our region's waterways.

We support these strategies and ensure that relevant aspects of our operations are carried out according to their requirements, including specific projects that support and enhance their objectives and outcomes. We also provided input to the independent review of the Victorian Waterway Management Strategy.

We comply with environmental obligations under our Bulk Entitlements issued under the Victorian Waterway Management Strategy framework. These obligations include providing and monitoring passing flows at the North and South Otway offtakes on the Gellibrand River, and providing passing flows on the tributaries of Tea Tree Creek in the Grampians Water Supply System, north of Hamilton.

STATE ENVIRONMENTAL PROTECTION POLICY (WATERS) AND THE ENVIRONMENT PROTECTION ACT

During the year, we continued to manage our business activities to support the objectives of the State Environmental Protection Policy (Waters) and the *Environmental Protection Act 2017* which took effect from 1 July 2021.

We've been proactive in transitioning to the new obligations under the new act, having undertaken a gap analysis of our environmental governances and closing this gap to ensure compliance with all environmental laws. We understand that our environmental compliance obligations are ongoing and can be interpreted differently by the regulator. We are confident that systems are in place to ensure this compliance can be monitored and met.

SEWAGE TREATMENT PLANT DISCHARGE VOLUMES

General discharges over the reporting period were down on the previous financial year due to much drier climatic conditions across our region. This is reflected in the 12 per cent reduction in discharged volumes.

Plant	2023/24 ML	2022/23 ML	Change
Camperdown domestic	498	546	-9%
Camperdown industrial	28	37	-23%
Casterton	120	92	31%
Cobden	190	257	-26%
Coleraine	51	32	57%
Dunkeld	45	32	42%
Hamilton	908	948	-4%
Heywood	326	304	7%
Mortlake	132	202	-35%
Peterborough	18	25	-29%
Port Campbell	81	75	9%
Portland	1,123	2,214	N/A*
Port Fairy domestic	680	787	-13%
Port Fairy industrial	114	149	-23%
Simpson	2	10	-83%
Terang	311	391	-20%
Timboon	47	121	-61%
Warrnambool	6,210	6,156	1%
Total	10,885	12,379	-12%

* Portland discharge volumes were previously reported incorrectly due to a metering failure.

Climate change and energy

EMISSION REDUCTIONS

Total scope 1 and 2 emissions

Scope 1 emissions are emissions released into the atmosphere as a direct result of our activities e.g. those sewage treatment and fuel used in transport. Scope 2 emissions are those released outside our boundary to produce the energy we use e.g. the electricity we purchase to operate water and sewage treatment plants.

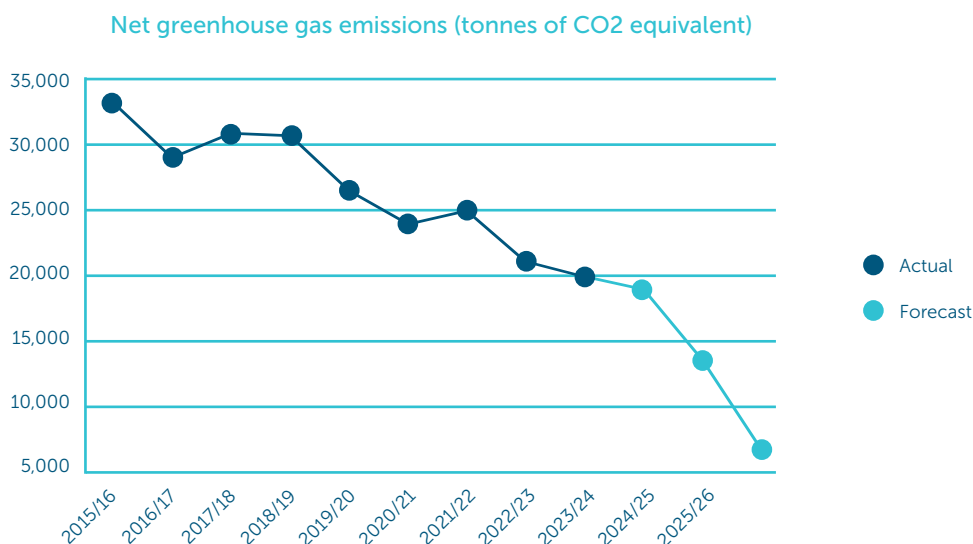
There has been a large increase in electricity consumption associated with raw water pumping due to the extremely dry season. Our North Otway system is weather-dependent so we've had to pump water to maintain storage level targets (instead of allowing it to feed by gravity).

Service delivery category	Scope 1 and 2 emissions (tCO ₂ -e)				Variance between 2022/23 and 2023/24
	2022/23 Total Scope 1 and 2 emissions	2023/24 Scope 1 emissions	2023/24 Scope 2 emissions	2023/24 Total emissions	
Water treatment and supply	8,041	0	11,102	11,102	38.1%
Sewage collection, treatment and recycling	13,819	5,432	8,370	13,802	-0.1%
Transport	650	695	0	695	6.9%
Other (e.g. offices, depots)	439	0	335	335	-23.7%
Total emissions (after REC retirement) (tCO ₂ -e)	22,950	6,127	19,808	25,935	13.0%
Carbon offsets (self-generated) retired	-1,887		-5,981	-5,981	217.0%
Net emissions (after offset retirement) (tCO ₂ -e)	21,063	6,127	13,827	19,954	-5.3%

Climate active eligible carbon offset units retired to reduce scope 1 emissions

Name and type of project/s implemented to generate retired carbon offset units/ supported by carbon offset retirement	Climate active eligible offset unit	Offset quantity	Retirement date	Offset unit vintage year	Public registry
N/A	N/A	N/A	N/A	N/A	N/A

Progress towards upcoming five-year emissions target



Full breakdown of scope 1 emissions by greenhouse gas

Scope 1 emissions by greenhouse gas (source greenhouse gas reported in t CO₂-e)

Service delivery category	Carbon dioxide (CO ₂) tCO ₂ -e	Methane (CH ₄) tCO ₂ -e	Nitrous Oxide (N ₂ O) tCO ₂ -e	Other tCO ₂ -e
Water treatment and supply	0	0	0	0
Sewage collection, treatment and recycling	56	2,400	2,976	0
Transport	690	0	5	0
Other (e.g. offices, depots)	0	0	0	0
Total	746	2,400	2,981	0

INCREASING RENEWABLE ENERGY

We continued to generate renewable energy from our solar PV and wind energy projects. We also made significant progress in advancing several new renewable energy projects including the Brierly Basin Floating Solar Project and the Port Fairy Solar and Battery Project.

Total electricity consumption by service delivery

The large increase in electricity consumption is due to the dry season and the need to pump raw water. The increase in electricity use for sewage treatment is associated with higher throughput recorded at the Warrnambool STP.

Service delivery category	2022/23 Total electricity consumption (MWh)	2023/24 Total electricity consumption (MWh)
Water treatment and supply	9,798	14,053
Sewage collection, treatment and recycling	9,876	10,524
Other (e.g. offices, depots)	549	425
Total	20,223	25,002

Total electricity consumption by source

The large increase in electricity purchased through a retailer is associated with the dry season and the need to pump raw water.

Total electricity consumption reporting

Electricity source	2022/23 Total electricity consumption (MWh)	2023/24 Total electricity consumption (MWh)
Purchased directly through an electricity retailer	19,790	25,002
Not directly purchased but sourced from outside the organisation	0	0
Corporation led/self-sourced activities and initiatives	433	461
Total	20,223	25,463

Total renewable electricity consumption	2022/23 Total electricity consumption (MWh)	2023/24 Total electricity consumption	2023/24 Renewable electricity consumption (% of total consumption)	Variance between 2022/23 and 2023/24 %
Total renewable electricity consumption from grid-sourced electricity (corporation) reported because of the Commonwealth Government’s LRET				
Total grid sourced: mandatory	3,711	4,680	18%	26.1%
Total renewable electricity consumption from corporation-led/self-sourced activities and initiatives				
Biogas	0	0	0	0
Hydroelectric	0	0	0	0
Solar	433	461	2%	6.6%
Wind	0	0	0	0
Other renewables	0	0	0	0
Total	4,144	5,141	20%	24.1%

Total on-site renewable generation capacity and generation

Renewable energy assets have been offline at different times for maintenance or as a result of breakdowns.

	Total on-site renewable electricity generation capacity (MW)	2023/24 total on-site renewable electricity generated (MWh)			Total generated (by source)
		Consumed on-site	Exported	Other purposes	
Biogas	0	0	0	0	0
Hydroelectric	0	0	0	0	0
Solar	579	461	118	0	579
Wind	1,437	0	1,437	0	1,437
Other renewables	0	0	0	0	0
Total	2,016	461	1,555	0	2,016

Total other (non-renewable) on-site electricity generation capacity and generation reporting

We don't have any non-renewable generators, apart from back-up generators.

	2023/24 Total on-site renewable electricity generation capacity (MW)	2023/24 Total on-site electricity generated (MWh)			Total generated by source
		Consumed on-site	Exported	Other purposes	
Non-renewable sources	0	0	0	0	0
Total	0	0	0	0	0

Total energy storage system (power capacity and total storage capacity)

We don't have any renewable energy storage systems.

Energy storage system	2023/24 Total energy storage system power capacity (MW)	2023/24 Total energy storage system storage capacity (MWh)
Total: energy storage system	0	0

Total Renewable Energy Certificate (REC) retirement reporting to reduce scope 2 emissions

We voluntarily surrendered Large Generation Certificates (LGCs) to reduce our scope 2 emissions.

	2023/24 RECs retired: (1 REC = 1 MWh renewable energy)
Voluntarily retired by Wannon Water	5,981
GreenPower	0
Certified carbon neutral electricity purchased	0
Voluntarily retired on Wannon Water's behalf	0
Mandatorily retired or conveyed to Wannon Water's electricity retailer for mandatory retirement	0
Total RECs retired to reduce scope 3 emissions	0

Total electricity use from fuels and electricity segregated by energy source

	Renewable (in MJ)	Non-renewable (in MJ)	Total (in MJ)
From fuels	0	11,003,791	11,003,791
From electricity	18,508,776	73,157,104	91,665,880
Total	18,508,776	84,160,895	102,669,671

Total energy use per full-time equivalent (FTE) employee

Total energy use (fuels and electricity) in MJ	Total FTE employees	Energy usage (MJ) per FTE employee
102,669,671	250	410,679

Total stationary fuels use in buildings and machinery

Fuel type	Total stationary fuel use	
	In MJ	In t CO ₂ -e
Fossil gas	0	0
Biogas	0	0
Biodiesel	0	0
LPG	1,096	56
Petrol	933,660	63
Other	8,973,921	627
Total	9,908,677	746

ADAPTING TO CLIMATE CHANGE

Victoria's climate and streamflow are highly variable, but within this variability we've experienced a warming and drying trend over recent decades.

Over future decades we can expect:

- Reduced rain during the cooler months to persist.
- Increases in extreme rain events.
- Increases in potential evapotranspiration due to higher temperature and lower relative humidity.
- Reductions in streamflow because of less rain and higher potential evapotranspiration.
- The streamflow response to rain to no longer remain the same, and generally decline.
- Further warming with increases in the frequency and/or intensity of heat events.
- Increases in coastal erosion through sea level rise.
- Increases in weather conducive to bushfires, leading to a longer bushfire season.
- A reduced return period of extreme weather events.

These will all impact on the operations of Wannon Water.

Victoria's climate will continue to be variable, with wet years and dry years against an expected underlying drying trend. With a warmer future and projections of declining water availability, in coming decades we can expect more frequent and severe droughts and increases in extreme rain events.

In consultation with the State Government, we've assessed the impact of a drying climate on our water resources. The impacts to our systems under various greenhouse gas emission scenarios are included in our current Urban Water Strategy².

Our assessment shows that our surface water systems are secure under the current expected impacts of climate change. However, if a drier climate eventuates than the projections used in the Urban Water Strategy, we're prepared with augmentation options that could be implemented as early as 2031 to ensure our surface water systems are secure into the long-term future. These options include:

- **Otway system** - bringing the Curdievale bore online to meet the growing demand of Warrnambool and expanding the capacity of our Ewens Hill Reservoir.
- **Grampians system** - purchasing additional allocation from Rocklands Reservoir and investigating secure groundwater sources.

The strategy demonstrates that our groundwater systems have sufficient supply to meet projected demand for the next 50 years. Our roof water harvesting initiative is also continuing to expand with the new developments in Warrnambool.

The potential for more frequent and intense rain events will create complex and uncertain challenges for our sewer network. As a result, we've been gathering and analysing data to determine the impacts and develop options to respond to a range of scenarios.

An Effluent Management Strategy is currently being developed for the Warrnambool STP which services the townships of Warrnambool, Koroit and Allansford. It will investigate alternative methods for treating sewage and trade waste, and disposing of treated effluent. The process will include a community engagement phase and consider issues including:

- The costs of managing sewage and keeping water and sewerage service bills affordable.
- The results of scientific studies.
- Solutions that are technically feasible.
- Environmental impacts.
- What matters to the community.

In addition to the strategy, we've recently completed sewerage infiltration and water balance assessments for the Camperdown, Casterton, Hamilton, Terang and Timboon systems to guide strategic recommendations. We also continue to be guided by the EPA for environmental regulation policy, and the ESC for investment considerations. We use modelling and metering to support our decision-making.

² The Urban Water Strategy is available on our website.

Section 5: Our performance

Our performance

Financial result

We maintain financial viability by applying sound business planning, managing financial risks, and ensuring sufficient income is generated to meet operating costs and debt commitments.

The net result for the year was a loss before tax of \$10.99 million – which was an increase of \$3.55 million on the previous year's loss, and a \$1.41 million improvement on the budgeted position for the year.

The differences in 2023/24 compared to the prior year relate to both an increase in revenue from service charges and trade waste services, and an increase in expenditure, resulting in an increase in the loss on a net basis. Depreciation expense was the largest increase compared with the prior year (\$2.97 million), following a revaluation of our infrastructure, property, plant and equipment upwards by \$111.86 million in the prior year. Consultant and contractor costs increased compared to the prior year and were slightly over budget. Employee costs also increased on the prior year, but were slightly under budget. The variance to budget for these two items offset each other, keeping overall resourcing within budget.

Similar to the prior year, there were some significant

write-offs regarding asset expenditure during the year due to their replacement, as well as the expensing of IT project costs. This is common practice now, given the change in the way that IT services are delivered via on-line/cloud platforms.

With the ongoing construction of the Warrnambool STP upgrade, our borrowing costs have also increased, as the project is funded from borrowings with the Treasury Corporation of Victoria.

As noted above, the net loss before tax was a \$1.41 million improvement on budget. Total revenue was eight per cent (\$6.33 million) more than budget. Tariff and charges revenue was up, including trade waste service revenue. This was partially offset by a decrease in capital contributions. Expenditure was \$4.92 million over budget. Over-expenditure occurred in the areas of depreciation, consultants and contractors, electricity and asset write-offs. Under-expenditure occurred in the areas of borrowing costs and employee costs.

We generated cash flows of \$18.93 million from operating activities. We borrowed \$36 million during the year, with investments of \$55.32 million made in capital infrastructure.

The table below provides the high-level financial results for 2023/24 compared with the previous four years.

Financial result	2023/24 (\$'000)	2022/23 (\$'000)	2021/22 (\$'000)	2020/21 (\$'000)	2019/20 (\$'000)
Core business revenue	78,304	71,230	68,791	68,816	70,704
Capital revenue	6,526	4,689	5,070	3,255	2,335
Government contributions	310	1,282	778	2,506	6,283
Other revenue	2,411	1,746	1,822	2,588	2,723
Total revenue	87,551	78,947	76,461	77,165	82,045
Operating expenditure	61,041	52,870	54,355	46,405	46,790
Depreciation and amortisation expenditure	31,693	28,721	28,486	24,857	24,999
Finance costs	2,805	908	903	1,394	1,800
Other expenditure	3,001	3,887	1,496	1,739	1,703
Total expenditure	98,540	86,386	85,240	74,394	75,292
Net result before tax	(10,989)	(7,439)	(8,779)	2,771	6,753
Current assets	32,495	28,000	21,555	20,806	21,269
Non-current assets	1,088,415	1,065,140	941,393	952,168	824,546
Total assets	1,120,910	1,093,140	962,948	972,975	845,815
Current liabilities	22,930	20,847	24,087	24,692	24,271
Non-current liabilities	272,035	240,108	180,048	184,387	150,584
Total liabilities	294,965	260,955	204,135	209,079	174,855
Net cash flows from operations	18,926	24,451	18,138	27,732	35,533
Payments for property, plant and equipment (including infrastructure)	55,320	42,781	15,882	23,341	32,049

Revenue and expenses

OUR REVENUE

Total revenue for the year increased by \$8.6 million compared to the 2022/23 financial year, and was \$6.33 million over budget (7.7 per cent).

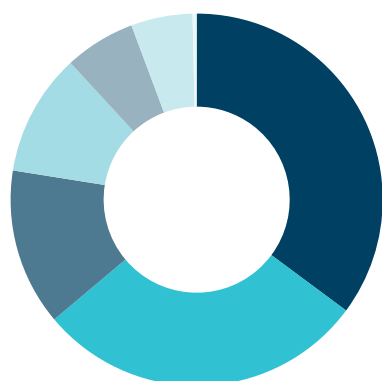
Consistent with our price and growth projections, overall water and sewerage service charges for an average residential customer increased by 4.5 per cent from the previous year. This increase was driven by the application of the consumer price index (3.6 per cent) to our prices, with real prices increasing in line with our approved price path. Revenue from water usage increased by 16.4 per cent, which was driven by both a 2 per cent price increase and increased usage. Rural customer usage increased by 11.3 per cent, residential usage increased by 8.3 per cent, and non-residential usage increased by 1.4 per cent. Total water usage was 11.93 gigalitres, which was 5.6 per cent more than the prior year, and 1.6 per cent more than budget. Water service prices decreased by 1.2 per cent while sewer

service prices increased by 1 per cent.

Trade waste charges increased by \$0.79 million due to an increased volume from existing customers and a change in the quality of waste streams received. This increase was partially offset by a decrease in revenue from third party agreements, due to changes in customers operations.

Government funding for operating and capital projects decreased by \$0.97 million compared to the prior year as we delivered fewer projects that had associated government funding. This was partially offset by capital projects that were funded by third party organisations, which related directly to their services (\$0.45 million). Revenue from developer contributions increased primarily due to the value of gifted assets associated with subdivisions.

All other revenue streams were consistent with prior years.



	\$'000	
Sewerage service charges	30,781	35.2%
Volumetric water usage charges	25,140	28.7%
Fixed water service charges	11,943	13.6%
Trade waste charges	9,302	10.6%
Other income	5,396	6.2%
Gifted assets	4,679	5.3%
Government grants and contributions	310	0.4%

OUR EXPENSES

Total expenses increased by \$12.15 million (14.07 per cent) compared to the previous year, and were \$4.92 million over budget (5.3 per cent).

Employee benefits were up 8.8 per cent on the prior year, due to wage increases in line with our enterprise agreement and increased employee numbers, as vacant positions were filled. Compared to budget, employee benefits were under budget by 1.9 per cent (\$0.48 million) for the year.

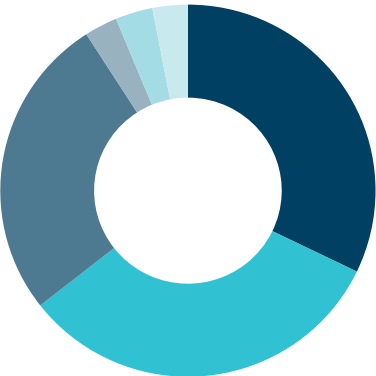
Depreciation/amortisation expense is our largest single expenditure item. In 2023/24, depreciation increased by 10.24 per cent compared to the prior year due to the asset revaluation at 30 June 2023. This increase is consistent with the budget variance, as the revaluation was not known at the time of preparing the corporate plan.

Electricity increased compared to the prior year, and was over budget for the year, by \$0.94 million and \$0.42

million respectively. The increase was principally related to increased water treatment and supply, as well as price increases.

Other expenses that increased compared to the prior year included cost of assets sold (\$1.66 million) due to the write-off of assets being replaced; IT and telecommunication costs (\$1.58 million) due to the changing delivery method of IT services; contractors and consultants (\$1.22 million) due to regulatory compliance; biosolids management; sampling and testing; and meter reading; and insurance (\$0.24 million), due to both local and international events that are impacting the insurance market.

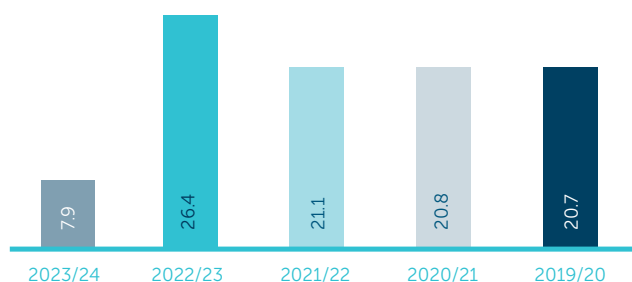
Borrowing costs increased compared to the prior year (\$1.89 million) and were under budget (\$0.69 million). Total borrowings increased throughout the year as the construction of the Warrnambool STP upgrade progressed but, due to the timing of payments to the contractor, not all borrowings were required for the year as budgeted.



	\$'000	
Depreciation and amortisation	31,693	32.2%
Supplies and services	31,785	32.3%
Employee benefits	26,087	26.5%
Borrowing costs	2,805	2.8%
Environmental contribution levy	3,173	3.2%
Net loss on disposal of assets	2,997	3.0%

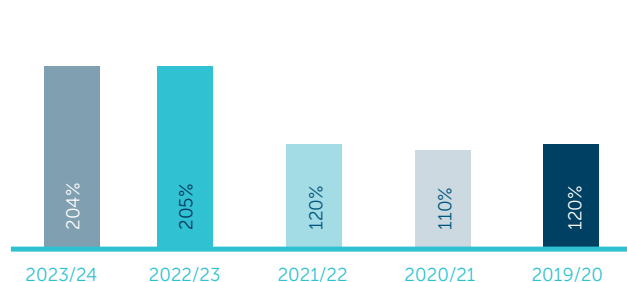
Financial performance indicators

Cash Interest Cover (times)



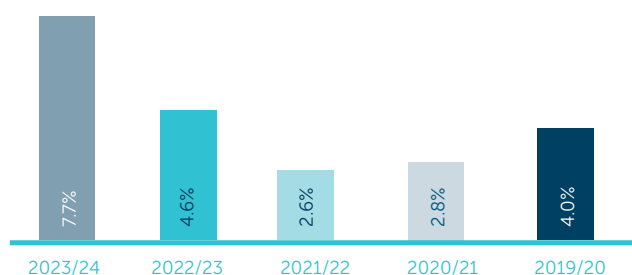
The result decreased compared to the prior financial years, primarily due to an increase in the net interest payments. Net interest payments have increased due to the increased borrowings associated with the construction of the Warrnambool STP upgrade. The ratio shows that cash received from operating activities is 7.9 times that of net interest costs paid.

Current Ratio (times)



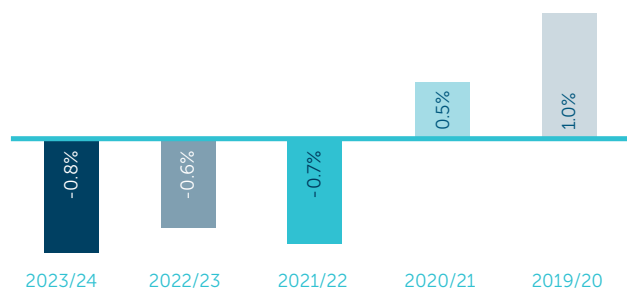
The ratio measures how comfortably payment of short-term liabilities can be covered by our short-term assets. A ratio greater than 100 per cent indicates that our short-term assets are greater than our short-term liabilities. Due to the construction of the Warrnambool STP upgrade, higher cash reserves were held at the end of the financial year, pending large contract payments due in the next year.

Gearing Ratio



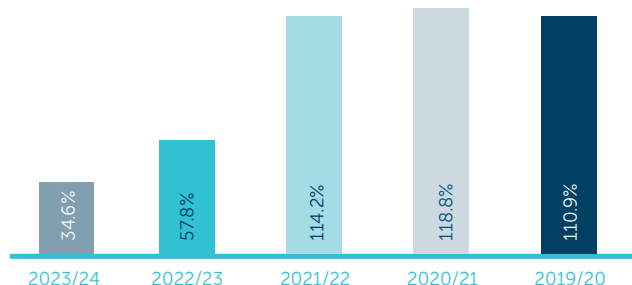
Debt increased throughout 2023/24 as expected, as the construction of the Warrnambool STP upgrade progressed, therefore increasing the ratio for the year when compared to the prior years. Maintaining a low ratio is a favourable result, as it provides a positive indication of our long-term liquidity.

Return on Assets



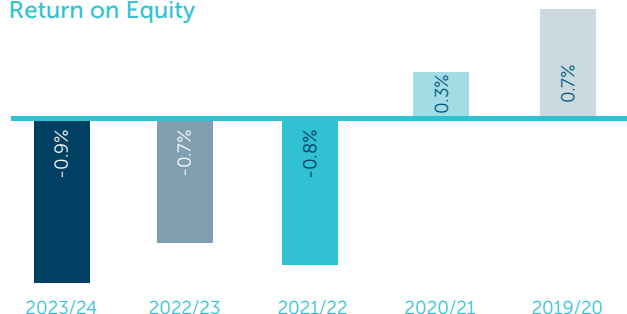
Indicates how much profit we have generated from every dollar in assets owned. The ratio is low, as assets owned are significant in value and we do not aim to generate large profits. We incurred a loss in 2023/24 compared to a profit in earlier years, resulting in a negative ratio for the year.

Internal Financing Ratio



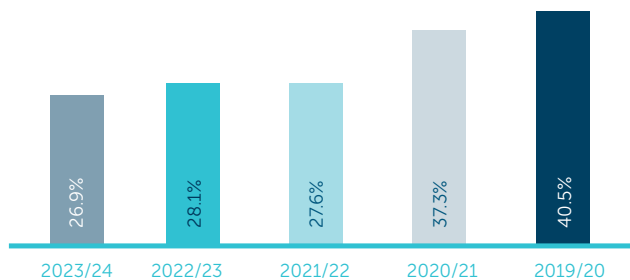
The ratio measures the portion of capital works paid from operating cash flows. The result indicates that a little over a third of all capital works payments were funded by cash received from operating activities. Capital payments increased significantly during the year as the construction of the Warrnambool STP upgrade progressed.

Return on Equity



Indicates how much profit we have generated from every dollar in ownership interest (equity). The ratio is low as equity is significant in value and we do not aim to generate large profits. We incurred a loss in 2023/24 compared to a profit in earlier years, resulting in a negative ratio for the year.

EBITDA Margin



This indicator measures our operating profitability and our ability to generate an accounting surplus. The decline in the result over the last five years is driven by a decrease in our net result. However, the positive result indicates that our profit (before interest, tax, depreciation and amortisation) for the year contributes to funding operations and asset renewal.

Capital expenditure

We completed \$56.3 million of capital works (of which \$1.34 million was externally funded) to further enhance the delivery of water, sewerage and trade waste services and to service growth in South West Victoria. Projects with capital expenditure greater than \$0.25 million were:

Project	Total project cost (\$ million)	2023/24 expenditure (\$ million)	Future commitments (\$ million)
Warrnambool STP upgrade	84.98**	34.07	30.39
Warrnambool Water Treatment Plant - UV, backwash pumps and lime dosing	11.45	4.22	1.00
Warrnambool - Wangoom Road feeder main and pump station	6.55	2.12	4.43
Asset class renewals - gravity sewers	7.65	1.57	6.07
Vehicle changeovers - commercial	4.07	1.18	2.90
Asset class renewals - water treatment plants	2.75	0.95	1.80
CX Plus - design	TBC***	0.92	TBC***
Port Campbell clear water storage - refurbishment	0.70	0.70	0.0
Asset class renewals - STPs	4.20	0.70	3.5
Enterprise network - LAN/WAN	1.41	0.70	0.71
Warrnambool - Hider Street water main diversion	0.70	0.64	0.06
Warrnambool - Botanic Road booster pump station	1.58	0.60	0.98
Hamilton clear water storage - refurbishment	1.38	0.47	0.91
Water meter replacements	2.00	0.42	1.58
Warrnambool Roof Water Harvesting System	1.53	0.40	1.13
Asset class renewals - storages	4.81	0.39	4.42
Asset class renewals - recycle and reuse	0.72	0.37	0.35
Asset class renewals - water pump stations	1.39	0.34	1.04
Port Fairy Industrial Wastewater Treatment Plant - weighbridge	0.40	0.34	0.06
Camperdown - Donalds Hill Reservoir embankment upgrade	1.50	0.30	0.0
Asset class renewals - sewer pump stations	1.10	0.30	0.79
Asset class renewals - sewer access points	2.63	0.27	2.37
Quality Water for Wannon Program - Portland,	21.36	0.26	21.10
Warrnambool STP - Effluent Management Strategy	6.13	0.25	5.88
Asset class renewals - water mains	4.45	0.25	4.21

*Subject to unforeseen construction stage scope change

**Approved business case including contingency

***Subject to revised business case currently under development

Significant changes in financial position

There were no significant changes in financial position during the reporting period.

Events subsequent to balance date

At the time of printing this annual report, we're not aware of any events subsequent to balance date that would significantly impact our operations.

Future challenges

Our future challenges centre on maintaining our water and sewerage services for the short and long term, while ensuring they remain affordable for our customers.

Generating additional efficiency savings and sourcing new revenue to meet government efficiency targets is a challenge we must address in the short term.

Renewing ageing assets and meeting regulator obligations and stakeholder expectations requires increasing investment. This puts increased pressure on our operations and, in an environment of escalating costs, on customer bills.

There will be small customer bill increases in the short term. We are mindful of our customers' cost-of-living pressures. To offset what would otherwise be larger bill increases, we will borrow funds and increase our debt. We will also improve our financial support programs for those finding it difficult to pay their bills.

The upgrade of the Warrnambool STP, the largest capital project in our history, is well progressed and is due to be completed in 2024/25.

We were successful in securing some Federal Government funding through the National Water Grid Fund towards our \$52.2 million Quality Water for Wannon project, which will deliver improved taste and overall water quality to Portland, Port Fairy and Heywood.

Funding of both these significant projects for our region will see total borrowings continue to increase in the 2024/25 financial year.

We are in a strong financial position and have the capacity to finance the anticipated increased debt.

Wannon Water Financial Management Compliance Attestation Statement

I, Helen Scarborough, on behalf of Wannon Water, certify that the Wannon Region Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Helen Scarborough
Chair
Wannon Water
13 September 2024

Financial performance indicators

Financial Performance

Key Performance Indicator	2022/23 Result	2023/24 Result	Variance to Prior Year	2023/24 Target	Variance to Target
Cash interest cover					
Net operating cash flows before net interest and tax/net interest payments	26.4 times	7.9 times	-70.1% ⁽¹⁾	5.7 times	38.6% ⁽²⁾
Gearing ratio					
Total debt (including finance leases)/total assets	4.6%	7.7%	67.4% ⁽¹⁾	10.6%	-27.4% ⁽²⁾
Internal financing ratio					
Net operating cash flow less dividends/net capital expenditure	57.8%	34.6%	-40.1% ⁽³⁾	23.5%	47.2% ⁽⁴⁾
Current ratio					
Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	205.0%	203.6%	-0.7%	145.4%	40.0% ⁽⁵⁾
Return on assets					
Earnings before net interest and tax/average assets	-0.6%	-0.8%	-33.3% ⁽⁶⁾	-0.9%	11.1% ⁽⁷⁾
Return on equity					
Net profit after tax/average total equity	-0.7%	-0.9%	-28.6% ⁽⁶⁾	-1.6%	43.8% ⁽⁷⁾
EBITDA margin					
Earnings before interest, tax, depreciation and amortisation/total revenue	28.1%	26.9%	-4.3%	24.4%	10.3% ⁽⁸⁾

Notes:

- 1 The Cash interest cover reduced and the gearing ratio increased compared to the prior year, due to increased debt and interest payments. Debt has increased across the 2022/23 and 2023/24 financial years with the construction of the upgrade to the Warrnambool Sewage Treatment Plant (STP).
- 2 The Cash interest cover is higher than target and the gearing ratio is lower than target for the 2023-24 year, due to deferred borrowings, consistent with delays in the Warrnambool STP upgrade and therefore payments to contractors. The project remains on budget, but the timing of payments has shifted to the 2024/25 financial year.
- 3 The internal financing ratio decreased compared to the prior year, due to increased payments for capital works associated with Warrnambool STP upgrade and a decrease in net operating cash flows. Net cash flows decreased due to a greater increase in payments, in particular to suppliers and interest, than the increase in receipts.
- 4 The internal financing ratio was favourable to target for 2023/24 financial year, due to the decrease in payments for capital works, due to delays with the upgrade of the Warrnambool STP.
- 5 The current ratio was favourable to target, due to the higher than anticipated cash holdings at the end of the financial year, due to delays in the Warrnambool STP upgrade.
- 6 The return on assets and equity was less than the prior year, due to the increased loss in the 2023/24 financial year. The loss for the year increased primarily due to increased depreciation charges, following the revaluation of assets at the end of the 2022/23 financial year.
- 7 The return on assets and equity was favourable compared to target, due to the decreased loss in the 2023/24 financial year than forecast. The loss for the year decreased compared to budget primarily due to increased tariff and charges revenue.
- 8 The EBITDA margin was favourable compared to target, due to the increased net earnings for the 2023/24 financial year than forecast. The earnings for the year increased by a greater proportion than the revenue, primarily due to increased tariff and charges revenue.

Operational Performance

Key Performance Indicator	2022/23 Result	2023/24 Result	Variance to Prior Year	2023/24 Target	Variance to Target
Water and Sewerage Network Reliability					
Water service – minutes off supply Planned and unplanned	37.9 minutes	16.5 Minutes	-56.5% ⁽⁹⁾	11.0 minutes	50.0% ⁽¹⁰⁾
Unplanned water supply interruptions Percentage of customers receiving 5 unplanned interruptions in the year	0.0%	0.0%	0.0%	0.0%	0.0%
Sewer blockages No. sewer blockage per 100 kms	14.2	17.5	23.2% ⁽¹¹⁾	18.0	-2.8%
Sewer spills No. sewer spills per 100 kms	7.6	6.3	-17.1% ⁽¹²⁾	7.6	-17.1% ⁽¹²⁾
Containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours	97.4%	90.5%	-7.1% ⁽¹³⁾	97.0%	-6.7% ⁽¹³⁾
Customer Responsiveness					
Water bills No. of customer with instalment plans	2,962	3,029	2.3%	n/a	n/a
Water bills No. of customers awarded hardships grants	135	143	5.9% ⁽¹⁴⁾	n/a	n/a
Water quality complaints No. of complaints per 100 customers	0.30	0.24	-20.0% ⁽¹⁵⁾	0.38	-36.8% ⁽¹⁵⁾
Payment issue complaints No. of complaints per 100 customers	0.07	0.07	0.0%	0.17	-58.8% ⁽¹⁶⁾
Total complaints No. of complaints per 100 customers	0.64	0.47	-26.6% ⁽¹⁷⁾	0.75	-37.3% ⁽¹⁷⁾
Environmental Performance					
Percentage of effluent re-use volume (end use)	14.8%	19.0%	28.4% ⁽¹⁸⁾	20.0%	-5.0%

Notes:

9 In 2022/23 there was a significant one-off event, which resulted in a large number of minutes off supply. No such events occurred in 2023/24, resulting in a favourable variance.

10 The unfavourable variance to target is due to extended repair times for an increased number of interruptions. Extended repair times related to pipe replacement and engaging contractors to undertake works. The increased number of interruptions was due to drier than normal weather conditions. Wannon Water continues to monitor interruption times to customers, and has an extensive maintenance program to identify issues before events occur.

- 11 The unfavourable variance to prior year is due to the increased number of blockages in house connections, which increased by 50% in the 2023/24 year. This increase is predominantly due to the dry season where tree roots have become more of an issue. Wannon Water continues to monitor blockages and be proactive with CCTV inspection program to identify cases to prevent customers being impacted in the future.
- 12 The favourable variance to prior year and to target is due to a reduction of sewer spills compared to last year and the long-term average (down by 14). This reduction is due to Wannon Water's commitment to the asset renewal program and ongoing planned maintenance of sewer networks.
- 13 The unfavourable variance to prior year and to target is due to 4 complex cases in 2023-24 not contained within 5 hours. The 4 cases consisted of extended time due to the works involved at site. This included excavation, pipe replacement and materials that had to be delivered to site. The team continues to manage restoration times with ongoing planned maintenance to ensure customers are not impacted by long restoration times.
- 14 An increase in customers provided with hardship assistance is a favourable variance. The result reflects customers' feedback that consistently supports greater assistance for those finding it difficult to pay their bill. The increased in 2023/24 is largely due to Wannon Water's proactive approach to customer support and assistance. This proactive approach will continue as a priority for Wannon Water in 2024/25.
- 15 Water complaints decreased by 24 in the 2023/24 year compared to the prior year and was less than the long-term average, resulting in favourable variances. Wannon Water continues to implement improvement initiatives across the service area, including the delivery of the Warrnambool Water Treatment Plant UV installation project.
- 16 The favourable result compared to target for payment issue complaints, is due to a reduction of 23 complaints compared to the long-term average. Customer awareness of, and accessibility to, information regarding our customer support and assistance programs continues to be a priority for Wannon Water.
- 17 A favourable reduction in complaints for the 2023/24 year, compared to the prior year and target, is due to the overall complaints decreasing by 74 this financial year. Complaints in relation to taste and odour and other general complaints were the main drivers for the decrease, which were both higher than average in the prior year. Wannon Water is focused on improving customer experience and support via implementation of our Customer Experience Strategy.
- 18 The percentage of effluent reused has increased, resulting in a positive variance compared to the prior year, due to the drier than normal year. Recycled water customers increased their usage for irrigation purposes, which is the main use of recycled water for Wannon Water.

Certification

CERTIFICATION OF PERFORMANCE REPORT FOR 2023-2024

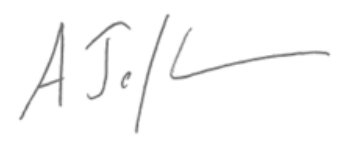
We certify that the accompanying Performance Report of Wannon Region Water Corporation in respect of the 2023/24 financial year is presented fairly in accordance with the Financial Management Act 1994.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the responsible Minister and as set out in the 2023/24 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/or between the actual results in the current year and the previous year.


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



H F Scarborough
Chair



A R Jeffers
Managing Director



S J Waterhouse
Chief Finance & Accounting Officer
Wannon Region Water Corporation

Dated this 13th day of September 2024

Independent Auditor's Report

To the Board of the Wannon Region Water Corporation

Opinion	<p>I have audited the performance report of the Wannon Region Water Corporation (the corporation) for the year ended 30 June 2024, which comprises the:</p> <ul style="list-style-type: none"> • financial performance indicators • water and sewerage network reliability performance indicators • customer responsiveness performance indicators • water reuse performance indicator • certification of performance report. <p>In my opinion, the performance report of the Wannon Region Water Corporation for the year ended 30 June 2024, presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>

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

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

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

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

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

MELBOURNE
13 September 2024



Paul Martin
as delegate for the Auditor-General of Victoria

Compliance

Bulk water entitlements

A bulk entitlement is a legal right to water granted by the Minister for Water under the *Water Act 1989*.

Bulk entitlements are commonly held by water corporations to:

- Provide a clearly defined property right to water.
- Provide flexibility to manage water within the entitlement.
- Provide a basis for sharing limited water resources, protecting the entitlements of other users and protecting in-stream values.
- Facilitate water trading between user groups to ensure appropriate redistribution over time to finite water resources.
- Allow specific entitlements for environmental purposes.

We operate under seven surface water Bulk Entitlements (refer table below), each containing provisions on minimum passing flows and maximum daily extractions from waterways. We achieved 100 per cent compliance with these requirements in 2023/24.

With regard to the reporting requirements for each of our Bulk Entitlements during 2023/24, the following clauses are common to all:

- We did not transfer any temporary or permanent parts of the bulk entitlements.
- No temporary or permanent transfers of water entitlements occurred to the waterway systems.
- Approval, amendment and implementation of programs and proposals for clauses relating to making allowances, metering program or environmental obligations - programs implemented as required and there were no amendments to these programs. There were no proposals under the Making Allowances clauses.
- We did not seek to amend any of our Bulk Entitlements.
- No new Bulk Entitlements were granted to us.
- We complied with all Bulk Entitlement conditions.
- No difficulties were experienced in complying with any Bulk Entitlements.

In addition to these, during 2023/24, there were a number of specific requirements for individual Bulk Water Entitlements including:

- No water was credited to or taken from the Hamilton Bulk Entitlement drought reserve.
- From the Wimmera and Glenelg Rivers Bulk Entitlement, no water was taken by the Hamilton Pipeline offtake and 34 megalitres was taken by the Balmoral offtake.
- We did not take any water in the Wimmera and Glenelg Rivers Bulk Entitlement at any other works.

The final allocation to Wannon Water under the Wimmera and Glenelg Rivers Bulk Entitlement was 2,120 megalitres.

Bulk Entitlement Order	Bulk Entitlement volume (ML)	Volume extracted in 2023/24 (ML)	Percentage of Bulk Entitlement extracted in 2023/24 (ML)	Water in storage at 30 June 2024 (ML)	Water level at 30 June 2024 (m)	Reporting requirement clause
Otway System Conversion Order 1998	12,580	9,650	77%	1,989	N/A*	Clause 12
Hamilton Conversion Order 1997	3,435	876	25%	1,803	N/A*	Clause 12
Dunkeld System Conversion Order 1997	170	0	0%	0	0	Clause 13
Glenthompson Conversion Order 1997	94	-10 [#]	-11%	64	2.7	Clause 13
Coleraine, Casterton and Sandford Conversion Order 1997	885	104	12%	1,718	5.1	Clause 13
Wimmera and Glenelg Rivers – Wannon Water Conversion Order 2010	2,120	12 (Hamilton) 52 (Balmoral)	3%	7,462	N/A	Clause 13
Willaura System – Wannon Water Conversion Order 2012	58	18	31%	N/A	N/A	Clause 10

* Multiple storages

[#] Water delivered from Willaura by Grampians Wimmera Mallee Water to Glenthompson (less Willaura pipeline customers plus Glenthompson customers). In this period, this equated to 18 - (17.3+11.1) = -10.4ML (rounded to -10ML). The Glenthompson reservoir has a high evaporation rate of ~20ML per year which was higher than what the catchment received from rainfall. Water received from Willaura is counted in the Willaura System Conversion Order 2012.



Groundwater licences

No groundwater licences were traded during the reporting period.
We don't hold any licences for Managed Aquifer Recharge.

Locality	Licence No.	Entitlement (ML)	Usage 2023/24 (ML)
Albert Park	BEE024155 (1152971)	750	490
Bullawin	BEE026192 (911313)	1,102	0
Caramut	BEE021943 (924563)	50	32
Carlisle	BEE029488 (9016487)	1,800	2
Casterton	BEE022551 (885355)	1,000	422
Condah	4001451	N/A	N/A
Curdievale	904309	2,150	0
Darlington	BEE021827 (1082159)	10	2.9
Dartmoor	9016786	150	21
Heywood	900184	333	153
Koroit	BEE029066 (899038)	524	0
Macarthur	BEE021944 (4001451)	130	28
Mocamboro	BEE026109 (903701)	100	0
Mortlake	BEE030858 (907049)	335	27
Penshurst	BEE036146 (914444)	250	78
Port Campbell	BEE026252 (904309)	1,009	396
Port Fairy	890472	1,026	638
Portland	923621	6,222	1,693

Legislative compliance

PUBLIC INTEREST DISCLOSURES ACT

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

Wannon Water is a public body for the purposes of the PID Act.

What is a public interest disclosure?

A public interest disclosure is a complaint of corrupt or improper conduct or detrimental action by a public officer or a public body.

- 'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption.
- 'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

How do I make a public interest disclosure?

You can make a public interest disclosure about Wannon Water or its Board members, officers or employees by contacting IBAC, the Victorian Ombudsman or DEECA (details below).

Wannon Water is not able to receive public interest disclosures.

We have established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about Wannon Water, its Board members, officers or employees.

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

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001
Internet: ibac.vic.gov.au
Phone: 1300 735 135

The Victorian Ombudsman

Address: Level 2, 570 Bourke Street, Melbourne Victoria 3000.
Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001
Email: ombudvic@ombudsman.vic.gov.au
Phone: 1800 806 314

Department of Energy, Environment and Climate Action (DEECA)

Mail: PO Box 500, East Melbourne Victoria 8002
Email: disclosures@delwp.vic.gov.au
Phone: 1800 903 877

FREEDOM OF INFORMATION ACT

We're committed to ensuring information is made

accessible in accordance with the *Freedom of Information Act 1982*.

The Act allows the public a right of access to documents held by us. The purpose of the Act is to extend, as far as possible, the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the Act.

An applicant has a right to apply for access to documents we hold. This comprises documents created by us or supplied to us by an external organisation or individuals, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and video tapes. Information about the type of material produced by the corporation is available on our website at wannonwater.com.au.

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

Under the Act, the processing time for Freedom of Information (FOI) requests received is 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time is 45 days. Processing times may also be extended by periods of 30 days in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the period for deciding a request.

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

Making a request

Applications for access to information under the *Freedom of Information Act 1982* must be made in writing, clearly identifying the documents to which access is sought, and including an application fee of \$32.70. Access charges may also be payable if the document pool is large and the search for material is time-consuming. Fees and charges levied under the *Freedom of Information Act 1982* are not subject to GST.

Applications should be addressed to:

Freedom of Information Manager
Wannon Water
PO Box 1158
Warrnambool Vic 3280

Freedom of Information statistics/timeliness

There were no FOI requests received in 2023/24.

Further information

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

INFORMATION PRIVACY ACT

We comply with information privacy principles set out in the *Privacy and Data Protection Act 2014*. A Personal Privacy Charter³ provides guidance to our employees, contractors and consultants to ensure that confidential information is protected from unauthorised access or disclosure.

OTHER INFORMATION

The following information is available on request from us, subject to the *Freedom of Information Act 1982*:

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications we produce about ourselves, and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies we charge.
- Details of any major external reviews carried out on our organisation.
- Details of major research and development activities we've undertaken.
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities we've undertaken to develop community awareness about us and our services.
- Details of assessments and measures undertaken to improve the occupational health and safety of our employees.

- A general statement on industrial relations within our organisation and details of time lost through industrial accidents and disputes.
- A list of major committees we sponsor, the purposes of each committee, and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed to for each engagement.

The information is available on request from:

Freedom of Information Manager
Wannon Water
PO Box 1158
Warrnambool Vic 3280

We also provide free access to a comprehensive range of information on our website at wannonwater.com.au

BUILDING ACT

We own or control a substantial building portfolio across our service region, and continue to work towards compliance with the building and maintenance provisions of the *Building Act 1993*.

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

In relation to existing buildings, we continue to obtain relevant statutory building documentation and ensure mandatory testing and inspection is conducted to the relevant standards. These inspections then inform the works program which is delivered annually through existing maintenance contracts.

Building compliance 2023/24

Number of major works projects undertaken (valued at more than \$50,000)	2
Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned	2 building permits 0 occupancy permits 0 certificates of occupancy
Number of emergency orders and building orders issued in relation to buildings	0 emergency orders 0 building orders
Number of buildings that have been brought into conformity with building standards during the year	0

Ongoing projects requiring building permits will be reported in future years.

³ The charter is available on our website.

Contracts and consultancies

COMPETITIVE NEUTRALITY POLICY

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

We continue to comply with the requirements of the Competitive Neutrality Policy.

LOCAL JOBS FIRST

The *Local Jobs First Act 2003* was introduced in August 2018.

We are required to apply the Local Job First (LJF) policy in all projects valued at \$1 million or more in regional Victoria. The Major Project Skills Guarantee applies to all construction projects valued at \$20 million or more. The one ongoing contract of this value during the reporting period was the Warrnambool STP upgrade.

Contracts started during 2023/24

We started two non-major contracts totaling \$2 million where Local Industry Development Plans (LIDPs) were required. All projects are in regional Victoria.

The outcomes expected from the implementation of the LIDP to these projects, as assessed by Industry Capability Network, include:

- An average of 90.03 per cent of the total value for the four non-major contracts.
- An average retention or creation of 3.53 full-time equivalent jobs per contract.

Contracts completed during 2023/24

We completed two non-major contracts totaling \$2.18 million to which Local Jobs First applied.

The outcomes from this project include:

- An average of 92.38 per cent of the total value for the contract.
- An average retention or creation of 5.43 full-time equivalent jobs.

The outcomes from ongoing contracts will be included in future reporting periods on completion of the contracts.

MAJOR CONTRACTS

We have one major contract greater than \$20 million that remained underway during the reporting period - the Warrnambool STP upgrade at \$74.73 million. The outcomes expected from the implementation of the LIDP and Major Project Skills Guarantee are being assessed periodically as required.

The project is in regional Victoria and due for completion in the 2024/25 reporting period.

The outcomes expected from the implementation of the LIDP to this major project, as assessed by Industry Capability Network, include:

- 93.12 per cent local content commitment.
- 19.15 created or retained employee commitment.

CONSULTANCY EXPENDITURE

Details of consultancies (valued at less than \$10,000)

In 2023/24, we engaged six consultancies where the total fees payable was less than \$10,000. The total expenditure incurred was \$35,041 (excluding GST).

Details of consultancies (valued at \$10,000 or greater)

In 2023/24, there were 12 consultancies where the total fees payable to the consultants was \$10,000 or greater. The total expenditure incurred was \$834,673 (excluding GST).

Details of individual consultancies are published on our website at wannonwater.com.au

SOCIAL PROCUREMENT

We are fully committed to supporting the government's directions under the Social Procurement Framework (SPF), and we recognise that we play a key role in advancing social and sustainable outcomes for Victorians.

In 2020, we developed our Social and Sustainable Procurement Strategy to enable a strategic, organisation-wide approach to how we will deliver social and sustainable outcomes through our procurement under the SPF and beyond. The Victorian Government ABN Wash Tool Assessment reports on our engagement and spend with social benefit suppliers. The table below outlines our progress against the overarching SPF objectives.

Overall social procurement activities

Number of social benefit suppliers engaged	7
Total amount spent with social benefit suppliers (direct spend) (\$GST exclusive)	\$1,831,279
Number of Victorian Aboriginal businesses engaged	3
Total spend with Victorian Aboriginal businesses (\$GST exclusive)	\$1,610,402
Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged	2
Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises (\$GST exclusive)	\$10,469
Number of Victorian social enterprises (led by a mission for job readiness and employment of Victorian priority jobseekers) engaged	1
Total expenditure with Victorian social enterprises (led by a mission for job readiness and employment of Victorian priority jobseekers) (\$GST exclusive)	\$183,046
Number of other Victorian Aboriginal enterprises engaged	2
Total spend with other Victorian Aboriginal businesses (\$GST exclusive)	\$87,227
Number of other Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged	1
Total expenditure with other Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises (\$GST exclusive)	\$20,082
Number of tenders completed in the reporting period where current programs and SPF compliance requirements were provided by tenderers (total)	4
Number of tenders completed in the reporting period which included focus area SPF schedules for completion (Number)	
• Purchasing from Victorian social enterprises and Aboriginal businesses	1
• Employment of Victorian Aboriginal people	1
• Employment of Victorian women	1
• Corporate governance aligning with social procurement – supporting safe and fair workplaces	4
• Environmental goals – environmentally sustainable business practices	4

SUPPORTING THE SUSTAINABILITY OF VICTORIAN SOCIAL ENTERPRISES, DISABILITY ENTERPRISES AND ABORIGINAL BUSINESS SECTORS:

- We use social and disability enterprises to deliver vehicle cleaning and grass cutting services with \$10,215 spent in 2023/24 (\$9,665 in 2022/23).
- We engaged one supplier that has social benefits (i.e. led by a mission for job readiness and employment of Victorian priority jobseekers) with a total spend of \$183,000 in 2023/24.
- We engaged Southwest Pipe Relining, an indigenous family-owned business, on several contracts with a spend of \$1.6 million.
- The indirect spend with Aboriginal business has remained consistent, with the engagement of a meter reading contractor who is an active member of Supply Nation, and a cleaning services provider which uses a range of cleaning products and supplies from Wirrapanda Supplies.

While our prioritised SPF objectives guide our procurement delivery, we're committed to pursuing opportunities to advance social and sustainable outcomes for Victorians.

PROCUREMENT COMPLAINTS

Under the Governance Policy of the Victorian Government Procurement Board, we must disclose any formal complaints relating to the procurement of goods and services received through its procurement complaints management system.

We did not receive any formal complaints through our procurement management system during the year.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

Our total ICT expenditure was \$11,619,390 as detailed below.

Business as usual (BAU) ICT expenditure TOTAL \$'000	Non-business as usual (Non-BAU) ICT expenditure		
	Operational expenditure OPEX \$'000	Capital expenditure CAPEX \$'000	OPEX + CAPEX TOTAL \$'000
9,787	1,185	647	1,832

GOVERNMENT ADVERTISING EXPENDITURE

We did not produce any advertising campaigns valued at \$100,000 or more during the year.

EMERGENCY PROCUREMENT

We did not activate emergency procurement during the year.

Reviews and studies

Name of the review/study	Reasons for review/study	Terms of reference/ scope	Anticipated outcomes	Estimated cost for the year (excl. GST) \$,000	Final cost if completed (excl. GST) \$,000	Publicly available (Y/N) and URL
Alum use in the Victorian water sector	Circular economy project, funded by DEECA	Circular economy aspects of alum use for the Victorian water sector	Increased understanding of circular economy opportunities for alum use	\$46,000	\$81,000	N
Collaborative sewage sludge value-added processing (feasibility study)	Determine options for collaborative processing and value-adding of sewage sludge (biosolids) with Barwon Water and Central Highlands Water	Define cost for current sludge management practices, and identify options for commercial structuring of a potential shared facility	Input to decision making on future biosolids infrastructure investment	\$26,000	\$26,000	N
Cumulative impact modelling and assessment	Develop understanding of cumulative impact of regional development projects on our business operations	Development of a cumulative impact model to assess potential projects, their individual and cumulative impact, and opportunities for us in conjunction with our existing investment planning processes.	Increased capacity to effectively plan for future business changes as a result of proposed major regional projects	\$42,000	NA	N

Warrnambool STP effluent management strategy	Evaluation study report identifying alternative disposal methodologies for treated effluent	Achieves, so far as reasonably practicable, eliminating the mixing zone, or if elimination is not reasonably practicable, reduce its size and eliminate the risks of shoreline attachment, and eliminate or minimise risks to beach goers and other users and environmental values.	Recommends one or more pathways to be implemented to serve the upgraded STP, with an accompanying strategy and planning to ensure the completion within the nominated timeframe	\$252,000	N/A	Y engage.warrnamboolwater.com.au/effluent-management-strategy
Quality Water for Wannon – Port Fairy pipeline vs local water treatment	Fully consider the options for improving the aesthetic quality of the water supply to Port Fairy that goes beyond the cost focus of the business case	Assess two options for providing improved water quality to Port Fairy as part of the Quality Water for Wannon Program - a pipeline connection to the Otway water supply system and local treatment of groundwater	Factoring key drivers into an overall assessment, with costs, to reach a more considered position on a preferred approach for Port Fairy	\$53,000	\$53,000	Y engage.warrnamboolwater.com.au/quality-water-for-wannon/quality-water-for-wannon-port-fairy
Initial feasibility assessment for Walker Swamp carbon farming opportunity	Understand high level feasibility of potential collaborative carbon farming project to support net zero obligations	Review and refine the proposed carbon sequestration project based on discussions between Wannon Water and partner organisations.	Clarification of whether to progress the commercial opportunity for locally generated ACCUs, to support net zero obligations	\$6,000	N/A	N
Penshurst Adaptive Wastewater Pilot Project	To produce a modular, scalable, and low-cost solution to provide sewerage service to a small town and test modified EPA targets for wastewater soil irrigation	Evaluation of the pilot program, testing the adoption of the new method and community acceptance	Improved health, economic and environmental outcomes	\$271,000	\$271,000	Y engage.warrnamboolwater.com.au/penshurst-pilot

Port Fairy Solar Energy Project	Progressing financial elements for a large-scale solar energy project in support of net-zero obligations	Investigate site suitability, grid connection, environmental impact, market conditions, and regulatory requirements.	Determine key inputs to consolidated business case	\$28,000	\$68,000	N
Port Fairy Solar Energy Project	Progressing funding arrangement elements for a large-scale solar energy project in support of net-zero obligations	Review feasibility study, provide financial analysis, and Investigate funding arrangements with partner organisation.	Determine key inputs to consolidated business case	\$34,000	\$34,000	N
Portland ocean outfall	Supporting development of large-scale recycling options for Portland's treated effluent	Outlining implications of various scales of recycling treated effluent from the Portland STP	Increased capability to assess large-scale recycling opportunities at Portland, including environmental outcomes	\$10,000	N/A	N
VicWater carbon offsets - proof of concept	Understand the potential for a sector-wide collaborative carbon farming initiative to support net zero obligations	Market approach to understand capabilities to address sector-wide carbon farming aspirations	Determining our ongoing involvement in a sector-wide collaborative carbon farming initiative to support net zero obligations	\$3,000	N/A	N

Asset Management Accountability Framework (AMAF)

An external maturity assessment conducted during the year confirmed that we have made significant improvements with our asset management maturity. We achieved competence in all areas of the AMAF with a number of areas rated as ‘optimising’.

Our maturity rating is ‘competence’, meaning systems and processes are fully in place, consistently applied, and systematically meeting the AMAF requirement, including a continual improvement process to expand system performance above AMAF minimum requirements.

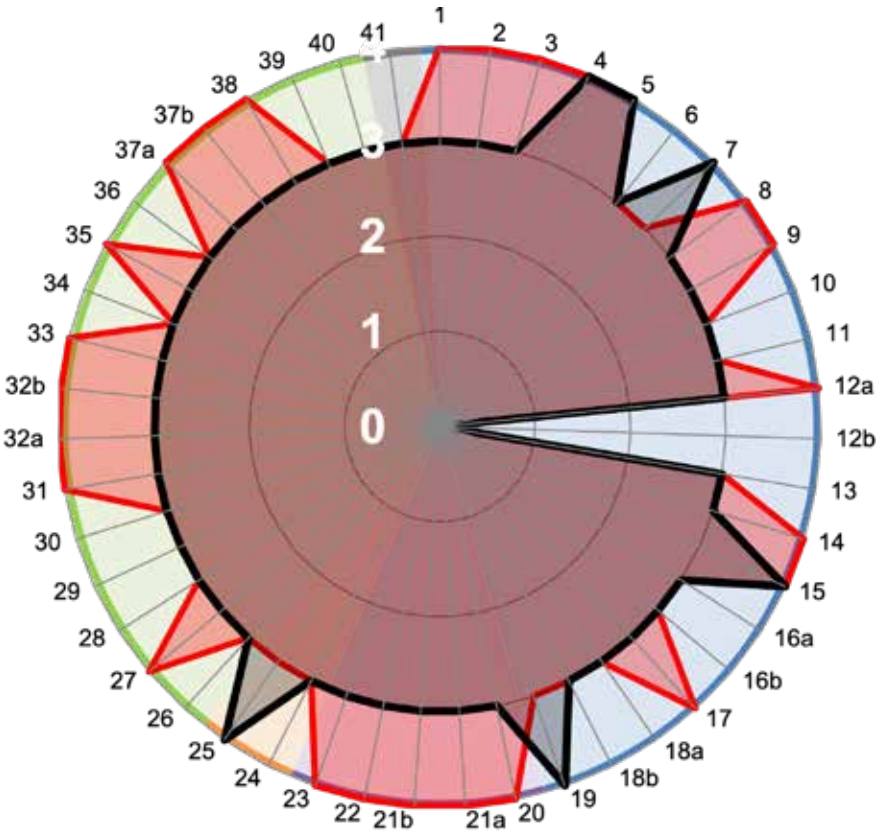
Leadership and accountability (requirements 1 to 19) - We have achieved compliance and, in many categories, have met or exceeded our target maturity level. We continue to work towards achieving an optimising level in some requirements in this category.

Planning (requirements 20 – 23) - We have achieved compliance and continue to work towards our target maturity level in this category.

Acquisition (requirements 24 and 25) - We have exceeded our target maturity level in most requirements in this category.

Operation (requirements 26–40) - We have achieved compliance in all requirements in this category and will continue to work to achieve our target maturity levels.

Disposal (requirement 41) - We have met our target maturity level in this category



Target	
Overall	
Status	Scale
Not Applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A



Financial Statements Contents

Comprehensive Operating Statement	68
Balance Sheet	69
Statement of Changes in Equity	70
Cash Flow Statement	71
Notes to the Financial Report	
1. BASIS OF PREPARATION	72
2. FUNDING DELIVERY OF SERVICES	75
3. THE COST OF DELIVERING SERVICES	81
4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY	89
5. OTHER ASSETS AND LIABILITIES	96
6. HOW WE FINANCED OUR OPERATIONS	102
7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS	108
8. STATUTORY OBLIGATIONS	127
9. OTHER DISCLOSURES	129
Chair's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration	136
Auditor-General's Report	137

Comprehensive Operating Statement for the financial year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Revenue			
Revenue from contracts with customers	2.1	84,830	75,919
Government grants and contributions	2.2	310	1,282
Interest income		170	124
Other income	2.3	2,241	1,622
Total revenue and income from transactions		87,551	78,947
Expenses			
Direct operational expenses	3.2	(14,110)	(11,683)
Repairs and maintenance expenses	3.3	(3,844)	(3,564)
Other expenses	3.4	(13,827)	(10,511)
Depreciation	4.1.1, 6.2.1	(31,465)	(27,822)
Employee benefits - comprehensive operating statement	3.1.1	(26,087)	(23,945)
Interest expense	6.1.2	(2,805)	(908)
Environmental contribution	8.2.1	(3,173)	(3,167)
Amortisation	4.2	(228)	(899)
Total expenses from transactions		(95,539)	(82,499)
Net result from transactions (net operating balance)		(7,988)	(3,552)
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.2	(2,997)	(3,410)
Net gain/(loss) on financial instruments	9.2	(14)	(433)
Other gains/(losses) from economic flows	9.2	10	(44)
Total other economic flow included in net result		(3,001)	(3,887)
Net result before income tax		(10,989)	(7,439)
Income tax benefit	8.1.1	3,290	2,227
Net result for the period		(7,699)	(5,212)
Other economic flows - other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus		(59)	111,863
Deferred tax relating to these items		18	(33,282)
Total other economic flows - other comprehensive income	9.1	(41)	78,581
Comprehensive result		(7,740)	73,369

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

Balance Sheet
as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
ASSETS			
Current assets			
Cash and deposits	6.3	8,166	8,145
Receivables	5.1	10,541	6,360
Contract assets	5.2	9,817	9,433
Inventories		948	856
Non-financial physical assets classified as held for sale	4.3	269	269
Other financial assets	5.5	11	11
Other non-financial assets	5.6	2,743	2,926
Total current assets		32,495	28,000
Non-current assets			
Receivables	5.1	3,082	4,424
Infrastructure, property, plant and equipment	4.1	1,078,463	1,053,862
Intangible assets	4.2	5,008	5,179
Right of use assets	6.2.1	1,862	1,675
Total non-current assets		1,088,415	1,065,140
TOTAL ASSETS		1,120,910	1,093,140
LIABILITIES			
Current liabilities			
Trade and other payables	5.3	8,141	6,978
Contract liabilities	5.4	3,944	4,112
Lease liabilities	6.1	125	155
Interest bearing liabilities	6.1	5,000	4,000
Other financial liabilities	5.5	477	525
Employee benefits provision	3.1.2	5,243	5,077
Total current liabilities		22,930	20,847
Non-current liabilities			
Interest bearing liabilities	6.1	79,000	44,000
Lease liabilities	6.1	1,875	1,646
Employee benefits provision	3.1.2	551	545
Deferred tax liabilities	8.1.2	190,609	193,917
Total non-current liabilities		272,035	240,108
TOTAL LIABILITIES		294,965	260,955
NET ASSETS		825,945	832,185
EQUITY			
Contributed capital		442,665	441,165
Reserves	9.1	357,650	359,675
Accumulated surplus		25,630	31,345
TOTAL EQUITY		825,945	832,185

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

Statement of Changes in Equity for the financial year ended 30 June 2024

	Notes	Contributed capital \$'000	Reserves \$'000	Accumulated surplus / (deficit) \$'000	Total \$'000
Balance at 1 July 2022		441,165	283,827	33,821	758,813
Net result for the year		-	-	(5,212)	(5,212)
Other comprehensive income		-	78,581	3	78,584
Transfer (to)/from accumulated funds on disposal		-	(2,733)	2,733	-
Closing balance at 30 June 2023		441,165	359,675	31,345	832,185
Net result for the year		-	-	(7,699)	(7,699)
Capital appropriations		1,500	-	-	1,500
Other comprehensive income		-	(41)	-	(41)
Transfer (to)/from accumulated funds on disposal		-	(1,984)	1,984	-
Closing Balance at 30 June 2024		442,665	357,650	25,630	825,945

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

Cash Flow Statement

for the financial year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts			
Service and usage charges		78,705	70,080
Goods and Services Tax received from the ATO		8,341	6,575
Government contributions received		310	1,282
Developer contributions		1,847	1,206
Other receipts		4,650	4,526
Payments			
Payments to suppliers and employees		(64,572)	(54,795)
Goods and Services Tax paid to the ATO		(4,425)	(293)
Interest and other costs of finance paid		(2,757)	(963)
Environmental contribution		(3,173)	(3,167)
Net cash inflow operating activities	6.3.1	18,926	24,451
Cash flows from investing activities			
Payments for new infrastructure, property, plant and equipment		(41,888)	(25,806)
Payments for renewal/upgrade infrastructure, property, plant and equipment		(13,432)	(16,975)
Proceeds from sale of infrastructure, property, plant and equipment		633	475
Net cash outflow from investing activities		(54,687)	(42,306)
Cash flows from financing activities			
Repayment of borrowings		(4,000)	(10,000)
Proceeds from borrowings		40,000	33,000
Principle payment of lease liabilities		(170)	(70)
Derivative receipts/(payments)		(48)	55
Net cash outflow from financing activities		35,782	22,985
Net increase in cash and cash equivalents		21	5,130
Cash and deposits at the start of the financial year		8,145	3,015
Cash and cash equivalents at the end of the financial year	6.3	8,166	8,145

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

Notes to the financial statements

1. BASIS OF PREPARATION

Introduction

Wannon Region Water Corporation (the Corporation) is an entity that delivers government objectives and priorities, primarily within the context of the *Water Act 1989*, as well as the policy directions set out in *Water for Victoria*.

The Corporation is Victoria's second largest regional urban water corporation by area, covering 23,500 square kilometres and a total population of approximately 100,000. Our region, South West Victoria extends from the Otway Ranges to the South Australian border, and from the ocean to south of the Grampians.

The Corporation provides services to 34 towns, including residential, commercial, industrial and rural customers. Our primary functions (within our service districts) are to:

- Provide, manage, operate and protect water supply systems, including the collection, storage, treatment, transfer and distribution of water
- Provide, manage and operate systems for the conveyance, treatment and disposal of sewage and, if so decided, of trade waste
- Identify community needs relating to water supply and sewerage services, and to plan for the future needs of the community relating to water supply and sewerage services
- Develop and implement programs for the conservation and efficient use of water, and for the recycling and reuse of treated wastewater
- Investigate, promote and conduct research into any matters which relate to our functions
- Educate the community about our functions.

1.1 Basis of preparation

A description of the nature of its operations and the Corporation's principal activities is included in the report of operations, which does not form part of these financial statements.

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

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

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

Functional and presentation currency

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

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over in the next twelve months, being the Corporation's operating cycle. See note 3.1.2 for a variation in relation to employee benefits provision.

Rounding

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

Historical cost convention

This financial report has been prepared under the historical cost convention, except for the revaluation of financial assets and certain classes of property, plant and equipment.

Notes to the financial statements

Comparative information

In these financial statements, the Corporation has changed the classification or presentation of certain disclosures (and relevant comparative information) to improve readability by the user. This change in the presentation has not arisen as a result of the identification of errors or changes in accounting policies by the Corporation. Where adjustments have been made to comparative information as a result of the correction of errors and changes in accounting policies, the nature of error and its magnitude has been disclosed in line with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*.

Accounting estimates

Judgements and estimates require assumptions to be made about highly uncertain external factors such as discount rates, probability factors, the effects of inflation, changing technology, political and social trends and climate change. There are many uncertainties in the estimation process and assumptions that are valid at the time of estimation but may change significantly when new information becomes available.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian Accounting Standards (AASs) that have significant effects on the financial statements and estimates related to:

Significant judgement and estimation area	Note number
Contract assets - Accrued water usage charges	5.2
Estimated fair value of derivative financial instrument	5.5 and 7.3
Estimated fair value of land, buildings, infrastructure, plant and equipment	7.3
Estimation of useful life of non-financial assets	4.1.4
Impairment of assets	4.1.4
Employee benefit provisions	3.1.2
Superannuation defined benefit scheme - Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount	3.1.2
Revenue recognition Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 Revenue from contracts with customers (AASB 15) or AASB 1058 Income of not-for-profit entities (AASB 1058)	2
Revenue recognition The timing of satisfaction of performance obligations and determining transaction price and amounts allocated to performance obligations	2
Recognition and measurement of Software-as-a-Service (SaaS) arrangements	4.2
For leases, determining whether the arrangement is in substance a short-term arrangement	6.2
Calculation of deferred tax assets and deferred tax liabilities	8.1.2
Other financial assets and liabilities	5.5
Impairment – Calculation of the expected credit loss	3.4 and 5.1

Controlled entities

These financial statements cover the Corporation as an individual reporting entity.

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

Notes to the financial statements

For the year ended 30 June 2024, the Corporation recognised a net loss of \$7,698,701. The Corporation's net current assets as at 30 June 2024 were \$9,565,000. The Corporation has \$8,166,198 of resources comprising cash and cash equivalents and other highly liquid assets at the date of authorisation of these financial statements.

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

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

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable AASs, which include interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting* (AASB 1049). Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. In addition, the Corporation adopted Disclosure of Accounting Policies (Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates) from 1 July 2023. The amendments require disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they also did not impact the accounting policy information disclosed throughout.

Notes to the financial statements

2. FUNDING DELIVERY OF SERVICES

Introduction

The Corporation's key source of funding comes from the delivery of water and sewerage services.

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

2.1 Revenue from contracts with customers

	Notes	2024 \$'000	2023 \$'000
Revenue from service, usage and trade waste charges	2.1.1	77,294	70,131
Developer contributions	2.1.2	6,526	4,689
Other revenue	2.1.3	1,010	1,099
Total revenue from contracts with customers		84,830	75,919

2.1.1 Revenue from service, usage and trade waste charges

	2024 \$'000	2023 \$'000
Service charges		
Sewer	30,781	28,218
Water	11,943	11,167
Total service charges	42,724	39,385
Usage charges		
Water	25,140	21,560
Trade waste	9,302	9,058
Recycled water charges	128	128
Total usage charges	34,570	30,746
Total revenue from service and usage and trade waste charges	77,294	70,131

Revenue from service, usage and trade waste charges is determined to be in accordance with AASB 15.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (trade waste and recycled water, water and sewerage)	<p>Service charges are recognised as revenue when the services have been provided or service charge has been made. Service charges are billed in advance and recognised evenly throughout the financial year to reflect continuous service being provided to customers.</p> <p>Service charges are based on fixed fee for access to water, recycled water and sewerage disposal. The charges are payable within 14 days.</p>	Revenue is recognised over time as service is provided.

Notes to the financial statements

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Usage charges, disposal charges - water and sewerage	<p>Water usage and sewer disposal charges are recognised as revenue when water is consumed by customers, and sewerage waste is disposed by customers. Meter reading is undertaken progressively during the year and are billed quarterly in arrears. An estimation of usage and disposal charges is made at the end of each accounting period for connections where meters were not read as at balance date. This is calculated by determining the level of billable service provided multiplied by the cost of each service.</p> <p>The charges are payable within 14 days. At balance date, any portion of service charges that is billed in advance and the performance obligation is not satisfied, is recognised as contract liabilities (refer Note 5.4). The charges for fully satisfied performance obligations that are unbilled at year end that are estimated and contract assets are recognised (refer Note 5.2).</p>	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised at a point in time.
Recycled water charges	Recycled water charges are recognised as revenue over time as the performance obligation is satisfied. The Corporation measures these charges based on the prices and the volume of water consumed by customers. The charges are payable within 14 days.	Revenue is recognised over time as service is provided

Contract assets and liabilities have been disclosed in Notes 5.2 and 5.4.

2.1.2 Developer contributions

	2024 \$'000	2023 \$'000
New customer contributions	1,847	1,206
Developer contributed assets	4,679	3,483
Total developer contributions	6,526	4,689

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	<p>Developer contributed assets arise when developers pay for the cost of construction of new infrastructure assets and subsequently gift these assets to the Corporation to maintain in perpetuity. Depending on the type of developer application, this can result in the performance obligation being satisfied:</p> <ul style="list-style-type: none"> - When the Statement of Compliance is issued to the customer, or - When the customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued. <p>Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.</p>	Revenue is recognised at a point in time.

Notes to the financial statements

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
New customer contributions	<p>New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop and connect to the Corporation's water supply and sewerage infrastructure network.</p> <p>The charges contribute towards to the cost of augmenting the Corporation's water supply distribution systems and sewerage disposal systems.</p> <p>Depending on the type of new customer contributions application, this can result in the performance obligation being satisfied at a point in time when the Corporation satisfies its performance obligation. This will vary depending on the type of application submitted by the customer. As a result, a performance obligation can be satisfied when:</p> <ul style="list-style-type: none"> - The Statement of Compliance is issued to the customer, or - The customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued; or - The customer receives consent from the Corporation to proceed with their application <p>The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission</p>	Revenue is recognised at a point in time.

2.1.3 Other revenue

	2024 \$'000	2023 \$'000
Information statements	325	310
Connection and inspection fees	377	406
Other fees and charges	308	383
Total other revenue	1,010	1,099

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Information statements	Provided when requested and includes special meter reading and asset location plan. The Corporation uses pricing principles to calculate these charges and these are payable in 14 days.	Revenue is recognised over time as services is provided
Connection and inspection fees	Connection fee provides for the attendance of Corporation personnel to the site to complete connection to the main. This also includes parts and consumables to complete connection. Inspection fee provides for the attendance of Corporation personnel to site. The Corporation uses pricing principles to calculate these charges and these are payable in 14 days.	Revenue is recognised over time as services is provided
Other fees and charges	Revenue is recognised when the Corporation has completed its performance obligations. Fees and charges represent a variety of services provided by the Corporation such as processing of application fees and making new connections or alterations to the Corporation's network. The Corporation uses pricing principles to calculate the price of individual services rather than direct regulation by the Essential Services Commission. The charges are payable within 14 days.	Revenue is recognised over time as services is provided

Notes to the financial statements

2.1.4 Timing of recognition of revenue from customers

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

	Service charges - water \$'000	Usage charges - water \$'000	Service charges - sewer \$'000	Trade waste \$'000	Recycled water charges \$'000	Developer contributions \$'000	New customer contributions \$'000	Other revenue \$'000	Total revenue from contracts with customers \$'000
2024									
At a point in time	-	-	-	9,302	-	-	1,847	-	15,828
Over time	11,943	25,140	30,781	-	128	-	-	1,010	69,002
Total	11,943	25,140	30,781	9,302	128	4,679	1,847	1,010	84,830
2023									
At a point in time	-	-	-	9,058	-	3,483	1,206	-	13,747
Over time	11,167	21,560	28,218	-	128	-	-	1,099	62,172
Total	11,167	21,560	28,218	9,058	128	3,483	1,206	1,099	75,919

Notes to the financial statements

2.2 Government grants and contributions

	2024 \$'000	2023 \$'000
Income recognised as revenue from contract with customers		
Other specific purpose grants	310	1,282
Total government grants and contributions	310	1,282

The Corporation has determined that all grant income is recognised as revenue from contracts with customers in accordance with AASB 15, as all grants were enforceable, with sufficiently specific performance obligations.

This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised under AASB 1058 when the Corporation has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Corporation recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

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

2.3 Other income

	2024 \$'000	2023 \$'000
Cost recoveries	933	682
Miscellaneous	845	501
Rental income	463	384
ZEW derivative income	-	55
Total other income	2,241	1,622

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Cost recoveries	Corporation costs on-charged to third party for works completed.	Revenue is recognised over time as services is provided
Miscellaneous	Includes; receipt of septic tank disposal, special meter reading, infrastructure processing and construction/audit fees, biosolids sales and various sundry revenue.	Revenue is recognised over time as services is provided
Rental income	Lease income from leasing of investment properties which are operating leases are recognised on a straight-line basis over the lease term.	Revenue is recognised over time as services is provided
ZEW derivative income	Relates to the Corporation's investment in Zero Emissions Water Limited (ZEW). The Corporation recognised compensation settlements received during the reporting period if minimum generation requirements under the Power Purchase Agreement (PPA) are not met for the year. Upon expiration or exercise of the cash flow derivative, the Corporation will receive income depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in Other Comprehensive Income (OCI) upon settlement with the difference being recognised as income or expense.	Revenue is recognised over time as service is provided.

Notes to the financial statements

Operating leases relate to property owned by the Corporation. Current lease agreements have terms between 1 and 14 years, with some leases having the option to extend. The common extension periods available for leases are between 2 and 5 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. The risks associated with rights that the Corporation retains in underlying assets are not considered to be significant, the Corporation employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Corporation when a property has been subject to excess wear and tear during the lease term.

	2024 \$'000	2023 \$'000
Non-Cancellable operating lease receivables		
Not longer than one year	79	1
Longer than one year but not longer than five years	129	184
Longer than five years	26	32
Total Non-Cancellable operating lease receivables	234	217

Notes to the financial statements

3 THE COST OF DELIVERING SERVICES

Introduction

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

3.1 Expenses incurred in delivery of services

	Notes	2024 \$'000	2023 \$'000
Employee benefit expenses	3.1.1	26,087	23,945
Direct operating expenses	3.2	14,110	11,683
Repairs and maintenance	3.3	3,844	3,564
Operating expenses	3.4	13,827	10,511
Total expenses incurred in delivery of services		57,868	49,703

3.1.1 Employee benefits – comprehensive operating statement

	2024 \$'000	2023 \$'000
Salaries and wages	21,164	19,415
Annual leave	1,842	1,748
Long service leave	556	577
Employer superannuation contributions	2,430	2,089
Defined benefit superannuation expense	95	116
Total employee benefit costs	26,087	23,945

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

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

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

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

Notes to the financial statements

3.1.2 Employee benefits provision in the balance sheet

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

	2024 \$'000	2023 \$'000
Current provisions:		
Annual leave		
Annual leave - unconditional and expected to settle within 12 months	1,537	1,420
Long service leave		
Long service leave - unconditional and expected to settle within 12 months measured at nominal value	512	416
Long service leave - unconditional and expected to settle after 12 months measured at present value	2,623	2,684
On-costs		
Unconditional and expected to settle within 12 months measured at nominal value	78	61
Unconditional and expected to settle after 12 months measured at present value	399	394
Other leave		
Other leave - unconditional and expected to settle within 12 months	94	102
Total current provisions for employee benefits provisions	5,243	5,077
Non-current provisions:		
Long service leave - conditional - measured at present value	478	475
Long service leave on costs - conditional - measured at present value	73	70
Total non-current provisions for employee benefits provision	551	545
Aggregate carrying amount of employee benefits provision		
Current	5,243	5,077
Non-current	551	545
Total provision for employee benefits provision	5,794	5,622

	2024 \$'000	2023 \$'000
On-costs:		
Opening balance	525	487
Additional provision recognised	63	70
Amounts utilised during period	(85)	(102)
Effect of changes in the discount rate	47	70
Closing balance	550	525
Current	477	455
Non-current	73	70

Wages and salaries, annual leave and sick leave

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

The components of this liability are measured at:

- Undiscounted value – the component the Corporation expects to wholly settle within 12 months; or
- Present value – the component the Corporation does not expect to wholly settle within 12 months.

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

Notes to the financial statements

On-costs

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

Long service leave

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

Unconditional LSL (representing seven or more years of service) is disclosed as a current liability; even where the Corporation does not expect to settle the liability within 12 months. The Corporation does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow included in the net result within the comprehensive operating statement.

3.1.3 Superannuation

The Corporation's obligations for contributions to the fund are recognised as an expense in comprehensive operating statement when they are made or due.

The Corporation makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the fund).

The fund has two categories of membership, accumulation and defined benefit, both are funded differently.

Obligations for contributions to the fund are recognised as an expense in the comprehensive operating statement when they are made or become due.

Contributions by the Corporation (excluding an unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2024 and 30 June 2023 are detailed below:

Scheme	Type of scheme	Rate (%)	2024 \$'000	2023 \$'000
State Superannuation fund	Defined benefits	11.0	5	22
Vision Super	Defined benefits	11.0	95	94
Vision Super	Accumulated fund	11.0	1,309	1,193
Other	Accumulated fund	11.0	1,116	896
Total contributions			2,525	2,205

There were no contributions outstanding or loans issued from or to the above schemes as at 30 June 2024.

The expected contributions to be paid to the defined benefit category of Vision Super for the year ending 30 June 2025 is \$0.098M.

Accumulation

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11.0% as required under Superannuation Guarantee (SG) legislation (2023: 10.5%)).

Notes to the financial statements

Defined benefit plan

The Corporation does not use defined benefit accounting for its defined benefit obligations under the fund's defined benefit category. This is because the fund's defined benefit category is a pooled multi-employer sponsored plan.

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

Funding arrangements

The Corporation makes employer contributions to the defined benefit category of the fund at rates determined by the Trustee on the advice of the fund actuary.

A triennial actuarial investigation for the Defined Benefit category as at 30 June 2023 was conducted and completed by 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. The Corporation was notified of the 30 June 2023 VBI during August 2023.

The financial assumptions used to calculate the 30 June 2023 VBI were:

Net investment returns	5.7% p.a
Salary information	3.5% p.a
Price inflation (CPI)	2.8% p.a

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

Employer contributions

Regular contributions

On the basis of the results of the 2023 triennial actuarial investigation conducted by the fund actuary, the Corporation makes employer contributions to the fund's defined benefit category at rates determined by the fund's trustee. For the year ended 30 June 2024, this rate was 11.0% of members' salaries (10.5% in 2022-23). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation.

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

Funding calls

If the defined benefit category is in an unsatisfactory financial position at an actuarial investigation or the defined benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the defined benefit category has a shortfall for the purposes of Superannuation Prudential Standard (SPS) 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%).

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

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

Due to the nature of the contractual obligations between the participating employers and the fund, and that the fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the fund, the surplus cannot be returned to the participating employers.

Notes to the financial statements

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

The 2023 interim actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the defined benefit category of which the Corporation is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2023.

The fund's actuarial investigation identified the following for the defined benefit category of which the Corporation is a contributing employer:

	2023 Triennial (\$m)	2022 Interim (\$m)
A VBI surplus	84.7	44.6
A total service liability surplus	123.6	105.8
A discounted accrued benefits surplus	141.9	111.9

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2023.

The total service liability surplus means that the current value of the assets in the Fund's defined benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2023.

The discounted accrued benefit surplus means that the current value of the assets in the fund's defined benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2023.

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024. The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

	2024 Interim investigation	2023 Triennial investigation
Net investment return	5.6% pa	5.7% pa
Salary inflation	3.5 %pa	2.5 %pa
Price inflation (CPI)	2.7% pa	2.8% pa

The 2020 triennial investigation

The last triennial actuarial investigation conducted prior to 30 June 2023 was at 30 June 2020. This actuarial investigation was completed by 31 December 2020. The financial assumptions for the purposes of that investigation was:

	2020 Triennial investigation	2023 Triennial investigation
Net investment return	5.6% pa	5.7% pa
Salary inflation	2.5 %pa for two years and 2.75% pa thereafter	3.5 %pa
Price inflation (CPI)	2.0% pa	2.8% pa

Notes to the financial statements

3.2 Direct operational expenses

	2024 \$'000	2023 \$'000
Electricity	4,392	3,469
Licences	543	238
Other goods and services	1,567	1,514
Consultancies and contractors	4,181	3,327
Chemicals	1,577	1,488
Testing and sampling	1,544	1,308
Goods and equipment	306	339
Total direct operating expenses	14,110	11,683

Expense	Description	Recognition policy
Electricity	Retail and network charges incurred with energy providers to supply electricity to treatment plants, pump station and offices/depots.	Accruals basis. Recognised in the Comprehensive Operating Statement
Licences	Licences required by regulators or to support the operations of the organisation, including licences to access groundwater, EPA licencing and software licences.	Accruals basis. Recognised in the Comprehensive Operating Statement
Other goods and services	Generally represents the day to day running costs incurred in normal operations.	Accruals basis. Recognised in the Comprehensive Operating Statement
Consultancies and contractors	Individuals or organisations that are formally engaged to provide works or services, for or on behalf of, the Corporation. Consultants are primarily engaged to perform discrete tasks for the corporation that facilitates decision making. Includes amounts written-off from capital works in progress, for projects that are not proceeding or costs incurred too early in a projects life cycle to be capitalised.	Accruals basis. Recognised in the Comprehensive Operating Statement
Chemicals	Costs incurred for the purchase and delivery of chemicals to the Corporation's treatment plants for the purpose of treating water to be supplied to customers and the treatment of sewage discharged by customers.	Accruals basis. Recognised in the Comprehensive Operating Statement
Testing and sampling	Costs incurred with third party providers for the testing of water and sewer samples, to ensure quality of the Corporation's water supply and compliance with regulations.	Accruals basis. Recognised in the Comprehensive Operating Statement
Goods and equipment	Costs incurred on a regular basis to support the operations of the Corporation, including consumables at depots and offices, minor tools and cleaning goods.	Accruals basis. Recognised in the Comprehensive Operating Statement

Notes to the financial statements

3.3 Repairs and maintenance expenses

	2024 \$'000	2023 \$'000
Preventive maintenance	1,429	1,432
Corrective maintenance	1,391	1,110
Other maintenance costs	491	532
Reactive maintenance	533	490
Total repairs and maintenance expenses	3,844	3,564

Expense	Description	Recognition policy
Preventative maintenance	Contractors and materials incurred to carry out maintenance at predetermined intervals or according to prescribed criteria and intended to reduce the probability of failure or the degradation of the functioning of an item.	Maintenance that does not enhance the performance of the asset is expensed as incurred, on an accruals basis.
Corrective maintenance	Contractors and materials incurred to carry out maintenance after fault recognition and intended to put an item into a state in which it can perform a required function.	Maintenance that does not enhance the performance of the asset is expensed as incurred, on an accruals basis.
Other maintenance costs	Contractors and materials incurred on a regular basis as part of repeated simple maintenance activities	Maintenance that does not enhance the performance of the asset is expensed as incurred, on an accruals basis
Reactive maintenance	Contractors and materials incurred to carry out maintenance without delay after a fault has been detected to avoid unacceptable consequences.	Maintenance that does not enhance the performance of the asset is expensed as incurred, on an accruals basis.

Notes to the financial statements

3.4 Other expenses

	2024 \$'000	2023 \$'000
Consultancies and contractors	3,797	2,364
Information technology	5,136	4,009
Other goods and services	4,295	3,728
Goods and equipment	458	290
Electricity	141	120
Total operating expenses	13,827	10,511

Expense	Description	Recognition policy
Consultancies and contractors	Individuals or organisations that are formally engaged to provide works or services, for or on behalf of, the Corporation. Consultants are primarily engaged to perform discrete tasks for the Corporation that facilitates decision making.	Accruals basis. Recognised in the Comprehensive Operating Statement
Information technology	All operating expenses, maintenance contracts, licence fees, including SaaS agreements, and other costs associated with operating the information technology environment of the Corporation.	Accruals basis. Recognised in the Comprehensive Operating Statement
Other goods and services	Generally represents the day to day running costs incurred in normal operations	Accruals basis. Recognised in the Comprehensive Operating Statement
Electricity	Retail and network charges incurred with energy providers to supply electricity to treatment plants, pump station and offices/depots.	Accruals basis. Recognised in the Comprehensive Operating Statement
Expected credit losses from transactions	The estimated amount of losses expected from the debts with customers over the course of their collection.	Recognises impairment losses on financial assets based on the credit risk of the financial asset.
Goods and equipment	Costs incurred on a regular basis to support the operations of the Corporation, including consumables at depots and offices, minor tools and cleaning goods.	Accruals basis. Recognised in the Comprehensive Operating Statement

Notes to the financial statements

4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

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

4.1 Infrastructure, property, plant and equipment

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

	Land and land improvements \$'000	Buildings \$'000	Water infrastructure \$'000	Sewer infrastructure \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
2023-24							
Opening net book amount - 1 July 2023	36,793	33,959	549,756	367,730	6,939	58,685	1,053,862
Additions	-	-	-	-	-	54,909	54,909
Developer contributed assets	-	-	2,237	2,438	4	-	4,679
Revaluations	(4)	(1)	(1,008)	954	-	-	(59)
Disposals	-	-	(901)	(2,320)	(410)	-	(3,631)
Transfers between categories - additions	339	249	6,720	5,688	1,846	(14,842)	-
Transfers - to intangible assets	-	-	-	-	-	(16)	(16)
Depreciation	(18)	(880)	(17,694)	(11,346)	(1,343)	-	(31,281)
Closing net book amount	37,110	33,327	539,110	363,144	7,036	98,736	1,078,463
Gross book value	37,128	34,207	556,949	374,301	22,155	98,736	1,123,476
Accumulated depreciation	(18)	(880)	(17,839)	(11,157)	(15,119)	-	(45,013)
Net book value as at 30 June 2024	37,110	33,327	539,110	363,144	7,036	98,736	1,078,463
Opening net book amount - 1 July 2022	32,263	30,895	492,893	333,705	6,137	31,496	927,389
Additions	-	-	-	-	-	42,643	42,643
Developer contributed assets	-	-	2,245	1,230	8	-	3,483
Revaluations	3,711	3,409	64,766	39,977	-	-	111,863
Disposals	-	-	(1,512)	(2,051)	(283)	(1)	(3,847)
Transfers between categories - additions	832	429	6,961	4,719	2,495	(15,436)	-
Transfers - to intangible assets	-	-	-	-	-	(17)	(17)
Depreciation	(13)	(774)	(15,597)	(9,850)	(1,418)	-	(27,652)
Closing net book amount	36,793	33,959	549,756	367,730	6,939	58,685	1,053,862
Gross book value	36,793	33,959	549,756	367,730	21,644	58,685	1,068,567
Accumulated depreciation	-	-	-	-	(14,705)	-	(14,705)
Net book value as at 30 June 2023	36,793	33,959	549,756	367,730	6,939	58,685	1,053,862

Notes to the financial statements

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment

Items of infrastructure, property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

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

Items with a useful life of more than two years or that are considered to be an attractive item are recognised as an asset. All other assets acquired are expensed.

The accounting policy relating to right-of-use assets have been disclosed in note 6.2.

Motor vehicles

Motor vehicles are classified as plant and equipment and are valued using the current replacement cost method. The Corporation acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Corporation who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103 Non-Financial Physical Assets (FRD 103). The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by the Corporation to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

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

The Corporation's assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021. The market that the assets was valued in was impacted by the uncertainty that the coronavirus (COVID-19) outbreak caused. In addition to this, the recent market environment of rising interest rates and increased construction costs creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

Assets of the Corporation were last valued by a managerial valuation as at 30 June 2023. Further assessments have been undertaken throughout the year, with the results showing that carrying value of land, buildings and infrastructure assets held by the Corporation represented fair value. Assessments will continue to take place annually until the next independent revaluation as at 30 June 2026.

Refer to Note 7.3 Fair value determination for further information on the revaluation methods used for the asset classes.

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

Fair value is determined in the context of the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

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

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

Notes to the financial statements

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

4.1.4 Depreciation and impairment

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

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use.

The accounting policy relating to right-of-use assets have been disclosed in section 6.2.

Typical estimated useful lives for the different asset classes are included in the table below and are consistent with the prior year, unless otherwise stated.

Asset class	Estimated useful lives	Asset class	Estimated useful lives
Sewer infrastructure		Water infrastructure	
Electrical	15 – 25 years	Bores	40 years
Lagoons	2 – 300 years	Electrical	15 – 25 years
Sewer Access Points	80 years	Mechanical	20 – 25 years
Mechanical	20 – 25 years	Meters	15 – 20 years
Pipes	2 – 150 years	Pipes	2 – 150 years
Pumps	15 – 40 years	Pumps	15 – 40 years
Embankments	Indefinite	Reservoirs	2 – 300 years
		Service basins	2 – 300 years
		Tanks	40 – 80 years
		Towers	50 – 80 years
		Embankments	Indefinite
Plant and equipment		Land, land improvements and buildings	
Furniture and fittings	5 – 20 years	Buildings	5 – 150 years
Motor vehicles	3 – 4 years		
Other plant and equipment	2 – 20 years		

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

There has been no change in the estimated remaining useful lives for the year, and therefore no financial impact on depreciation calculated in the Comprehensive Operating Statement, compared to the prior year.

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

Impairment

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

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off, except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

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

Notes to the financial statements

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. The impact of climate risk is not a key assumption in the current replacement cost and fair value less costs to sell. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is impaired. Whilst the potential risks and related opportunities from climate related change are considered as part of the Corporation's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on the Corporation's principal activities, particularly from the asset impairment standpoint.

4.1.5 Net gain/(loss) on disposal of non-current assets

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

	2024 \$'000	2023 \$'000
Net gain/(loss) on disposal		
Infrastructure	(3,221)	(3,565)
Motor vehicles	240	202
Office equipment	(16)	(36)
Intangibles	-	(11)
Total gain/(loss) on disposal	(2,997)	(3,410)

4.2 Intangible assets

	2024 \$'000	2023 \$'000
(a) Classes of intangibles		
Computer software - at cost	9,827	9,810
Less: Accumulated depreciation	(9,798)	(9,570)
	29	240
Bulk water entitlement-at cost	4,750	4,750
Large - scale generation certificates (LGC) - at cost	229	189
Total intangibles	5,008	5,179

	Large-scale generation certificates \$'000	Software \$'000	Bulk water entitlement \$'000	Total \$'000
2023-2024				
Opening net book amount at 1 July 2023	189	240	4,750	5,179
Disposals	-	-	-	-
Transfers between categories	-	-	-	-
Additions	40	17	-	57
Amortisation expense	-	(228)	-	(228)
Closing net book amount at 30 June 2024	229	29	4,750	5,008
2022-2023				
Opening net book amount at 1 July 2022	161	1,132	4,750	6,043
Disposals	-	(11)	-	(11)
Additions	28	18	-	46
Amortisation expense	-	(899)	-	(899)
Closing net book amount at 30 June 2023	189	240	4,750	5,179

Notes to the financial statements

Recognition and measurement

Intangible assets represent identifiable non-monetary assets without physical substance. Purchased intangible assets are initially recognised at cost. When the recognition criteria in *AASB 138 Intangible Assets* is met, internally generated intangible assets are recognised at cost. Service concession assets are initially measured at current replacement cost in accordance with the cost approach to fair value in *AASB 13 Fair Value Measurement*.

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

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

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment loss. Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use (when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). The amortisation periods are reviewed and adjusted as appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

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

	Software costs	Bulk water entitlements	Large-scale generation certificates
Useful lives	Finite	Indefinite	Indefinite
Amortisation method used	4 years - straight line	Not amortised or revalued	Not amortised or revalued
Internally generated/acquired	Acquired and internally generated	Acquired	Acquired
Impairment test/recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

Permanent water entitlements

Permanent water entitlements purchased after 1 July 2013 are recognised as an intangible asset on the Balance Sheet at cost (in accordance with *AASB 138* and *FRD 109A Intangible Assets*), and will not be subject to amortisation, as the permanent water entitlements have an indefinite life.

Permanent water entitlements purchased after 1 July 2013 are tested annually for impairment.

Permanent bulk water entitlements allocated prior to 1 July 2013 are not recorded on the Balance Sheet as an intangible asset, as they cannot be reliably measured.

Impairment of intangible assets

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

The policy in connection with testing for impairment is outlined in note 4.1.4.

Large-scale generation certificates

Large-scale generation certificates are recognised as an intangible asset on the Balance Sheet at cost as per the Corporation's policy choice as opposed to held for sale or surrender (in accordance with *AASB 138 Intangible Assets* and *FRD 109 Intangible Assets*), and will not be subject to amortisation, as the Large-scale generation certificates have an indefinite life.

Notes to the financial statements

Software costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Software as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Corporation with the right to access the cloud provider's application software over the contract period. As such, the Corporation does not receive a software intangible asset at the contract commencement date (a right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits).

The following outlines the accounting treatment (see Note 3.4) of costs incurred in relation to SaaS arrangements:

Recognise as an other expense over the term of the service contract	<ul style="list-style-type: none"> - Fee for use of application software - Customisation costs
Recognise as an other expense as the service is received	<ul style="list-style-type: none"> - Configuration costs - Data conversion and migration costs - Testing costs - Training costs

The Corporation made the following key judgements that may have the most significant effect on the amounts recognised in the financial statements.

Determination whether configuration and customisation services are distinct from the SaaS access

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses as the costs do not meet the recognition criteria under *AASB 138 Intangible Assets*.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software.

- 1 Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront).
- 2 Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

Non-distinct customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

Notes to the financial statements

upon settlement with the difference being recognised as income or

4.3 Non-financial physical assets classified as held for sale

	2024 \$'000	2023 \$'000
Freehold land held for sale	269	269
Total non-financial physical assets classified as held for sale	269	269

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. The Corporation considers that the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets.

Notes to the financial statements

5. OTHER ASSETS AND LIABILITIES

Introduction

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

5.1 Receivables

	2024 \$'000	2023 \$'000
Current		
Contractual		
Service and usage charges	5,584	3,318
Less: Allowance for expected credit losses	(492)	(384)
Other receivables	3,229	1,139
Loans to third parties	1,277	1,186
Schemes/receivables	40	45
	9,638	5,304
Statutory		
GST input tax credit recoverable	903	1,056
Total current receivables	10,541	6,360
Non-current		
Contractual		
Loans to third parties	3,001	4,278
Schemes/receivables	81	146
Total non-current receivables	3,082	4,424
Total receivables	13,623	10,784

Receivables consist of:

Receivable	Initial measurement	Subsequent measurement
Contractual receivables (other receivables and schemes)	Recognised at fair value plus any directly attributable transaction costs. The Corporation holds contractual receivables with the objective of collecting the contractual cash flows	Classified as financial instrument and measured at amortised cost using the effective interest method, less any impairment.
Contractual receivables (tariffs and charges)	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. The Corporation does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.	Classified as financial instrument and measured at amortised cost less any expected credit loss.
Statutory receivables	Recognised at fair value plus any directly attributable transaction costs.	Amortised cost less any expected credit loss.
Loans to third parties	Recognised at fair value plus any directly attributable transaction costs. The Corporation holds contractual receivables with the objective of collecting the contractual cash flows	Classified as financial instrument and measured at amortised cost using the effective interest method, less any impairment.

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

Notes to the financial statements

5.1.1 Impairment of contractual receivables

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

On that basis, the loss allowance as at 30 June 2024 was determined as follows for receivables – service and usage charges and other receivables:

	Current \$'000	More than 30 days past due \$'000	More than 60 days past due \$'000	More than 90 days past due \$'000	More than 120 days past due \$'000	More than 365 days past due \$'000	Total \$'000
30 June 2024							
Expected loss rate	0.6%	1.2%	21.0%	13.2%	90.9%	23.7%	
Gross carrying amount							
- receivables from service and usage charges, tenant	90	63	13	27	22	95	310
Gross carrying amount							
- receivables from service and usage charges, owners	3,520	561	80	100	80	933	5,274
Gross carrying amount							
- other receivables	4,244	14	9	1	1	277	4,546
Loss allowance	(43)	(8)	(21)	(17)	(94)	(309)	(492)
30 June 2023							
Expected loss rate	0.6%	2.1%	7.2%	21.8%	84.1%	23.7%	
Gross carrying amount							
- receivables from service and usage charges, tenant	54	42	15	14	22	96	243
Gross carrying amount							
- receivables from service and usage charges, owners	1,806	305	72	52	58	782	3,075
Gross carrying amount							
- other receivables	2,111	26	12	13	6	202	2,370
Loss allowance	(24)	(8)	(7)	(17)	(72)	(256)	(384)

Receivables from service and usage charges are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due.

Loss allowance on receivables from service and usage charges are presented in administrative and other operating expenses within the comprehensive operating statement.

No interest is charged for the first 14 days from the due date of the invoice. Thereafter, interest is charged at 6.2% (from 1 July 2024) on the outstanding balance. The average credit period for sales of goods/services is 28 days and for other receivables is 14 days. There are no material financial assets that are individually determined to be impaired.

5.1.2 Reconciliation of expected credit loss allowance

	Notes	2024 \$'000	2023 \$'000
Opening balance 1 July		384	305
Expected credit losses from transactions		122	283
Expected credit losses written off	9.2	(14)	(204)
Net provision movements including expected credit losses recovered		108	79
Balance as at 30 June		492	384

Notes to the financial statements

The expected credit loss allowance is calculated based on debtor days and with an expected default rate applied based on historical expected credit losses and forward-looking estimates. We have also considered impacts from specific management actions, our observable customer behaviours so far and current economic. To date the Corporation has not experienced any significant impacts on debt collection due to current economic conditions or residual impacts of the pandemic.

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

5.2 Contract assets

	2024 \$'000	2023 \$'000
Current		
Accrued tariffs and charges	9,817	9,433
Total current contract assets	9,817	9,433

Contract asset	Description	Recognition
Contract assets relating to tariffs and charges – accrued revenue	Accrued revenue is recognised for water and sewerage usage as well as other works and services that have been provided to customers at balance date but not yet billed. Usage charges are all recognised as revenue when the service has been provided. An accrual is done to account for water and sewage services provided for but not billed at the end of the reporting period.	Usage charges are all recognised as revenue when the service or other goods have been provided. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when the Corporation issues a bill to the customer.

5.3 Payables

	2024 \$'000	2023 \$'000
Current		
Contractual		
Trade creditors and accruals	5,557	4,471
Contract retentions	693	834
Contract deposits	700	672
Other payables	261	212
Accrued loan interest	93	29
Accrued expenses - employee benefits	837	760
Total current payables	8,141	6,978

Payables for supplies and services have an average credit period for 30 days.

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

Notes to the financial statements

5.3.1 Ageing analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
2024						
Supplies and services	5,557	5,632	5,632	-	-	-
Other payables	2,584	2,509	1,156	230	1,123	-
Total	8,141	8,141	6,788	230	1,123	-
2023						
Supplies and services	4,471	4,471	4,471	-	-	-
Other payables	2,507	2,507	1,049	248	1,210	-
Total	6,978	6,978	5,520	248	1,210	-

5.4 Contract liabilities

	2024 \$'000	2023 \$'000
Current		
Customers paid in advance	2,681	2,612
Unearned income	1,263	1,500
Total current contract liabilities	3,944	4,112

	Unearned income \$'000	Customers paid in advance \$'000	Total \$'000
Carrying amount as at 1 July 2022	643	3,013	3,656
Add: Developer contribution received for performance obligation yet to be completed during the year	1,259	-	1,259
Add: Payment received in advance for provision of goods and services	-	2,769	2,769
Less: Revenue recognised in the reporting period for the completion of performance obligation	(402)	(3,170)	(3,572)
Closing balance at 30 June 2023	1,500	2,612	4,112
Add: Developers contribution received for performance obligations yet to be completed during the year	348	-	348
Add: Payments received in advance for provision of goods and services	-	2,707	2,707
Less: Revenue recognised in the reporting period for the completion of performance obligations	(585)	(2,638)	(3,223)
Total contract liabilities at 30 June 2024	1,263	2,681	3,944

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

Notes to the financial statements

5.5 Other financial assets and liabilities

	2024 \$'000	2023 \$'000
Other financial assets		
Investment in Zero Emissions Water (ZEW) Ltd	11	11
Total other financial assets	11	11

	2024 \$'000	2023 \$'000
Other financial liabilities		
Derivative financial instrument	477	525
Total other financial liabilities	477	525

ZEW transactions and balances

The Corporation is one of 12 water corporation members of Zero Emissions Water Limited (ZEW), a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility in Victoria and in turn supply these products to its members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

On 30 October 2018, a Members' Agreement was entered into between the water corporations and ZEW in order to regulate their rights and obligations as members of ZEW and as participants in the project. The Members' Agreement establishes the operating activities of ZEW and the decision-making responsibilities of the ZEW directors. Under the Members' Agreement, the Corporation's liability as a member is limited to \$10 in the event of a wind up.

The Corporation has assessed the nature of its relationship with ZEW, and has concluded that it does not have control, joint control or significant influence over ZEW as per the Australian accounting standards. The Corporation will account for its investment in ZEW as a financial instrument within the scope of AASB 9. ZEW is a related party of the Corporation.

The Members' Agreement specifies that ZEW may call on the Corporation to make a loan available to ZEW amounting to \$72,020. At 30 June 2024, ZEW had requested and received a loan payment of \$11,000. The loan meets the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water Corporations. The PPA contains a contract for difference (CfD) payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGCs) from the facility. The Corporation now has an obligation to purchase its percentage of energy allocation under the Members' Agreement, via the CfD derivative.

On 22 January 2021, the conditions precedent in the PPA was completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised as an other economic flow included in the net result.

The financial impact of the Members' Agreement with ZEW has resulted in increased revenue and expenses, and the recognition of a derivative financial instrument and LGCs as intangible assets.

Refer to Note 7.3.3 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

Notes to the financial statements

5.6 Other non-financial assets

	2024 \$'000	2023 \$'000
Current		
Prepayments	2,743	2,926
Total other non-financial assets	2,743	2,926

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services, or that part of expenditure made in one accounting period covering a term extending beyond that period.

Notes to the financial statements

6. HOW WE FINANCED OUR OPERATIONS

Introduction

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

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

6.1 Interest-bearing liabilities

	2024 \$'000	2023 \$'000
Current		
Loans from Treasury Corporation of Victoria (TCV)	5,000	4,000
Lease liabilities	125	155
Total current interest-bearing liabilities	5,125	4,155
Non-current		
Loans from Treasury Corporation of Victoria (TCV)	79,000	44,000
Lease liabilities	1,875	1,646
Total non-current interest-bearing liabilities	80,875	45,646
Total interest-bearing liabilities	86,000	49,801

Interest-bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Interest-bearing liabilities are subsequently measured at amortised cost. Any difference between the initial amount recognised (net of transaction costs) and the redemption amount is recognised in the Comprehensive Operating Statement over the period of the interest-bearing liabilities, using the effective interest method.

The Corporation has classified interest-bearing liabilities which mature within 12 months as current liabilities and has discretion to refinance or rollover these loans with the TCV, pursuant to section 8 of the *Borrowings and Investment Powers Act 1987*.

6.1.1 Maturity analysis of interest-bearing liabilities

Risk exposures

The exposure of the Corporation's borrowings to interest rate changes and the contractual repricing dates at the balance dates are as follows:

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
30 June 2024							
Lease liabilities	2,000	1,911	14	28	82	338	1,537
Loans from TCV	84,000	82,602	-	2,000	3,000	31,000	48,000
Total	86,000	84,513	14	2,028	3,082	31,338	49,537
30 June 2023							
Lease liabilities	1,801	1,738	13	26	116	337	1,309
Loans from TCV	48,000	46,425	-	-	4,000	17,500	26,500
Total	49,801	48,163	13	26	4,116	17,837	27,809

Notes to the financial statements

6.1.2 Interest expense

	2024 \$'000	2023 \$'000
Interest on loans - Treasury Corporation of Victoria (TCV)	2,340	665
Financial accommodation levy	404	185
Interest on lease liability	61	58
Total interest expense	2,805	908

Interest expense includes costs incurred in connection with the borrowing of funds including interest on bank overdrafts, short term and long-term borrowings, amortisation of discounts or premiums relating to borrowings.

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

Borrowing costs include interest on short-term and long-term borrowings held with the Treasury Corporation of Victoria (TCV) and costs relating to the Financial Accommodation Levy (FAL). Financial accommodation levy is a levy applied to the Corporation to remove the market advantage that government entities may experience in borrowings as a result of being guaranteed by the State of Victoria. The financial accommodation levy is a commercial rate charged for new borrowings based on the Corporation's underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the Financial Management Act 1994 in respect of financial accommodation provided to the Corporation by the State Government of Victoria.

6.2 Leases

The Corporation's leasing activities

The Corporation leases various properties and equipment. The lease contracts are typically made for a fixed period of 10 to 20 years with an option to renew the lease after that date. Lease payments for properties are renegotiated in line with lease contracts to reflect market rentals.

Leases of IT equipment are either short-term and/or leases of low-value items. The Corporation has elected not to recognise right-of-use assets and leases for these assets.

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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and lease term. Where the Corporation obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciated the right-of-use over its useful life. While the Corporation revalues its land and buildings that are presented within infrastructure property, plant and equipment, it has chosen not to do so for the right-of use buildings held by the Corporation.

Extension and termination options

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

Notes to the financial statements

Critical judgements in determining the lease term

In determining the lease term, the Corporation considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$0.14M.

Definition of a lease

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

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

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

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

Lease liabilities

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

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

- Fixed payments (including in-substance fixed payments);
- Amounts expected to be payable under a residual value guarantee; and
- Payments arising from purchase and termination options reasonably certain to be exercised.

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

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

The lease payments are discounted using the interest rate implicit in the lease of the Corporation's incremental borrowing rate. TCV/Department of Treasury's (DTF) calculator is used to determine the incremental borrowing rate. The Corporation is exposed to future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposing arising from:

- Variable lease payments;
- Extension options and termination options; and
- Residual value guarantees.

Notes to the financial statements

Lease liability - subsequent measurement

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

Short-term leases and leases of low value assets

The Corporation has elected to account for short term leases and leases of low value using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term.

Low-value assets comprise IT-equipment and photo copiers with individual values less than \$10,000 when new.

6.2.1 Right-of-use assets

The following tables are subsets of buildings, plant and equipment, and vehicles by right-of-use assets (see note 4.1).

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2023				
Carrying amount at beginning of year	49	1,669	41	1,759
Additions to right-of-use assets		15	58	73
Derecognition of right-of-use assets	(19)	(20)	-	(39)
Modification adjustments	2	50	-	52
Depreciation expense	(5)	(143)	(22)	(170)
Carrying amount at end of year	27	1,571	77	1,675
Total as at 30 June 2023 represented by:				
Cost	32	2,038	99	2,169
Less: Accumulated depreciation	(5)	(467)	(22)	(494)
Carrying amount at end of year	27	1,571	77	1,675
Year ended 30 June 2024				
Carrying amount at beginning of year	27	1,571	77	1,675
Additions to right-of-use assets	-	-	-	-
Derecognition of right-of-use assets	-	-	-	-
Modification adjustments	140	231	-	371
Depreciation expense	(11)	(149)	(24)	(184)
Carrying amount at end of year	156	1,653	53	1,862
Year ended 30 June 2024				
Cost	22	2,485	33	2,540
Less: Accumulated depreciation	134	(832)	20	(678)
Carrying amount at end of year	156	1,653	53	1,862

6.2.2 Amounts recognised in the comprehensive operating statement

The following amounts are recognised in the comprehensive operating statement relating to leases:

	2024 \$'000	2023 \$'000
Interest on lease liabilities	61	58
Depreciation on ROU assets	184	170
Total	245	228

Notes to the financial statements

6.2.3 Amounts recognised in the statement of cash flows

The following amounts are recognised in the Statement of Cash flows relating to leases:

	2024 \$'000	2023 \$'000
Total cashflow outflow for leases	232	212
Total	232	212

6.3 Cash flow information and balances

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

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

	2024 \$'000	2023 \$'000
Deposits at call	6,947	7,934
Cash at bank	1,219	211
Balance as per cash flow statement	8,166	8,145

6.3.1. Reconciliation of net results for the period to cash flow from operating activities

	2024 \$'000	2023 \$'000
Net result for the period after income tax	(7,699)	(5,212)
Add/(less) non-cash flows in net result		
Depreciation and amortisation	31,693	28,721
Interest expense - Leases	61	58
Net loss on disposal of non-current assets	2,997	3,410
Infrastructure assets acquired at no cost	(4,679)	(3,483)
Income tax expense	(3,290)	(2,227)
Changes in assets/liabilities		
Decrease (increase) in receivables	(1,339)	1,607
Decrease (increase) in contract assets	(384)	(13)
Decrease (increase) in inventories	(92)	(55)
Decrease (increase) in other non-financial assets	552	(1,076)
Increase (decrease) in payables	1,102	1,888
Increase (decrease) in contract liabilities	(168)	456
Increase (decrease) in employee benefits	172	203
Increase (decrease) in derivative financial instruments	-	174
Net cash inflow from operating activities	18,926	24,451

6.3.2. Financing facilities

	2024 \$'000	2023 \$'000
Unsecured loan facilities with various maturity dates through to 2023-24 and which may be extended by mutual agreement		
Amount used	84,000	48,000
Amount unused	36,000	19,500
Total	120,000	67,500

Notes to the financial statements

6.4 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts.

These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.4.1 Total commitments payable

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Nominal Amounts 2024				
Capital expenditure commitments payable	38,656	-	-	38,656
Environmental contribution levy commitments	3,163	9,490	-	12,653
Other commitments payable	6,159	7,079	38	13,276
Total commitments (inclusive of GST)	47,978	16,569	38	64,585
Less GST recoverable				(4,721)
Total commitments (exclusive of GST)				59,864
Nominal Amounts 2023				
Capital expenditure commitments payable	73,095	5,773	-	78,868
Environmental contribution levy commitments	3,167	-	-	3,167
Other commitments payable	4,636	6,420	-	11,056
Total commitments (inclusive of GST)	80,898	12,193	-	93,091
Less GST recoverable				(8,175)
Total commitments (exclusive of GST)				84,916

Notes to the financial statements

7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

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

7.1 Interest-bearing liabilities

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

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables
Receivables	Supplies and services
Sale of goods and services	Amounts payable to government and agencies
Loans to third parties	Borrowings
Accrued investment income	TCV loans
Other receivables	Lease liabilities
Term deposits	Derivative financial liability
Investment in Zero Emission Water (ZEW)	
Derivative financial asset	

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

Notes to the financial statements

Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost Financial assets include: <ul style="list-style-type: none"> - Loans and receivables - Cash and deposits - Receivables - Term deposits; and - Certain debt securities 	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: <ul style="list-style-type: none"> - the asset is held within a business model whose objective is to collect the contractual cash flows, and - the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial assets and liabilities at fair value through profit and loss <ul style="list-style-type: none"> - Derivative instruments 	Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under conditions precedent are met and on subsequent measurement. The initial expense recognised represents the fair value of the expected future settlements at initial recognition (refer note 3.4). Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the comprehensive operating statement.	Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the comprehensive operating statement as an 'other economic flow' included in the net result.
Listed equity securities, managed investment schemes, and five-year government bonds <ul style="list-style-type: none"> - Investment in ZEW 	Fair value through net result.	Fair value through net result.
Financial liabilities at amortised cost Financial liabilities include: <ul style="list-style-type: none"> - Payables (excluding statutory payables); - Borrowings (including lease liabilities) 	Fair value, plus or minus any directly attributable transaction costs to initial recognition	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the comprehensive operating statement, over the period of the interest-bearing liability using the effective interest rate method.

Derecognition of financial assets and liabilities

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

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

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

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

Notes to the financial statements

Impairment of financial assets

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

The Corporation records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9's impairment assessment includes the Corporation's contractual receivables, statutory receivables and its investment in debt management. Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 5.2) are also subject to impairment (however it is immaterial).

Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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

Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under conditions precedent are met and on subsequent measurement.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the comprehensive operating statement as an 'other economic flow' included in the net result. Refer note 9.2 for other economic flows included in the net result.

Notes to the financial statements

7.1.1 Financial instruments: Categorisation

2024	Notes	Cash and deposits	Financial assets/ liabilities designated at fair value through profit/loss (FVTPL)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial assets						
Cash and deposits	6.3	8,166	-	-	-	8,166
Receivables						
Tariff and charges	5.1	-	-	5,092	-	5,092
Scheme receivables	5.1	-	-	121	-	121
Accrued income	5.2	-	-	9,817	-	9,817
Other receivables	5.1	-	-	7,507	-	7,507
Investments and other contractual financial assets						
Investments in ZEW	5.5	-	11	-	-	11
Total contractual financial assets		8,166	11	22,537	-	30,714
Payables						
Trade creditors and accruals	5.3	-	-	-	5,557	5,557
Contract retentions	5.3	-	-	-	693	693
Contract deposits	5.3	-	-	-	700	700
Other payables	5.3	-	-	-	261	261
Accrued expenses	5.3	-	-	-	930	930
Borrowings						
Loans from TCV	6.1	-	-	-	84,000	84,000
Derivative financial liabilities						
Financial liabilities designated at fair value through profit or loss	5.5	-	477	-	-	477
Total contractual financial liabilities		-	477	-	92,141	92,618

Notes to the financial statements

2023	Notes	Cash and deposits	Financial assets/ liabilities designated at fair value through profit/loss (FVTPL)	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial assets						
Cash and deposits	6.3	8,145	-	-	-	8,145
Receivables						
Tariff and charges	5.1	-	-	2,934	-	2,934
Scheme receivables	5.1	-	-	191	-	191
Accrued income	5.2	-	-	9,433	-	9,433
Other receivables	5.1	-	-	6,603	-	6,603
Investments and other contractual financial assets						
Investments in ZEW	5.5	-	11	-	-	11
Total contractual financial assets		8,145	11	19,161	-	27,317
Payables						
Trade creditors and accruals	5.3	-	-	-	4,471	4,471
Contract retentions	5.3	-	-	-	834	834
Contract deposits	5.3	-	-	-	672	672
Other payables	5.3	-	-	-	212	212
Accrued expenses	5.3	-	-	-	789	789
Borrowings						
Loans from TCV	6.1	-	-	-	48,000	48,000
Derivative financial liabilities						
Financial liabilities designated at fair value through profit or loss	5.5	-	525	-	-	525
Total contractual financial liabilities		-	525	-	54,978	55,503

Notes to the financial statements

7.1.2 Financial instruments: Net holding gain/(loss) on financial instruments by category

	Net holding gain/(loss)	Total interest income/ (expense)	Fee income /(expense)	Impairment loss	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2024					
Contractual financial assets					
Debt instruments mandatorily measured at fair value through profit/loss	-	-	-	-	-
Financial assets at amortised cost - other than on derecognition	-	346	-	(122)	224
Total contractual financial assets	-	346	-	(122)	224
Contractual financial liabilities					
Financial liabilities at amortised cost	-	(2,744)	-	-	(2,744)
Financial liabilities designated at fair value through profit/loss	(477)	-	-	-	(477)
Total contractual financial liabilities	(477)	(2,744)	-	-	(3,221)
2023					
Contractual financial assets					
Debt instruments mandatorily measured at fair value through profit/loss	-	-	-	-	-
Financial assets at amortised cost - other than on derecognition	-	336	-	(283)	53
Total contractual financial assets	-	336	-	(283)	53
Contractual financial liabilities					
Financial liabilities at amortised cost	-	(850)	-	-	(850)
Financial liabilities designated at fair value through profit/loss	(525)	-	-	-	(525)
Total contractual financial liabilities	(525)	(850)	-	-	(1,375)

7.1.3 Financial risk management objectives and policies

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

Risk management is carried out by Audit and Risk Management Committee (ARMC) under policies approved by the Board. The ARMC identifies, evaluates and hedges financial risks in close cooperation with the Corporation's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk

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

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant. The Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables (refer to note 5.1).

Notes to the financial statements

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

Except as otherwise detailed in note 5.2, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowance for losses, represents the Corporations' maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Corporation is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, the Corporation has adjusted the credit risk profile in assessing the expected loss allowance in 2023-24 (refer to Note 5.1.1).

The Corporation's other credit risk arises from in-the money receipts due from the contracts for difference derivative under the ZEW PPA. The Corporation determines its maximum exposure to credit risk relating to the derivative financial instrument at reporting date as the sum of the nominal values of all forecasted net cash receipts where the floating price due by the proponent exceeds the fixed price payable by the Corporation over the remaining PPA term.

At 30 June 2024, the Corporation has no other significant credit risk. There has been no material change to the Corporation's credit risk profile in 2023-24.

Notes to the financial statements

Credit quality of financial assets

	Financial institution (triple-A credit rating) \$'000	Government agencies (triple -A credit rating) \$'000	Government agencies (triple-B credit rating) \$'000	Other (min triple -B credit rating) \$'000	Total \$'000
2024					
Financial assets					
Financial assets with loss allowance measured at 12-month expected credit loss:					
Cash and deposits (not assessed for impairment due to materiality)	8,166	-	-	-	8,166
Statutory receivables (with no impairment loss recognised)	-	903	-	-	903
Debt investment measured at amortised cost	-	-	-	-	-
Financial assets with loss allowance measured at lifetime expected credit loss					
Contractual receivables applying the simplified approach for impairment	-	-	-	12,720	12,720
Total financial assets	8,166	903	-	12,720	21,789
2023					
Financial assets					
Financial assets with loss allowance measured at 12-month expected credit loss:					
Cash and deposits (not assessed for impairment due to materiality)	8,145	-	-	-	8,145
Statutory receivables (with no impairment loss recognised)	-	1,056	-	-	1,056
Debt investment measured at amortised cost	-	-	-	-	-
Financial assets with loss allowance measured at lifetime expected credit loss					
Contractual receivables applying the simplified approach for impairment	-	-	-	9,728	9,728
Total financial assets	8,145	1,056	-	9,728	18,929

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Corporation's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 7 days from the date of resolution.

The Corporation is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees.

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

The Corporation obtains annual approval from the Treasurer of Victoria for new borrowings, to refinance maturing and non-maturing loans and temporary purpose borrowing facilities.

Notes to the financial statements

The Corporation manages its liquidity risk by:

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

The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The carrying amount in the table of contractual financial liabilities recorded in the financial statements, represents the Corporation's maximum exposure to liquidity risk.

The table below illustrates the maturity analysis of the derivative financial liabilities. The carrying amounts below for the derivative liability are based on the valuation as at 30th June 2023. The movement in the value during the 2023-24 financial year was not material to the Corporation and will be accounted for in the next financial year.

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	5+ years \$'000
30 June 2024							
Derivative liability	477	477	-	-	-	477	-
Total	477	477	-	-	-	477	-
30 June 2023							
Derivative liability	525	525	-	-	-	525	-
Total	525	525	-	-	-	525	-

Price risk

The Corporation uses the contract for difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into this PPA to minimise a portion of the price risk to the Corporation. The Corporation's sensitivity to price risk is set out in Note 7.1.3 - Fair value financial liabilities.

Market risk

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

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

(i) Interest rate risk

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Corporation's sensitivity to interest rate risk are set out in the table below.

Notes to the financial statements

	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
2024					
Contractual financial assets					
Cash and deposits	3.83%	8,166	-	8,166	-
Receivables	6.25%	22,537	12,720	-	9,817
Total financial assets		30,703	12,720	8,166	9,817
Contractual financial liabilities					
Payables	0.00%	8,141	-	-	8,141
Loans from TCV	4.31%	84,000	84,000	-	-
Total financial liabilities		92,141	84,000	-	8,141
2023					
Contractual financial assets					
Cash and deposits	4.14%	8,145	-	8,145	-
Receivables	6.98%	19,159	9,652	-	9,507
Total financial assets		27,304	9,652	8,145	9,507
Contractual financial liabilities					
Payables	0.00%	6,978	-	-	6,978
TCV loans	3.61%	48,000	48,000	-	-
Total financial liabilities		54,978	48,000	-	6,978

Interest rate risk sensitivity

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Corporation does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Corporation's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variable other than the primary risk variable held constant. The Corporation cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 100 basis points up and down in market interest rates (AUD) is 'reasonably possible'.

The tables that follow show the impact on the Corporation's net result and equity for each category of financial instrument held by the Corporation at the end of the reporting period, if the above movements were to occur.

Notes to the financial statements

		Profit or loss		Equity	
	Carrying amount \$'000	-100 basis points \$'000	+100 basis points \$'000	-100 basis points \$'000	+100 basis points \$'000
2024					
Cash and deposits	8,166	(15)	15	-	-
Interest bearing liabilities	84,000	10	(10)	-	-
Total		(5)	5	-	-
2023					
Cash and deposits	8,145	(23)	23	-	-
Interest bearing liabilities	48,000	5	(5)	-	-
Total		(18)	18	-	-

As at 30 June 2024, if interest rates changed by +/- 100 basis points from the year end rates with all other variables held constant, the Corporation's net result would have been \$0.005 million higher/lower (2022-23 \$0.018 million at +/- 100 basis points) as a result of higher/lower interest expense from variable interest rate borrowings.

(ii) Foreign exchange risk

The Corporation has no exposure to changes in the foreign exchange rate.

(iii) Other price risk

The Corporation has no significant exposure to other price risk.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

At balance date, the Corporation is aware of an immaterial contingent liability not recorded or disclosed within the financial statements.

Notes to the financial statements

7.3 Fair value determination

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

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through operating result or other comprehensive income;
- Land, buildings, infrastructure, plant and equipment; and
- Investment properties.

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

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

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

The Corporation determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

How this section is structured

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

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

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

Notes to the financial statements

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2024 \$'000	Fair value 2024 \$'000	Carrying amount 2023 \$'000	Fair value 2023 \$'000
Financial assets				
Receivables				
Loan to third parties	4,278	4,278	5,464	5,464
Financial liabilities				
Lease liabilities	2,000	1,911	1,801	1,738
Loans from TCV	84,000	82,602	48,000	46,425

7.3.2 Fair value determination of non-financial physical assets

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

	Carrying amount as at 30 June 2024 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land and land improvements at fair value				
Specialised land	37,110	-	-	37,110
Total of land and land improvements at fair value	37,110	-	-	37,110
Buildings at fair value				
Specialised buildings	33,327	-	-	33,327
Total of buildings at fair value	33,327	-	-	33,327
Water infrastructure at fair value				
Water reticulation and distribution	400,872	-	-	400,872
Water treatment plants	62,483	-	-	62,483
Water reservoirs and service basins	75,755	-	-	75,755
Total of water infrastructure at fair value	539,110	-	-	539,110
Sewer infrastructure at fair value				
Sewer reticulation	295,668	-	-	295,668
Sewer treatment plants	67,476	-	-	67,476
Total of sewer infrastructure at fair value	363,144	-	-	363,144
Plant, equipment and vehicles at fair value				
Vehicles	4,487		4,487	-
Plant and equipment	2,549		-	2,549
Total of plant, equipment and vehicles at fair value	7,036	-	4,487	2,549

Notes to the financial statements

	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land and land improvements at fair value				
Specialised land	36,793	-	-	36,793
Total of land and land improvements at fair value	36,793	-	-	36,793
Buildings at fair value				
Specialised buildings	33,959	-	-	33,959
Total of buildings at fair value	33,959	-	-	33,959
Water infrastructure at fair value				
Water reticulation and distribution	407,864	-	-	407,864
Water treatment plants	64,997	-	-	64,997
Water reservoirs and service basins	76,895	-	-	76,895
Total of water infrastructure at fair value	549,756	-	-	549,756
Sewer infrastructure at fair value				
Sewer reticulation	298,912	-	-	298,912
Sewer treatment plants	68,818	-	-	68,818
Total of sewer infrastructure at fair value	367,730	-	-	367,730
Plant, equipment and vehicles at fair value				
Vehicles	3,931	-	3,931	-
Plant and equipment	3,008	-	-	3,008
Total of plant, equipment and vehicles at fair value	6,939	-	3,931	3,008

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period ended 30 June 2024.

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

The Corporation, in conjunction with VGV, monitors changes in the fair value of property, plant and equipment and infrastructure through relevant data sources to determine whether revaluation is required.

Although it is intended that asset valuations will be based on a five year cycle, FRD 103 Non-financial physical assets requires entities to perform annual fair value assessments for each class of non-financial physical assets to determine whether additional revaluations need to be undertaken between revaluation cycles. Management perform interim valuations when the triggers of FRD103I are met.

Specialised land and specialised buildings

Land was valued by an agent on behalf of the VGV as at 30 June 2021. Fair value was determined using the market based direct comparison approach, although it is adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land and its continued use as a special purpose asset for the fulfilment of community service obligations.

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

Buildings were valued by an agent on behalf of the VGV as at 30 June 2021. Fair value was determined as the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Where there is no evidence of fair value because of the specialised nature of the asset, depreciated replacement cost (DRC) was used. DRC is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Specialised buildings, those directly related to water and sewer infrastructure, were valued by an agent on behalf of VGV. Fair value was determined using the depreciated replacement cost method adjusted for associated depreciation. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as level 3 assets.

Notes to the financial statements

The Corporation undertook a managerial revaluation as at 30 June 2023 and determined that there had been material movement in the value of both specialised land and specialised buildings assets since the 2021 valuation. A like assessment was undertaken for the financial year ending 30 June 2024 and movements in fair value since then has not been deemed as material. As per the requirements of FRD103I and under the direction of the Valuer-General Victoria (VGV), further assessments will be made each financial year to determine if there is a material difference in the carrying value of the assets.

A similar revaluation to the buildings assets class above was made to the land asset class as at 30 June 2023. While assessments showed another revaluation is not required for the financial year ending 30 June 2024, those evaluations will be made of the carrying amounts of assets within the class each year.

Vehicles

Vehicles are valued as level 2 assets, using the depreciated replacement cost method. The Corporation acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the active market, is managed by experienced fleet managers at the Corporation who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Plant and equipment

Plant and equipment are held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method. As plant and equipment are specialised in nature and modified to meet our requirements, fair value is measured at level 3. For all assets measured at fair value, the current use is considered the highest and best use.

Infrastructure assets

Infrastructure assets were valued by an agent on behalf of VGV as at 30 June 2021. The valuation methodology used was the depreciated replacement cost approach for assessing costs. This approach is appropriate for highly specialised assets where there is no active market.

Actual cost of construction data from across the Victorian water industry was used to formulate unit rates for the various different infrastructure asset classes.

This work was performed independently by Marsh Pty. Ltd. and was utilised where appropriate by KPMG when valuing the Corporation's infrastructure asset base. Data from a variety of information sources that could be applied broadly across the range of assets in each category, including capacity, height, material type, length and depth, was provided to the valuer to assist in applying the correct valuation methodology.

Water and sewer infrastructure assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the infrastructure/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

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

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

The Corporation undertook a managerial revaluation as at 30 June 2023 and determined that there had been material movement in the value of all infrastructure assets since the 2021 valuation. A like assessment was undertaken for the financial year ending 30 June 2024 and movements in fair value since then has not been deemed as material. As per the requirements of FRD103I and under the direction of the VGV, further assessments will be made each financial year to determine if there is a material difference in the carrying value of the assets.

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

Notes to the financial statements

Climate related and fair value measurement

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

The Corporation's responsibilities in relation to climate change risk requires both immediate action and long term planning. Given the uncertainty around climate change and its impacts, long-term planning is complex.

The Corporation is primarily exposed to climate change risk through events including changing rainfall intensity and variability, increased temperatures and extreme heat, more bushfire weather, impacts on water quality post climate related events, changes in regulatory policy, changes to land-use and changes to urban, infrastructure and industrial systems.

The Corporation manages these risks by planning and through preparation and mitigation activities to minimise the risk associated with delivery of the Corporation's functions.

The Corporation's infrastructure, property, plant and equipment assets are exposed to the risk of damage from extreme weather events such as storms, high winds, floods and drought. Changes in global climate conditions could intensify one or more of these events. In addition, extreme weather events may also increase the cost of operations.

The Corporation has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection. The Corporation has incorporated considerations for climate change into its risk management practices, such as proactive land management, increased monitoring during fire danger periods and climate impact considerations when designing new assets. Physical risks arising from fires, floods and drought are to a great extent subject to risk transfer and thereby within the cover of the Corporation's property and business interruption insurance programmes.

However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

Management will further enhance the understanding of exposure of climate change risk through the delivery of priority areas identified by the Minister for Water, which includes climate change and energy as a priority.

Market participants' views of potential climate-related matters, including legislation, may affect the fair value measurement of assets and liabilities in the financial statements in the future. Where relevant, climate-related matters may also affect the disclosure of fair value measurements. As at the 30 June 2024, there were no such legislative changes or other climate related matters the Corporation was aware of, impacting the fair value of assets.

Notes to the financial statements

7.3.3 Reconciliation of level 3 fair value movements

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

	Specialised land \$'000	Specialised buildings \$'000	Water infrastructure \$'000	Sewer infrastructure \$'000	Plant and equipment \$'000
2024					
Opening balance	36,793	33,959	549,756	367,730	3,008
Additions/purchases	339	249	8,957	8,126	273
Revaluations	(4)	(1)	(1,008)	954	-
Transfers to assets held for sale	-	-	-	-	-
Transfers - Reclassifications	-	-	-	-	73
Disposals	-	-	(901)	(2,320)	(16)
Depreciation	(18)	(880)	(17,694)	(11,346)	(789)
Closing balance	37,110	33,327	539,110	363,144	2,549
2023					
Opening balance	32,263	30,895	492,893	333,705	3,299
Additions/purchases	832	429	9,206	5,949	777
Revaluations	3,711	3,409	64,766	39,977	-
Transfers to assets held for sale	-	-	-	-	-
Transfers - Reclassifications	-	-	-	-	-
Disposals	-	-	(1,512)	(2,051)	(35)
Depreciation	(13)	(774)	(15,597)	(9,850)	(1,033)
Closing balance	36,793	33,959	549,756	367,730	3,008

Description of significant unobservable inputs to Level 3 valuations

2024 and 2023	Valuation technique	Significant unobservable inputs
Specialised land and improvements	Market approach	Community Service Obligation (CSO) adjustment Land value range
Specialised buildings	Current replacement cost	Cost per building Useful life of specialised buildings
Water infrastructure - Water reticulation and distribution	Depreciated replacement cost	Cost per metre Useful life of the infrastructure
Water infrastructure - Water treatment plants	Depreciated replacement cost	Cost per treatment plant Useful life of the infrastructure
Water infrastructure - Water reservoirs and service basins	Depreciated replacement cost	Cost per facility Useful life of the infrastructure
Sewer infrastructure - Sewer reticulation	Depreciated replacement cost	Cost per metre Useful life of the infrastructure
Sewer infrastructure - Sewer treatment plant	Depreciated replacement cost	Cost per treatment plant Useful life of the infrastructure
Plant and equipment	Depreciated replacement cost	Cost per unit Useful life of plant and equipment

Notes to the financial statements

Fair value financial assets and liabilities

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives. In the absence of an active market, the fair value of the Corporation's CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by Department of Energy, Environment and Climate Action's (DEECA) independent advisor and comparable risk-free rates of zero coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing both supply and demand fluctuations, and the current economic climate. In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

To the extent that the significant inputs are unobservable, the Corporation categorises these derivatives as Level 3 within the fair value hierarchy.

The carrying amounts below and the significant unobservable inputs regarding the derivative financial instrument, are based on the valuation as at 30th June 2023. The movement in the value during the 2023-24 financial year was not material to the Corporation and will be accounted for in the next financial year.

Fair value measurement hierarchy for financial assets and liabilities as at 30 June 2024

	Carrying amount \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
2024				
Derivative financial instrument (ZEW)	(477)	-	-	(477)
2023				
Derivative financial instrument (ZEW)	(525)	-	-	(525)

Reconciliation of Level 3 fair value movements

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

	Derivative financial instrument \$'000
2024	
Opening balance	(525)
Initial recognition of derivative financial instruments	-
Gains/(losses) recognised in profit or loss	48
Net cash settlements paid/(received)	
Closing balance	(477)
2023	
Opening balance	(296)
Initial recognition of derivative financial instruments	-
Gains/(losses) recognised in profit or loss	(174)
Net cash settlements paid/(received)	(55)
Closing balance	(525)

Notes to the financial statements

Description of significant unobservable inputs to Level 3 valuations

2024	Valuation technique	Significant unobservable inputs	2023 range (weighted average)	Significant unobservable inputs
		Wholesale electricity price forecasts	\$13.16/MWh to \$60.09/MWh (\$29.69/MWh)	An increase/(decrease) in the wholesale electricity price forecasts of 10% would result in an increase/(decrease) fair value by \$0.061 million.
Derivative financial instrument (ZEW)	Income approach (discounted cash flow)	Discount rate – risk free rates of zero coupon government bonds	3.9520% to 4.3678% (4.0534%)	An increase/(decrease) in the discount rate of 1% would result in an increase/(decrease) fair value by \$0.015 million.
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFSBBB10M	176.80 to 262.33 (223.58)	An increase/(decrease) in the credit value adjustment of 1% would result in an increase/(decrease) fair value by \$0.015 million.

Notes to the financial statements

8. STATUTORY OBLIGATIONS

Introduction

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

8.1 Tax

8.1.1 Income tax

The Corporation is subject to the National Tax Equivalent Regime (NTER), pursuant to section 88(1) of the *State Owned Enterprises Act 1992*, which is administered by the Australian Taxation Office (ATO).

The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

	2024 \$'000	2023 \$'000
The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:		
Net result before income tax expense	(10,989)	(7,439)
Income tax calculated @ 30% (2023: 30%)	(3,297)	(2,232)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	7	5
Income tax as reported in the comprehensive operating statement	(3,290)	(2,227)

8.1.2 Deferred tax assets and liabilities

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

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting or taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets

	2024 \$'000	2023 \$'000
Amounts recognised in comprehensive operating statement		
Prior and current tax losses	8,301	8,428
Provisions and accrued expenditure not deductible	2,973	2,754
	11,274	11,182
Movements:		
Opening balance 1 July	11,182	14,684
Annual movement	92	(3,502)
Closing balance 30 June	11,274	11,182

Notes to the financial statements

Deferred tax liabilities

	2024 \$'000	2023 \$'000
Amounts recognised in the comprehensive operating statement		
Depreciation and revaluation	201,883	205,099
Movements		
Opening balance 1 July	205,099	177,545
Annual movement	(3,216)	27,554
Closing balance 30 June	201,883	205,099
Net deferred tax liabilities		
Deferred tax assets	11,274	11,182
Deferred tax liabilities	201,883	205,099
Net deferred asset/(liability)	(190,609)	(193,917)

Unrecognised deferred liability/tax asset

As at 30 June 2024, there were no deferred tax liability or deferred tax assets not recognised in the Financial Statements.

8.2 Environmental contribution

The *Water Industry (Environmental Contributions) Act 2004* (the Act) amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water authorities. The Environmental Contributions Order 2024 to 2028 establishes an obligation for authorities to pay into a consolidated fund annual contributions for the first period, from 1 October 2024 to 30 June 2028 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation.

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

The Corporation has a statutory obligation to pay an environmental contribution to the Department of Energy, Environment and Climate Action (DEECA). This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental contribution expense

	2024 \$'000	2023 \$'000
Environmental contribution levy	3,173	3,167
Total environmental contribution levy	3,173	3,167

Notes to the financial statements

9 OTHER DISCLOSURES

Introduction

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

9.1 Reserves

	2024 \$'000	2023 \$'000
Reserves		
Land	4,902	4,857
Building	9,482	9,478
Infrastructure	343,266	345,340
Total reserves	357,650	359,675
Physical asset revaluation surplus		
Balance at beginning of financial year	359,675	283,827
Revaluation increments/(decrements)	(41)	78,581
Transfers to accumulated surplus	(1,984)	(2,733)
Balance at end of financial year	357,650	359,675

9.2 Other economic flows included in net results

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- The revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- Reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument.
- The revaluation gain or loss on the fair value of derivative financial instrument.

	Notes	2024 \$'000	2023 \$'000
Net gain/(loss) on non-financial assets			
Net gain/(loss) on disposal of infrastructure, property plant and equipment (including intangible assets)	4.1.5	(2,997)	(3,410)
Total net gain/(loss) on non-financial assets		(2,997)	(3,410)
Net gain/(loss) on financial instruments			
Impairment of:			
Loans and receivables		(14)	(204)
Net gain/(loss) arising from derivatives for ZEW transactions		-	(229)
Total net gain/(loss) on financial instruments		(14)	(433)
Other gains/(losses) from economic flows			
Net gain/(loss) arising from revaluation of long service liability		10	(44)
Total other gains/(losses) from economic flows		10	(44)
Total other gains/(losses) from other economic flows		(3,001)	(3,887)

Gain/(loss) on the fair value of derivative financial instrument represents the movement in the fair value of the financial instrument compared to initial recognition. This net gain/(loss) reflects a positive/negative fair value movement in the Corporation's electricity derivative in the PPA as a result of higher/lower floating electricity prices. Any gain/(loss) is recognised as an other economic flow included in net result.

Notes to the financial statements

9.3 Events occurring after the balance date

At balance date, the Corporation was aware of a payment to the value of \$0.50 million to be made to DEECA in July 2024 relating to the Victorian Governments State Efficiency Payment. This payment will be treated as a capital repatriation payment in the 2024/25 financial statements, recognised in contributed capital.

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

9.4 Responsible persons

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

Title	Name	Period of appointment
Minister for Water	The Hon. Harriet Shing MP	1 July 2023 - 30 June 2024
Chair	Dr Helen Scarborough	1 October 2023 - 30 June 2024
Acting Chair	Mr Kenneth King	1 July 2023 - 30 September 2023
Deputy Chair	Mr Kenneth King	1 October 2023 - 30 June 2024
Acting Deputy Chair	Dr Helen Scarborough	1 July 2023 - 30 September 2023
Director	Dr Susan Brumby	1 July 2023 - 30 June 2024
Director	Ms Emma Olivier	1 October 2023 - 30 June 2024
Director	Ms Narelle Allen	1 October 2023 - 30 June 2024
Director	Mr Neil Plummer	1 October 2023 - 30 June 2024
Director	Mr Bill Millard	1 October 2023 - 30 June 2024
Director	The Hon. Gordon Rich-Phillips	1 October 2023 - 30 June 2024
Director	Mr Mick Murphy, OAM	1 July 2023 - 30 September 2023
Director	Mr Michael Crutchfield	1 July 2023 - 30 September 2023
Director	Dr Adrian Panow	1 July 2023 - 30 September 2023
Managing Director/Accountable Officer	Mr Andrew Jeffers	1 July 2023 - 30 June 2024

Remuneration

The number of responsible persons whose remuneration from the Corporation was within the specified bands as follows:

	2024 \$'000	2023 \$'000
\$0 - \$9,999	3	-
\$20,000 - \$29,999	5	2
\$30,000 - \$39,999	1	5
\$40,000 - \$49,999	1	-
\$50,000 - \$59,000	1	1
\$330,000 - \$339,999	-	1
\$390,000 - \$399,999	1	-
Total	12	9
Total remuneration	663	604

Total remuneration received or receivable by the responsible officers in connection with the management of the Corporation during the reporting period was in the range: \$660,000 - \$670,000 (\$600,000 - \$610,000 in 2023-24)

9.5 Remuneration of executives

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

Notes to the financial statements

Remuneration comprises employee benefits (as defined in *AASB 119 Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services. Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

	2024 \$'000	2023 \$'000
Short-term employee benefits	1,426	1,300
Post-employment benefits	165	140
Other long-term benefits	37	33
Termination benefits	-	-
Total remuneration	1,628	1,473
Total number of executives	7	7
Total annualised employee equivalents	6.87	6.78

9.6 Related parties

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

Related parties of the Corporation include:

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

All related transactions have been considered and are deemed to have been entered into on an arm's length basis.

Key management personnel

Key managements personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly.

Key management personnel (as defined in *AASB 124 Related Party Disclosures*) includes the Portfolio Minister, all directors listed under responsible persons in Note 9.4 and members of the executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly, or indirectly, during the financial year.

Remuneration of key management personnel

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

	2024 \$'000	2023 \$'000
Short-term employee benefits	2,023	1,837
Post-employment benefits	222	199
Other long-term benefits	46	41
Termination benefits	-	-
Total remuneration	2,291	2,077

Notes to the financial statements

Significant transactions with government-related entities

During the year, the Corporation had the following government-related entity transactions:

Entity name	Brief description of main activity	2024 \$'000	2023 \$'000
Government related entity -receipts			
Department of Energy, Environment and Climate Action (DEECA)	Recreational values program delivery	-	18
Department of Energy, Environment and Climate Action (DEECA)	Adaptive wastewater for small towns	30	60
Department of Energy, Environment and Climate Action (DEECA)	Climate change adaptation strategy	-	2
Department of Energy, Environment and Climate Action (DEECA)	Regional integrated water management grant	-	164
Department of Energy, Environment and Climate Action (DEECA)	Sampling and testing reimbursement	40	-
Department of Energy, Environment and Climate Action (DEECA)	Albert Park roof water harvesting	112	335
Department of Energy, Environment and Climate Action (DEECA)	Water smart program	361	181
Department of Energy, Environment and Climate Action (DEECA)	Circular economy	-	18
Department Health and Human Services (DHHS)	Terang fluoride project funding	123	-
Department Health and Human Services (DHHS)	Sampling and testing reimbursement	20	34
Department of Families, Fairness and Housing	Customer concession rebates	3,157	3,587
Department of Families, Fairness and Housing	New customer contributions	8	2
Parks Victoria	Operations and maintenance 12 Apostles site	83	93
Parks Victoria	12 Apostles project funding	-	500
State Revenue Office (SRO)	Not for profit rebate	298	288
Zero Emissions - Power Purchase Agreement (ZEW)	Compensation for project delay	-	-
Treasury Corporation of Victoria (TCV)	Net borrowings during the year	36,000	23,000
Treasury Corporation of Victoria (TCV)	Large-scale generation certificate (LGC) sales	44	-
Glenelg Hopkins Catchment Management Authority	Muddy Creek fencing	10	-
Government- related entity receivables			
Department Health and Human Services (DHHS)	Sampling and testing reimbursement	2	10
Department of Families, Fairness and Housing	Customer concession rebates	-	472
South West Healthcare	Hider Street water main diversion	494	-
Government-related entity payments			
Department of Energy, Environment and Climate Action (DEECA)	Environmental contribution levy	3,167	3,167
Department of Energy, Environment and Climate Action (DEECA)	Native vegetation credits	-	1
Department of Energy, Environment and Climate Action (DEECA)	Photography services	-	205
Department of Energy, Environment and Climate Action (DEECA)	Other	62	89
Department Health and Human Services (DHHS)	Safe drinking water administration levy	-	24
Department Treasury and Finance (DTF)	Financial accommodation levy	316	126
Environment Protection Authority (EPA)	Licences	143	348
Essential Services Commission (ESC)	Recovery fees	59	60
GWM Water (GWM)	Water service and supply charges	326	341
Southern Rural Water (SRW)	Licences	69	76
State Revenue Office (SRO)	Payroll tax	471	336
Treasury Corporation of Victoria (TCV)	Borrowing costs	2,276	673

Notes to the financial statements

Vicroads	Vehicle registration fees	86	84
Victorian Auditor General's Office (VAGO)	Audit fees	68	56
Zero Emissions - Power Purchase Agreement (ZEW)	Admin. fees and large scale generation certificates	9	10
Government-related entity payables			
Department Treasury and Finance (DTF)	Financial accommodation levy	146	59
GWM Water (GWM)	Water service and supply charges	76	93
Treasury Corporation of Victoria (TCV)	Borrowing costs	93	29
Victorian Auditor Generals Office (VAGO)	Audit fees	71	68

Transactions with key management personnel and other related parties

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

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

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

9.7 Remuneration of auditors

	2024 \$'000	2023 \$'000
Victorian Auditor-General's Office		
Audit or review of the financial statements	71	68
Total remuneration of auditors	71	68

9.8 Ex-gratia expense

	2024 \$'000	2023 \$'000
Forgiveness or wavier of debt	57	74
Total ex-gratia expenses	57	74

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

Notes to the financial statements

9.9 Changes in accounting policies

Corporation applied for the first-time certain standards and/or amendments, which are effective for annual periods beginning on or after 1 July 2023 (unless otherwise stated). The impact has been disclosed in the table below.

Topic	Key requirements	Impact	Effective date
AASB2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	AASB2021-2 amends: AASB7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; AASB101, to require entities to disclose their material accounting policy information rather than their significant accounting policies; AASB108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; AASB134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures.	No material impact	1 July 2023
AASB2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	AASB2021-6 amends: AASB1049 Whole of Government and General Government Sector Financial Reporting, to require entities to disclose their material accounting policy information rather than their significant accounting policies. AASB1054 Australian Additional Disclosures, to reflect the updated terminology used in AASB101.	No material impact	1 July 2023

Material accounting policy information

The Corporation also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Notes to the financial statements

9.10 Australian Accounting Standards issued that are not yet effective

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

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2024 reporting period. DTF assesses the impact of all these new standards and advises the Corporation of their applicability and early adoption where applicable.

Standard	Topic	Applicable for annual reporting periods beginning on	Estimated impact
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its associate or Joint Venture – Amendments to AASB10 and AASB128	1 January 2025	The standard is not expected to have a material impact
AASB 2022-8	Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments	1 January 2027	The standard is not expected to have a material impact
AASB 2022-9	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	1 January 2027	The standard is not expected to have a material impact
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Amendments to AASB101	1 January 2024	The standard is not expected to have a material impact
AASB 2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback – Amendments to AASB16	1 January 2024	The standard is not expected to have a material impact
AASB 2022-10	Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	1 January 2024	The standard is not expected to have a material impact
AASB 2022-6 Non-current Liabilities with Covenants	Requires a liability be classified as a non-current liability if at the end of the reporting period the entity has a right to defer settlement of the liability for at least twelve months after the reporting period.	1 January 2024	The standard is not expected to have a material impact
AASB2023-1	Supplier Finance Arrangements	1 January 2024	The standard is not expected to have a material impact

Notes to the financial statements

CERTIFICATION

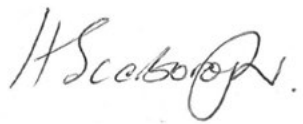
CHAIR'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE AND ACCOUNTING OFFICER'S DECLARATION

The attached financial statements for the Wannon Region Water Corporation have been prepared in accordance with Standing Directions 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

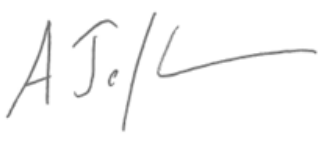
We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2024 and financial position of the Corporation at 30 June 2024.

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

We authorise the attached financial statements for issue on 13 September 2024.



H F Scarborough
Board Chair
Wannon Region Water Corporation



A R Jeffers
Managing Director
Wannon Region Water Corporation



S J Waterhouse
Chief Finance and Accounting Officer
Wannon Region Water Corporation

Dated this 13th September 2024

Independent Auditor's Report

To the Board of the Wannon Region Water Corporation

Opinion	<p>I have audited the financial report of the Wannon Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2024 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • chair's, accountable officer's and chief finance and accounting officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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

MELBOURNE
13 September 2024



Paul Martin
as delegate for the Auditor-General of Victoria

Disclosure Index

The 2023/24 annual report of Wannon Region Water Corporation is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to help identify our compliance with statutory disclosure requirements.

Legislation	Requirement	Page
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	5
FRD 22	Purpose, functions, powers and duties	8 - 11
FRD 22	Key initiatives and projects	12, 47
FRD 22	Nature and range of services provided	8
Management and structure		
FRD 22	Organisational structure	20
Financial and other information		
FRD 10	Disclosure index	139 - 140
FRD 12	Major contracts	60
FRD 15	Executive officers	27
FRD 22	Employment and conduct principles	26
FRD 22, 29	Workforce data	28
FRD 22	Workforce inclusion policy	27
FRD 22	Occupational health and safety policy	29
FRD 22	Summary of the financial results for the year	43
FRD 22	Five-year financial summary	43
FRD 22	Significant changes in financial position during the year	48
FRD 22	Major changes or factors affecting performance	48
FRD 22	Subsequent events	48
FRD 22	Application and operation of Freedom of Information Act 1982	58
FRD 22	Compliance with building and maintenance provisions of Building Act 1993	59
FRD 22	Statement on National Competition Policy (Competitive Neutrality Policy)	60
FRD 22	Application and operation of the Public Interest Disclosures Act 2012	58
FRD 22	Consultancies over \$10 000 (consultancy expenditure)	60
FRD 22	Consultancies under \$10 000 (consultancy expenditure)	60
FRD 22	Government advertising expenditure	62
FRD 22	ICT expenditure	62
FRD 22	Emergency procurement	62
FRD 22	Procurement complaints	61
FRD 22	Reviews and studies expenditure	62 - 64
FRD 22	Statement of availability of other information	59
FRD 22	Asset Management Accountability Framework (AMAF) maturity assessment	65
FRD 24	Reporting of environmental data by government entities	33, 37, 39, 41
FRD 25	Local Jobs First	60
FRD 27	Performance Reporting	49 - 51
SPF	Social Procurement Framework	60, 61

Legislation	Requirement	Page
Ministerial Reporting Directions - Letter of Expectation priority policy areas		
MRD 01	Climate Change and Energy	37 - 42
MRD 02	Customer, Community and Engagement	14 - 19
MRD 03	Recognise Aboriginal Values	19
MRD 04	Recognise Recreational Values	35, 36
MRD 05	Resilient and Liveable Cities and Towns	34, 35
MRD 06	Leadership, Diversity and Culture	21 - 27
MRD 07	Performance and Financial Management	43 - 51
MRD 08	Compliance and Enforcement	55 - 65
Compliance attestation and declaration		
SD 5.1.4	Attestation for Financial Management Compliance	48
SD 5.2.3	Responsible Body Declaration in report of operations	4
Legislation		
<i>Building Act 1993</i>		59
<i>Financial Management Act 1994</i>		4, 48
<i>Freedom of Information Act 1982</i>		58, 59
<i>Local Jobs First Act 2003</i>		60
<i>Public Interest Disclosures Act 2012</i>		58
<i>Water Act 1989</i>		4, 8, 21, 23, 55

Appendix 2:

Detailed water consumption statistics

Urban water consumption

TOTAL DRINKING AND NON-DRINKING WATER CONSUMPTION 2023/24

City/Town	Residential customers		Non-residential customers		Rural customers		Total consumption		5-year average annual consumption (ML)
	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)	
Drinking water	38,677	5,429	4,706	3,907	1,205	950	44,588	10,286	9,827
Non-Drinking Water	19	2	4	1,135	615	512	638	1,648	1,647
Totals	38,696	5,430	4,710	5,041	1,820	1,462	45,226	11,934	11,474

WATER CONSUMPTION BY SYSTEM (MEGALITRES)

System	2023/24 volume (ML)	Change	2022/23 volume (ML)	Change	2021/22 volume (ML)	Change	2020/21 volume (ML)	Change	2019/20 volume (ML)	Change
East Dilwyn	291	21%	241	-6%	256	14%	224	-12%	253	-13%
Grampians	1,246	15%	1,085	-11%	1,225	10%	1,118	-7%	1,197	-4%
Other	172	15%	150	-10%	166	24%	134	-8%	145	3%
Otway	7,814	4%	7,546	-2%	7,731	6%	7,294	-4%	7,567	-4%
Tullich	309	21%	256	-17%	309	10%	281	-6%	300	-9%
West Dilwyn	2,102	4%	2,023	2%	1,992	3%	1,937	-3%	2,007	-4%
Totals	11,934	6%	11,302	-3%	11,679	6%	10,987	-4%	11,470	-4%

WATER CONSUMPTION BY TOWN/CITY (MEGALITRES) 2023/24

System	Residential customers		Non-residential customers		Rural customers		Total consumption		5-year average annual consumption (ML)	Per capita daily residential drinking water consumption (L)
	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)		
Allansford	329	51.8	39	79.4	9	21.9	377	153.2	147.4	190
Balmoral	106	14.8	29	7.6	17	13.1	152	35.5	30.6	169
Balmoral Pipeline*	-	-	-	-	3	4.5	3	4.5	3.2	-
Camperdown	1,684	244.3	216	93.5	-	-	1,900	337.8	358.5	175
Camperdown Rural	-	-	1	-	410	449.8	411	449.8	418.2	-
Caramut	57	10.3	10	4.5	8	3.7	75	18.5	16.7	219
Caramut Pipeline*	-	-	-	-	11	3.5	11	3.5	2.7	-
Casterton	824	101.1	146	50.6	24	9.1	994	160.8	156.2	148
Cavendish	79	8.3	19	2.2	4	1.4	102	12.0	10.7	127
Cobden Rural	-	-	-	-	19	21.5	19	21.5	18.9	-
Cobden Urban	741	102.5	107	450.0	85	83.4	933	635.9	691.1	167
Coleraine	527	60.5	79	23.7	17	4.6	623	88.7	82.2	139
Coleraine Pipeline*	-	-	-	-	4	2.2	4	2.2	1.4	-
Darlington*	19	1.8	3	0.1	-	-	22	1.9	1.7	115
Dartmoor	134	14.4	19	5.3	-	-	153	19.6	17.6	130
Dunkeld	331	69.0	49	17.2	30	14.4	410	100.6	85.3	252
Glenthompson	100	9.0	24	1.5	8	0.6	132	11.1	10.9	109
Hamilton	4,877	734.0	651	261.9	44	17.4	5,572	1,013.3	966.2	182
Hamilton Pipeline*	-	-	-	-	36	16.2	36	16.2	15.0	-
Heywood	665	85.1	103	29.8	2	0.1	770	115.0	113.5	154
Konongwootong Pipeline*	-	-	-	-	66	72.6	66	72.6	63.2	-
Koroit	834	126.6	61	228.8	5	3.3	900	358.6	382.2	183
Lismore & Derrinalum	363	41.6	75	21.1	81	43.1	519	105.8	97.3	138
Macarthur	139	12.4	35	4.3	2	0.3	176	17.1	16.6	108
Merino	129	15.1	20	5.7	37	14.5	186	35.2	32.5	141
Mortlake	600	81.7	92	67.6	5	12.7	697	162.0	142.7	164
Noorat & Glenormiston	161	32.2	19	15.1	79	47.9	259	95.2	87.9	241
North Otway Pipeline*	-	-	1	1,134.5	458	393.3	459	1,527.8	1,537.8	-
Penshurst	273	37.9	49	20.6	2	0.0	324	58.6	52.5	168
Peterborough	352	23.4	15	11.5	11	13.4	378	48.2	44.4	80
Port Campbell	274	27.8	41	38.9	-	-	315	66.7	60.6	122
Port Fairy	2,230	305.7	229	245.0	4	0.2	2,463	550.9	537.6	165
Portland	5,371	724.2	686	690.4	6	1.5	6,063	1,416.1	1,343.5	163
Purnim	-	-	1	0.8	103	18.5	104	19.3	27.4	-
Sandford	60	8.8	4	0.8	28	9.5	92	19.1	17.1	178
Simpson	79	9.4	18	16.9	10	12.3	107	38.6	36.0	144
Tarrington	149	26.2	6	4.7	16	5.0	171	35.8	31.4	212
Terang	963	136.5	143	47.1	1	6.5	1,107	190.0	184.7	171
Timboon	450	55.7	76	34.1	117	86.3	643	176.1	147.9	149
Tullich Pipeline*	-	-	-	-	7	2.5	7	2.5	1.5	-
Warrnambool	15,796	2,258.3	1,644	1,426.3	21	34.4	17,461	3,719.0	3,460.5	173
Willaura Pipeline*	-	-	-	-	30	17.3	30	17.3	20.7	-
Totals	38,696	5,430	4,710	5,041	1,820	1,462	45,226	11,934	11,474	169

* Non-drinking water districts

Appendix 3:

Sewerage services

City/town	No. connected sewerage customers 2023/24
Allansford	300
Camperdown	1,762
Camperdown Rural	2
Casterton	823
Cobden Urban	775
Coleraine	558
Dunkeld	290
Hamilton	4,968
Heywood	713
Koroit	854
Mortlake	612
Noorat & Glenormiston	3
Peterborough	327
Port Campbell	278
Port Fairy	2,253
Portland	5,771
Simpson	81
Terang	1,015
Timboon	453
Warrnambool	17,002
Total	38,840

Our Region



- Towns with urban water and sewerage services
- Towns with urban water supply only
- ▲ Towns with a non-potable urban water supply
- Pipelines



Wannon Water
PO Box 1158
Warrnambool Vic 3280

Phone 1300 926 666
Email info@wannonwater.com.au

Customer Service Centres:

Hamilton 66 Gray Street
Portland 15 Townsend Street
Warrnambool 25 Gateway Road



wannonwater.com.au

