



Annual report

2024/25

Wannon Water and the Victorian Government proudly acknowledge Victoria's Aboriginal communities and their rich culture and pay our respects to 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 people 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 people 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 Poondee-teeyt - Water is Life

Dhauwurd Wurrung language group

Pa poonteyt paman paman - And life is sacred

Keerray Wurrung language group

Front cover photo: Tim Vincent's Lake Mombeong sunrise shot won the open category as part of the Every Drop Counts photo competition.

Acknowledgement artwork: Hypnotic Waterways by Sherry Johnstone, a proud Keerray Woorroong, Yorta Yortawoman of the Maar Nation (Gunditjmara).

© State of Victoria, Wannon Water, 2025.

This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

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 employees	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	37

Our performance

Financial result	43
Performance indicators	49
Operational performance indicators	50
Certification	51

Compliance

Bulk water entitlements	54
Groundwater licences	56
Legislative compliance	57
Contracts and consultancies	59
Reviews and studies	62

Our financial statements

Certification	110
---------------	-----

Appendix 1

Disclosure index	113
------------------	-----

Appendix 2

Detailed water consumption statistics	115
---------------------------------------	-----

Appendix 3

Sewerage services	117
-------------------	-----

About this report

Wannon Water's Annual Report 2024/25 describes our activities between 1 July 2024 and 30 June 2025 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

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 2025.



Helen Scarborough
Chair
Wannon Water
19 September 2025

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
Minister for Water

Harriet Shing MP
Gayle Tierney MP

1 July 2024 to 18 December 2024
19 December 2024 to 30 June 2025

A message from the Chair and Managing Director

This report comes at an extremely challenging time for our communities, particularly our farmers and rural businesses dealing with the drought and the aftermath of the Grampians bushfires.

The impacts of a changing climate

For the past 18 months, parts of South West Victoria have experienced their lowest rainfall on record since 1900, meaning that we've seen an increase in demand for water.

This was exacerbated by the Grampians bushfires in December and January which impacted our customers in Glenthompson, Cavendish, Dunkeld, Balmoral and along the Willaura and Grampians rural pipelines and damaged some of our assets.

We boosted water carting efforts across our entire region by adding additional access points across our networks and supplying more metered hydrants. Where possible, we've provided temporary water connections to our transfer mains, allowing farmers to fill dams for stock water.

At this stage, we're well prepared to meet the need for urban water across our region, so there are no water restrictions on the horizon for our 45,000 customers.

Reduced stream flows in the Grampians catchment meant we had to supplement the supply for our Hamilton area customers by transferring water via the Rocklands pipeline. The pipeline was installed following the Millennium Drought and this is the first time we've needed to use it.

The dry conditions also impacted our infrastructure, with our maintenance crews responding to a record number of burst pipes, the majority due to soil shrinkage and ground movement. Our teams repaired 335 bursts and leaks on water mains, valves and fire plugs across the region – 31 per cent more than the previous 12-month period.

As Victoria's second largest urban water corporation by area, we have nearly 2,000 kilometres of water mains. We aim to respond to bursts and leaks as a priority because we understand the impact that supply interruptions have on our customers.

We're committed to our region

Our long-standing commitment to a sustainable and resilient region reflects the values of the communities we serve. The need for long-term water security and reliability, while reducing impacts on the environment, remains a central focus of our work.

We announced a major upgrade to our Otway system to increase future water security and reduce environmental impacts on the Gellibrand River. The \$10 million Gellibrand River Restoration and Supply Resilience Project is jointly funded by us and the Australian Government's National Water Grid Fund's Water Infrastructure for Sustainable and Efficient Regions initiative. We've long recognised the environmental significance of the river and, in today's climate, it's essential we invest in solutions that protect it for the long-term.

Of course, one of the most effective ways of protecting our future water supply is by encouraging the efficient use of existing resources. From households and businesses, to industry and developers, we need to work together to reinforce the importance of saving water.

Our Every Drop Counts campaign, launched during the year, highlights simple things that people can do each day to help reduce water consumption around their home and garden, which will also save money on their bills.

Local councils and businesses are seeing the benefits of the WaterSmart program, where free digital water monitoring devices quickly alert them to abnormal water use. This helps identify potential leaks or malfunctioning equipment, allowing them to respond promptly to issues they may not otherwise find for some time.

Finding the right balance

We're dedicated to finding the right balance between providing reliable, high-quality services, adapting to our changing environment, responding to escalating costs, managing ageing assets, meeting the growing expectations of customers, and keeping prices affordable.

We take this responsibility very seriously and regularly engage with our customers and communities to understand their needs, working together to find better solutions. We've already started work to shape our 2028-33 Price Submission, so we can ensure it aligns with their needs, expectations and priorities.

Each year we encourage customers and stakeholders to provide feedback on a range of proposed projects and initiatives. It's important that they are part of the decision-making process and are engaged with us through an effective two-way flow of information.

Our \$85 million Warrnambool Sewage Treatment Plant Upgrade Project is set for completion in early 2026, with all major structures now in place. Very pleasingly, the project is within budget, with no significant cost increases. Work continues to ensure our revegetation design for the dune surrounding the site reflects the needs of the environment, user groups and the wider community.

In parallel with the upgrade project, we're developing an Effluent Management Strategy (EMS) to investigate alternative methods for further treating sewage and trade waste, and for the disposal of treated effluent over the next 50 years. As part of this work, we established a 12-member community panel to consider options for how treated effluent should be managed in future. The panel agreed that recycling water for long-term security was a priority, reflecting strong community support for sustainable and reliable water sources. Members also recognised the importance of completing the sewage treatment plant upgrade project as a first step to enable future recycling opportunities.

Design and planning work continued for our \$52 million Quality Water for Wannon Program which will improve the taste of water in Port Fairy, Portland and Heywood. A reverse osmosis plant will be constructed in each town to remove most of the naturally occurring minerals and reduce the saltiness of the water.

Other major projects included the commissioning of a new bore to provide additional security of supply for Port Campbell, Peterborough and Timboon, an upgrade of our 11-million-litre clear water storage tank at the Hamilton Water Treatment Plant, and a new booster pump station on Botanic Road, Warrnambool, to support the residential growth in North Warrnambool.

Supporting our customers' changing needs

We aim to provide a trusted, reliable and affordable service that supports all our customers' needs. This year, we were proud to supply more than 13 million litres of water to 45,680 customers and take away and treat 11 million litres of sewage and trade waste.

Highlights of our annual Customer Value Survey showed 85 per cent of respondents were satisfied with our overall performance; 95 per cent were satisfied with the reliability of their water supply; 78 per cent were satisfied with the quality of their water; and 75 per cent were satisfied with the value for money we provide.

We recognise that challenging economic conditions impacted an increasing number of our customers, with rising costs of living the major factor. In response, we promoted our support measures, with nearly \$3.8 million provided in water and sewerage concessions, \$300,000 in not-for-profit rebates, \$160,000 under the Utility Relief Grant Scheme, and 3,262 customers on flexible payment plans.

We introduced a special assistance package to help relieve some of the financial pressure for our rural customers doing it tough because of the drought. A range of measures are now available, including a 50 per cent waiver of the rural water usage surcharge, bonus credits and an extension of our high-water usage allowance.

We're committed to being transparent and improving the information we provide to customers. This year we introduced a quarterly customer newsletter, Here For You, ensured our website complied with accessibility standards, created easy-to-read documents, and improved our text messaging system for supply interruptions and incidents.

Investing in our people

Wannon Water's strength is its workforce, and investment in our people is critical to our future success.

More than 90 per cent of employees voted in favour of a new Enterprise Bargaining Agreement which includes a range of improved conditions and took effect in April.

Flexible working arrangements were extended, with field-based service delivery employees able to permanently access a nine-day fortnight. This followed a successful 12-month trial of the system where most participating employees identified a significant positive impact on their personal wellbeing including improved work-life balance, reduced stress and an improvement in fatigue management.

This year's People Matter Survey results showed that 81 per cent of our employees are satisfied with their current job, 83 per cent would recommend Wannon Water as a good place to work, and 73 per cent said Wannon Water inspired them to do the best in their job. These results were all higher than our comparator organisations.

We farewelled several long-standing employees during the year including Branch Manager Asset Planning Peter Wilson, People and Training Coordinator Kerrie Gibb, and Civil Maintenance Team Leader Peter Noonan. We wish them well in their retirement.

We were pleased to welcome a new Minister for Water Gayle Tierney, who also represents our region as the Member for Western Victoria. We were delighted to welcome Allan Miller as our first Board Observer (Aboriginal) Program Scholarship recipient. Allan is a proud Peek Whurrong, Kirrae Whurrung and Tjap Wurrung man with strong familial, cultural and spiritual links to the land and waters throughout South West Victoria, including the Framlingham Aboriginal Settlement.

Our decisions matter

As the only supplier of essential water and sewerage services in the region, Wannon Water carries significant responsibilities. Our Board recognises this and continuously strives to meet the high expectations of our customers through strong stewardship and governance.

Through ongoing investment in infrastructure, a strong focus on water security and reliability, and our dedication to sustainability, we're building the foundation for a resilient and thriving future for the customers and communities we serve.



Helen Scarborough
Chair



Andrew Jeffers
Managing Director

A farewell...

After 10 years in the role, this annual report will be the final one for our Managing Director Andrew Jeffers who has decided not to seek reappointment when his contract ends on 17 July 2025.

As MD, Andrew's greatest achievement has been the continued provision of secure, safe and reliable water and sewerage services through a period of rapid change, including the challenges of fires, floods and a pandemic. At all times, the welfare of our employees and the community has been his priority, with zero harm now embedded into our culture.

He has also had a genuine commitment to our strategic vision of going beyond water for strong communities, reaching out to the community and working with our partners towards a shared goal of prosperity and wellbeing for South West Victoria.

Andrew has the greatest admiration and standing in the sector and, together with the entire Board, I extend my sincere thanks for all he has done.

A welcome...

Following an extensive recruitment process, the Board unanimously agreed to appoint our current General Manager People and Business Services, Steven Waterhouse, to the position from 18 July 2025.

Steven has been an integral part of the Executive Leadership Team at Wannon Water as Chief Financial Officer for the past 14 years and brings a strong focus on governance and performance with his corporate and financial acumen.

The Board and the entire team are looking forward to working with Steven to build on our strong base as we continue to focus on making a real and positive difference in the region.

Helen Scarborough
Chair

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 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 population of more than 100,000. Our region extends from the Otway Ranges to the South Australian border and includes the major centres of Warrnambool, Portland and Hamilton. Our three offices are located in these major centres.

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
Tulich	Tulich borefield	Casterton, Coleraine, Sandford and Merino
Other	Local aquifers	Penshurst, Caramut, Macarthur and Darlington

Customer numbers

Water services

We provide water services to a total of 45,680 residential, commercial, industrial and rural customers across 34 customer zones. The total growth in the number of water customers was one per cent in 2024/25, with 454 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.

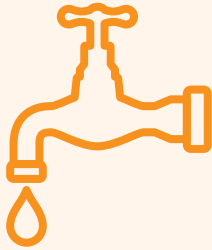
Customer segment	Number of customers connected	Total water consumption (megalitres)	Percentage of total consumption	5-year average consumption (megalitres)	Average consumption per customer 2024/25 (kilolitres)
Residential	39,116	5,780	44%	5,386	148
Business	4,737	5,627	43%	4,989	1,188
Rural	1,827	1,619	13%	1,410	886
Total	45,680	13,026	100%	11,785	285*

*The average consumption per customer figure covers all customer segments including major industries.

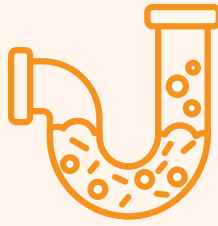
Sewerage services

Our sewage treatment plants service residential customers and accept trade waste from industry and businesses. We provide these services to a total of 39,277 residential, commercial and industrial customers across 16 sewerage systems. The total growth in the number of customers was 1.1 per cent, with 437 new customers connected to a sewerage service.

Key facts



45,680
water
customers



39,277
sewerage
customers



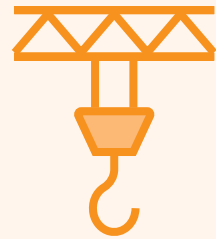
248
employees



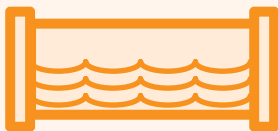
27,315
calls
answered



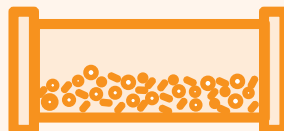
\$44,000
community
grants



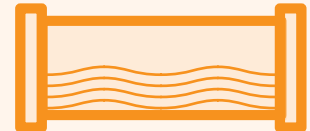
\$48m
capital
works



1,966
kilometres
water mains



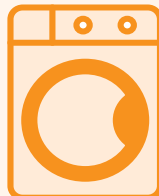
1,015
kilometres
sewer mains



70
kilometres
recycled
water mains



13,026
megalitres
water treated
(36 million litres a day)



9,811
megalitres
sewage treated
(27 million litres a day)



183
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 2024/25 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 or initiative	Comment	Result
Customer	<i>Here for You</i> Customer Experience Strategy (including customer support)	Key deliverables have been met or are on track for further development as planned in the next corporate plan.	✓
Environment	Integrated Water Management (IWM) program and solutions, including forum contribution and collaboration	Collaborative discussions with Great South Coast IWM Forum and practitioner networks have occurred to support local and regional projects and information sharing. Ten of the 21 projects identified in the strategic directions statement have seen progress.	✓
	Roadmap to Net Zero	We'll meet the mandated 40 per cent emissions' reduction for 2024/25, with increased offsets likely due to higher electricity use (final report pending). The Port Fairy solar and battery project is in the next corporate plan. Future Australian Credit Carbon Unit opportunities are progressing.	✓
	Climate Adaptation Roadmap	The roadmap was endorsed as the preferred course of action and is under development. A business case for funding a dedicated position to lead this work has been included in the next corporate plan.	✓
	Natural Asset Management Plan	The management of our natural assets is now in line with all other asset classes. The plan has been upgraded in the same format as other asset management plans, with all work orders associated with its implementation in our works management system and up to date.	✓
	Effluent Management Strategy	Progress has been delayed due to extended engagement with the project reference group, extensive community consultation including a deliberative engagement process, and collaboration with Deakin University on ecological assessments and ocean floor mapping. A revised project schedule was developed, and a 12-month extension supported by the group was submitted to the Environment Protection Authority in January and approved in June. The revised completion date is 25 June 2026.	●



	Key project or initiative	Comment	Result
Enablers	Maintaining our Zero Harm approach (as an organisation that delivers water and sewerage services 24-7)	Safety performance and visibility of Zero Harm has improved significantly. There has been sound progress of IMS standards, and operational risk assessment and implementation has started. Psychological safety risk assessments have also begun. Zero Harm Awards are well supported and safety behaviours continue to be embedded and lived by our people.	✓
	Digital Strategy, Cyber Strategy and projects outlined in the digital platform roadmaps	The Digital Strategy was approved in May. Next steps involve the development of a Digital Governance Framework in September 2025 and an AI Strategy in March 2026.	✓
	<i>We are Wannon</i> Employee Strategy	Progress against all four pillars of the strategy continues. Safety remains a key focus, with most objectives achieved and ongoing efforts to embed improvements. Strategic workforce planning has been delayed due to resourcing and research required into AI implications.	✓
	Financial Sustainability Strategy	The strategy was approved and initiatives that deliver on the five focus areas have started. This included the development of new business case templates and process, financial sustainability stakeholder advocacy, TOTEX alignment in Digital Strategy, finance system enhancements, and the development of clearer and more effective procurement governance and procedural arrangements.	✓
	<i>Towards Reconciliation</i> First Nations' Strategy	The strategy was endorsed with an action plan developed to support implementation. A proposed new support role embedded in strategy was not included in the corporate plan budget, which will impact the rate of implementation. Opportunities for participation in local events to assist raising awareness with employees have been promoted and well attended.	●

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.

Each year we engage with our customers and community to find out what's important to them about our services and expectations for the future. Our approach to engagement is inclusive, ensuring the diversity of our customer groups could participate if they choose to. This feedback will be used to develop our 2025-30 Corporate Plan and influence key capital projects such as Quality Water for Wannon and the Effluent Management Strategy.

We visited five country shows and six small towns as part of our Community Roadshow. Customers completed online and phone surveys, spoke directly with our Customer Support Team, participated in focus groups and visited us at project-specific pop-ups.

What we heard

- Increased concerns about water quality, particularly taste and smell. More customers told us they don't drink our water and complained about water hardness.
- More customers concerned about the cost of bills. While customers didn't highlight water bills as being overly expensive when compared to their other utility bills, they felt the combined pressure of cost of living with all their bills was overwhelming.
- Many customers who mentioned the drought and asked whether we had enough water and what we were doing in response to the dry conditions. They would like more information about recycled water and asked if we had plans to find or create alternative water sources.

As part of the face-to-face engagement, we checked in with our customers to gauge the importance of our 2023-28 customer outcomes with the outcome "We're Sustainable" seen as the most important area for us to focus on. The "We're Responsive" outcome had the biggest increase as a priority for our customers compared to 2023.

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 not considered statistically significant, our results in all four metrics align with the average results for other Victorian water corporations of similar size.

The Customer Value Survey is another key input to the annual engagement cycle and provides useful insights that help us enhance the experience we provide for our customers. Overall satisfaction remained high and perceptions of value for money increased, reversing a previous decline. Value for money was the top driver of overall satisfaction. Among those who had contacted us in the past 12 months, water quality and value for money were the main driver of satisfaction. For those who didn't contact us, the information we provided was most important.

There were two statistically significant increases in our results.

- Trust, reversing a steady decrease since 2021 among our younger customers (60 per cent strongly agreed with the statement "I trust Wannon Water").
- Customer service, with 68 per cent of customers extremely satisfied (60 per cent in 2024). Nine out of 10 customers felt their expectations were either met or exceeded.

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.

	2023/24	2024/25
Residential bill – owner/occupier (\$ real 2024/25) The actual bill for an owner-occupier with typical (average) water use in real 2024/25 dollars	\$1,232.97	\$1,243.39
Percentage change from prior year		0.84%
Residential bill – renter (\$ real 2024/25) The actual bill for a renter with typical (average) water use in real 2024/25 dollars	\$231.38	\$236.01
Percentage change from prior year		2.00%
Typical average water use (kL) assumed in owner-occupier and rental bill calculations	140 kL	140 kL
Non-residential bill – business (\$ real 2024/25) The annual bill for a business using 3 ML per annum in real 2024/25 dollars	\$8,596.83	\$8,754.28
Percentage change from prior year		1.83%

Support for our customers

Community service obligations	2023/24 (\$)	2023/24 (no. of customers)	2024/25 (\$)	2024/25 (no. of customers)
Provision of water and sewerage concessions	3,647,422	50,167*	3,788,270	53,293*
Rebates paid to not-for-profit organisations under the water and sewerage rebate scheme	295,806	N/A	297,014	N/A
Utility relief grant scheme payments	89,418	255	158,020	422
Water concession on life support machines	237	1	469	1
Hardship Relief Grant Scheme (Sewerage and Water Connection Scheme)	N/A	N/A	N/A	N/A

* The number of customers receiving provision of water and sewerage concessions is the total number of concession rebates raised per financial year. This figure does not reflect the unique numbers of eligible concession card holders.

Supporting customers who need financial help

We offer flexible instalment payment plans to customers who prefer to pay by regular instalments. As of 30 June 2025, instalment plans were in place for 3,262 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 usage, 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 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.

Customer responsiveness

Customer Responsiveness	2023/24 result	2024/25 result	Variance to prior year	2024/25 target	Variance to target
Water bills No. of customers with instalment plans	2,943	3,143	6.8%	N/A	N/A
Water bills No. of customers awarded hardships grants	143	172	20.3%	N/A	N/A
Water quality complaints No. of complaints per 100 customers	0.24	0.35	45.8%	0.38	-7.9%
Payment issue complaints No. of complaints per 100 customers	0.09	0.09	0%	0.17	-47.1%
Total complaints	0.49	0.70	42.9%	0.75	-6.7%

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 payment	2024/25 allocation
Community Grants (up to \$5,000)				
Camperdown and District Community House	Grow Community Therapeutic Gardening Program	Two-hour gardening sessions ran weekly for one year, making positive changes in the lives of people experiencing anxiety, depression, loneliness or social isolation.	\$4,000	\$4,000
Derrinallum Yacht & Power Boat Club *	Deep Lake Grasses project	Planted indigenous water grasses to take up nutrients and provide a filter system to incoming waterflow.	\$5,000	\$5,000
Casterton Memorial Hospital	Happy Healthy Community (Be Well)	Wellbeing self-care program delivered, including guest speakers and fitness instructors, supporting community health and connection.	\$800	\$800
Fit to Drive Foundation	F2D Workshop	Led by peer facilitators, Year 11 or equivalent students participated in interactive activities exploring road safety risks and decision-making.	\$4,500	\$4,500
Heywood Men's Talk Group	Men and Women Health Forums	Multiple health forums held to facilitate connection and discussions around health and wellbeing.	\$1,000	\$1,000

* Due to changes beyond the applicant's control, this project could not be delivered and the money was returned to us.

United Way Glenelg	Celebrating Community Wisdom	Five compelling video stories recorded through interviews with older residents, celebrating their contributions in volunteering.	\$2,000	\$2,000
Hamilton and Western Districts Pipe Band	Hamilton Highland Gathering 2024 Street Parade	500 people celebrated 120 years of continuous service, with six pipe bands and clubs participating.	\$4,400	\$4,400
Find Your Voice Collective	Accessible Electronic Orchestra	Specialised instruments purchased, enabling musicians with disabilities to play autonomously and collaboratively within group settings.	\$4,300	\$4,300
Bethany Limited (trading as Meli Community)	Essentials for Everyone	Free toiletry kits distributed to people in need, supporting personal hygiene. Kits were tailored for men, women, children, and people with sensitive skin.	\$3,000	\$3,000
Warrnambool Multicultural Association	Warrnambool Multicultural Festival	Delivered intercultural workshops for multicultural communities including materials for art and craft, educational resources, costumes, artist fees, traffic control costs and multicultural performers' payments.	\$5,000	\$5,000
Warrnambool and District Easter Arts Festival	Easter Arts Festival	Community members celebrated arts and culture, raised artistic standards and enhanced wellbeing.	\$2,000	\$2,000
School Grants (up to \$1,000)				
Bolwarra Primary School	Indigenous Garden Living Classroom	Kitchen garden revitalisation included the installation of a watering system and protective covers.	\$1,000	\$1,000
Monivae College	Standing Tall Wellbeing Room	Board games, art and craft supplies, a speaker and cooking equipment, including utensils and appliances, purchased to support activities in a newly developed wellbeing room.	\$1,000	\$1,000
Merri River School	Puppet Theatre	The theatre supported verbal and non-verbal student expression through visual storytelling, enabling the creation of a lunchtime drama club.	\$1,000	\$1,000
Warrnambool East Primary School	Hands on Learning Tool Box Top-up	Improved student safety and engagement by supplying high-quality kitchen and garden tools.	\$1,000	\$1,000
International Aid (up to \$4,000)				
Warrnambool Presbyterian School Ltd (trading as King's College)	Ararat Christian School Uganda water security	A bore was drilled and a water tank installed to improve water security at a rural school, reducing reliance on purchased water during the dry season.	\$4,000	\$4,000
TOTAL			\$44,000	\$44,000



Sponsorship

Our *Ripple Effect* sponsorship program distributed more than 3,500 items of merchandise, including water bottles, sports prize packs, shopping bags, back sacks, trigger nozzles and pens to members and students of 33 community groups, sporting clubs and schools.

We also provided assistance to the following organisations:

Organisation	Description	Outcomes	Total payment	2024/25 allocation
Koroit Irish Festival	2025 festival event support	Promoted the Every Drop Counts campaign to hundreds of attendees, encouraging water conservation.	\$1,000	\$1,000
Corangamite Shire school students	Kokoda Trek for young leaders	Supported 12 students to complete the track, building resilience, leadership and teamwork.	\$4,000	\$4,000
Wata Waetnanda	2025 Reconciliation Week event support	Community event with a panel speaking to the theme Bridging Now to Next.	\$1,000	\$1,000

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 2024/25, we provided \$273,049 in rebates to 231 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 supported 50 community events – twice as many as the previous year. Our Thirst Aid Station has proved extremely popular and was booked for just over half of this year’s events. The program has provided free water to tens of thousands of people across the region and saved thousands of single-use plastic bottles from landfill.

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 IWM Forum,

Great South Coast Economic Futures 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.

Thriving South West Victoria held a Connect to Thrive forum on ‘Supporting workers for thriving workplaces’ in February. It included 130 people from across the region, with representation from businesses, employers, community, health and employment services, local and state government, and education providers.

Education

Our Education Plan focusses on educating our customers and communities about our services, their water supply, and how we can work together to achieve better sustainability outcomes for our region. We delivered fewer community education sessions in 2024/25, instead offering community tours which are more interactive and therefore provide better value for participants. We delivered 14 tours of our water treatment plants in Warrnambool, Camperdown, Terang, Hamilton, and Portland, attracting 346 participants.

In partnership with the Glenelg Hopkins CMA and Southern Rural Water, we again organised a successful National Water Week poster competition, receiving 299 high-quality entries from 10 schools. One of our entries was selected as a state winner.

Recognising Aboriginal values

We're committed to advancing Aboriginal self-determination and protecting the environment as core strategic priorities. We pursue this through meaningful action and education, with a strong focus on Country and community.

We provided opportunities for employees and Directors to build cultural awareness through:

- An on-Country cultural immersion experience with Eastern Maar Aboriginal Corporation.
- First Nations cultural awareness VicWater eLearning.
- Participation and support of the Walk for Truth with Yoorrook Justice Commission.
- Participation in National Reconciliation Week activities within the region and online.

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

- Koorie Aspirations Day organised by Neil Porter Legacy.
- NAIDOC Day organised by Kirrae Health.
- Aboriginal Veterans Memorial Day.
- Indigenous Literacy Day and Dolly Parton Imagination Library launch in Heywood.
- National Reconciliation Week events in Warrnambool and Port Fairy organised by Wata Waetnanda.
- Treaty Victoria information forum in Warrnambool.

The Board Observer (Aboriginal) Scholarship Program concluded its first 12-month term, with inaugural participant Allan Miller, who started in May 2024. We're pleased to continue the program with a new observer, Jayden Britton, appointed for the coming year. The program aims to provide opportunities to develop skills in good governance and professional networking.

A key priority over the past year has been to establish and launch *Towards Reconciliation* - a plan developed in response to *Water is Life* and the Nation Statements from the Traditional Owner groups throughout our service region. *Towards Reconciliation* aims to strengthen our First Nations' cultural capability and support self-determination.

We have continued liaising with Registered Aboriginal Party applicants through our capital works plan to routinely complete Cultural Heritage Management Plans for relevant projects, as required under the *Aboriginal Heritage Act 2006*.

Partnerships with Traditional Owners

We have a formal multi-partnership agreement in place between Eastern Maar Aboriginal Corporation, Barwon Water, Grampians Wimmera Mallee Water, and Wannon Water, supporting partnership work across the four organisations. A water corporation partnership officer has worked with Barwon Water to develop a consistent engagement framework for the water corporations to work with Eastern Maar.

While we don't issue or allocate water entitlements, and are therefore not required to inform relevant Traditional Owners of opportunities to access water entitlements or allocations within their Country, we continue to offer open invitations for engagement through various project advisory groups.

Supporting Aboriginal self-determination

We don't have formal partnership agreements in place with Aboriginal Community Controlled Organisations, but aspire to strengthen our capacity to support and enable Aboriginal self-determination.

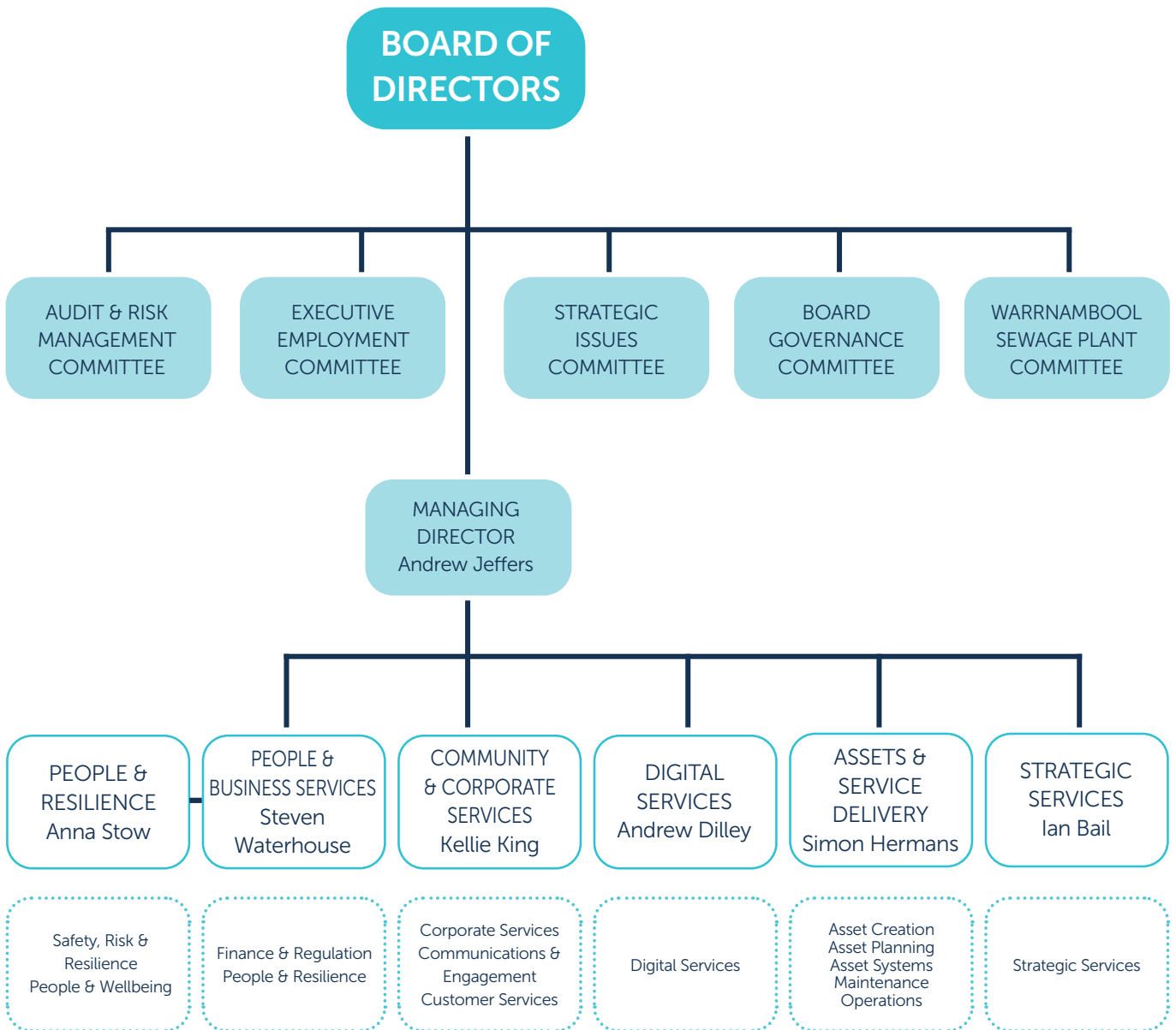
We updated our Procurement Strategy to detail our commitment to achieving social procurement outcomes that align to the requirements of the Social Procurement Framework.

We're implementing a procurement procedure which requires consideration of supply by social benefit suppliers (e.g. Victorian social enterprises and Aboriginal businesses) for specified goods, services or works. This procedure will include criteria in the evaluation methodology for high value request for tender (typically open tenders) and development of a stand alone Social Procurement Plan for procurement activities with a total estimated contract value of \$20 million or more.

We received 21 tender requests, with none from Aboriginal businesses.

Organisational structure

As at 30 June 2025



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 2024/25. 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, all of which were closed out. A summary report will be provided to the Minister by 31 August 2025, according to the Minister's guidelines.

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

DR HELEN SCARBOROUGH – CHAIR

BEC, MEd, 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 (AICD). 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.

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 AICD, Narelle was also a board member of South West Healthcare from June 2015 to June 2024.

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, immediate past chair of Western Victoria Primary Health Network and a member of the Premier's Drought Response Taskforce.

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

Committee membership:

- Executive Employment Committee
- Strategic Issues Committee
- Warrnambool Sewage Plant Committee - Chair.

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 at Moyne Shire, and multiple interim roles as CEO within Victoria.

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

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.

Emma serves on various committees and boards including Housing Hub, GOTAFE and Travelers Aid. Her commitment to disability inclusion extends to roles on audit and risk committees for Scope, Wellways and the Victorian Auditor-General's Office.

Committee membership:

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

NEIL PLUMMER

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

As a director with Out of the Box Executive, Neil supports organisations in their strategy development, governance and in navigating the risks and opportunities from climate change and the energy transition.

Previously head of climate services at the Bureau of Meteorology, Neil has worked with water, agriculture, emergency services and other sectors. He also has worked on several 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. He also chairs the Technical Advisory Committee of Climate Communications Australia. He is a graduate member of the AICD, holds master's degrees in Business Administration and Science, a Graduate Diploma in Computing, Diploma in Meteorology and Bachelor of Science (Maths & Physics).

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 AICD, and has been a pilot since he was 16 years old.

Committee membership:

- Audit and Risk Management Committee
- Strategic Issues Committee
- Warrnambool Sewage Plant 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 engagement and project-based customer committees.

BOARD MEETINGS ATTENDED

Director	Attended	Eligible to attend
Helen Scarborough (Chair)	11	11
Andrew Jeffers	6	11
Narelle Allen	7	11
Susan Brumby	11	11
Ken King	9	11
Bill Millard	9	11
Emma Olivier	11	11
Neil Plummer	11	11
Gordon Rich-Phillips	11	11

Note: The total for the financial year includes 10 ordinary meetings and one resolution 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. 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.

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 2025, the committee comprised non-executive independent Directors Ken King (Chair), Emma Olivier, Neil Plummer, Gordon Rich-Phillips and independent external members Shannyn Martin, Joseph Dalessandro and Kevin Leddin.

AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS ATTENDED

Member	Attended	Eligible to attend
Ken King (Chair)	3	4
Emma Olivier	4	4
Neil Plummer	4	4
Gordon Rich-Phillips	4	4
Shannyn Martin	2	4
Joseph Dalessandro	4	4
Kevin Leddin*	3	3

*Total number of meetings reflects appointment to the committee on 1 September 2024.

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.

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.

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.

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

The Warrnambool Sewage Plant 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 Sewage Treatment Plant Upgrade Project.

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.

Our employees

Fostering a positive and safe workplace culture is central to our success. When people feel supported, respected, and empowered, including through flexible work options, they do their best to work and that energy drives our organisation forward.

Our commitment to employee wellbeing and engagement continues to deliver strong results. Through the Victorian Public Sector Commission's People Matter Survey, we gained valuable insights into the employee experience across the organisation. This year, 82 per cent of our people participated in the survey, a testament to the engagement and shared ownership of our workplace culture.

Encouragingly, our engagement index rose to 73, up from 71 in 2023. Satisfaction levels slightly increased to 78 per cent. Notably, many employees expressed a strong intention to stay and would readily recommend Wannon Water as a great place to work.

We advanced our commitment to equitable flexibility by embedding a nine-day fortnight across our service delivery teams, following a successful pilot. This initiative ensures frontline employees have the same access to flexible work as office-based colleagues and reflects our focus on building a workplace that is high-performing, fair, and adaptable.

While we're proud of the progress made, we remain focused on continuous improvement.

We are Wannon: our people strategy

Now in its second of four years, *We Are Wannon* continues to guide our efforts to place people at the centre of everything we do. This people-focused roadmap aligns closely with our broader organisational goals and reinforces our belief that investing in our employees is fundamental to long-term success.

Structured around four strategic pillars (safe people, a dynamic workforce, we all belong, and valued and recognised) the strategy positions us to attract, retain and support the people who drive our success. We aspire to create a workplace where employees find purpose and fulfilment in the work they do, and where top talent is drawn to join us. We see our leaders as champions of culture, guiding their teams through increased compliance and change, while cultivating an environment that is safe, connected, inclusive, and empowering, for our people, and for the community we serve.

SAFE PEOPLE

Through our Zero Harm initiative, we've embedded a proactive, risk-informed approach to safety based on our 3Ps model (People, Plant, Processes), role-specific safety behaviours, and employee-led improvements.

These efforts have contributed to a significant increase in safety performance, including more than 20 months without a lost-time injury, a strong result during a period of operational growth. Our safety committees are more strategic, our performance more visible, and our Zero Harm Champions are driving change, creating a workplace where people feel safe, informed, and empowered every day.

A DYNAMIC WORKFORCE

We're building a dynamic workforce that can meet today's challenges and adapt to future needs. Our flagship Work Smarter leadership program for senior leaders has been delivered, with planning underway to expand it to all managers. It includes coaching, structured feedback, and personal development planning.

We've refreshed our Learning and Development Framework, aligning it to the 70:20:10 model (experiential, social, formal learning). These initiatives are equipping our employees with the skills, confidence, and mindset to lead through change and deliver impact now and into the future.

WE ALL BELONG

Belonging and inclusion remain central to our strategy. We've embedded flexible work options including a nine-day fortnight across field-based roles to support wellbeing and work-life balance.

Our inclusion efforts have expanded through social connection activities, employee-led initiatives, and our newsletter that shares diverse voices and lived experiences. We've delivered targeted training in equity and respect, narrowed the gender pay gap, and improved gender representation in leadership.

Public sector values, employment principles, workplace conditions, policies, and procedures

Our policies align with the Victorian Public Sector Commission's standards and the *Public Administration Act 2004*, ensuring fairness, equity, and integrity across all aspects of employment.

We uphold the *Charter of Human Rights and Responsibilities Act 2006* and reinforce ethical behaviour through our code of conduct. Clear guidance exists around conflicts of interest, gift acceptance, and misconduct, supporting a transparent and respectful work environment.

ENTERPRISE BARGAINING

In April, we reached agreement on a new four-year Enterprise Bargaining Agreement, aligned with the *Fair Work Act 2009*. The agreement ensures fair compensation, stable conditions, and continued responsiveness to sector changes and workforce needs.

BULLYING, DISCRIMINATION AND HARASSMENT-FREE WORKPLACE PROCEDURE

In line with the *Sex Discrimination Act 1984* and the Respect@Work recommendations, we've taken steps to create a safe, inclusive workplace. This includes training, improved reporting systems, and an updated procedure to address inappropriate behaviour.

We're preparing for new psychological hazard regulations expected in December 2025, with proactive controls in place to support psychosocial wellbeing and manage emerging risks.

Leadership, learning and development

We provided 13,454 hours of learning and development this year, averaging 53 hours per employee, an increase from the previous year.

Key initiatives included:

- **Work Smarter Program**
Our flagship leadership program for senior leaders has been delivered, with planning underway to cascade the program to all people managers. Using a coaching approach, the program supports leaders to apply structured feedback, real-time reflection and individual development planning.

These principles are being embedded to strengthen leadership consistency and agility across the business.

- **NextGen Women's Leadership Program**
Designed for aspiring women leaders not yet in formal leadership roles, this program is building confidence, capability and connection. It complements our existing suite of development opportunities and helps broaden our leadership pipeline through targeted support and mentoring.
- **Refreshed Learning and Development Framework**
We've updated our learning and development approach to reflect the 70:20:10 model, emphasising learning through experience, connection and formal training. This ensures employees have access to a mix of development pathways aligned to current and future role requirements.
- **Leadership at all levels**
Our learning strategy supports leadership development not just for senior roles, but for employees at all levels. From capability uplift programs to coaching tools and inclusive training offerings, we are investing in a high-performing, future-ready workforce.

Diversity, equity, inclusion and belonging

Our *We are Wannan* strategy continues to drive a sustained focus on our people, who they are, what they need, and how we create the conditions for them to be their best. It is through this people-first approach that we continue to strengthen diversity, equity, inclusion and belonging across our workplace.

Informed by data and insights from the Gender Equality Commission and our own evaluations, we're developing Gender Equality Action Plan 2.0 with practical, measurable actions.

Supporting initiatives:

- Pathways to Gender Equality training was delivered to all employees in 2024.
- NextGen Women's Development Program is supporting gender-diverse leaders to grow and lead.
- Intersectional focus recognising the layered nature of people's lived experiences, across culture, age, identity, gender, and ability.

The table below provides our aspirational Gender Equality Action Plan targets and progress:

Inclusion and diversity target	2025 target	2024/25 actual	2023/24 actual	2022/23 actual	2021/22 actual
Women who manage teams	40%	27.5%	26%	28%	23%
My organisation uses inclusive and respectful images and language (based on People Matter Survey results)	95%	91%	N/A	88%	90%
My manager treats employees with dignity and respect (based on People Matter Survey results)	95%	92%	87%	92%	94%
The average annualised total remuneration pay gap is reduced by 5%	5%	13.8%	15.1%	16.8%	18.9%

Of the 51 recruitment activities completed:

- 37% of applicants were women.
- 49% of shortlisted candidates were women.
- 55% of final appointments were women.

These outcomes reflect our commitment to equitable recruitment processes that support diverse representation across all stages of selection.

One executive officer identified as a woman, consistent with previous years.

We held a range of activities, including the celebration of culturally and socially significant days, employee-led events, inclusive communications, and ongoing education initiatives. These moments created opportunities to recognise our people’s diverse backgrounds and strengthen connections across the organisation.

Four of our employees or two per cent of our workforce identify as Aboriginal according to the People Matter Survey 2025.

The Board Observer (Aboriginal) Scholarship Program concluded its first 12-month term with its inaugural participant. The program provides an opportunity to improve participation by Traditional Owners and Aboriginal Victorians on our Board while developing skills in good governance and professional networking. We’re continuing the program with a new observer appointed for the coming year.

Participation in cross-cultural training was lower, reflecting a deliberate focus on progressing our gender equity learning and development commitments.

Cultural awareness training	2024/25	2023/24	2022/23	2021/22	2020/21
Number of employees completed	29	104	75	75	30

As a business, we are also proud to be:

- A certified Family Friendly Workplace.
- A Work 180 endorsed employer.
- A member of the Diversity Council Australia.
- An accredited member of the Healthy Workplaces Achievement Program.

Workforce statistics

The number of full-time equivalent employees increased by six, while the total headcount grew by four. This reflects modest growth in ongoing operational roles and some movement between part-time and full-time arrangements, consistent with flexible ways of working. The period also saw an increase in younger employees entering the workforce.

Employees have been correctly classified in workforce data collection.

	30 June 2025							30 June 2024						
	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	85	55	29	74	12	11	96	83	55	28	71	13	12
Men	152	149	137	7	142	8	7	148	145	134	5	137	9	8
Unknown	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AGE														
15-24	12	12	8	0	8	4	4	7	7	6	0	6	1	1
25-34	48	46	39	5	42	4	4	54	51	45	3	46	6	5
35-44	59	55	45	11	52	3	3	57	50	39	13	46	5	4
45-54	78	74	62	11	70	5	4	78	75	63	10	70	5	5
55-64	46	43	35	7	39	4	4	44	41	34	6	37	4	4
65+	5	4	3	2	4	0	0	4	4	2	1	3	1	1
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	2	2	0	1	1	1	1	1	1	0	1	1	0	0
Band 4	68	63	50	12	57	6	6	68	61	53	10	58	5	3
Band 5	53	50	42	9	48	2	2	53	49	40	10	46	3	3
Band 6	55	52	41	9	47	5	5	53	50	39	8	44	6	6
Band 7	27	25	23	1	23	3	2	24	23	21	2	22	1	1
Band 8	23	22	17	4	20	2	2	21	20	16	2	17	3	3
Senior Manager	14	14	13	0	13	1	1	18	18	14	0	14	4	4
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	248	234	192	36	216	20	18	244	228	189	33	208	22	20

NOTES: Excludes eight 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 2024. 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 Zero Harm aspiration is more than a safety commitment, it describes our mindset and the way we work to ensure the wellbeing of our people, the community and the environment. This approach recognises that harm can take many forms, and that our responsibility extends beyond physical safety to include mental health, inclusion and environmental care.

Providing safe, reliable drinking water remains key to protecting public health, alongside supporting our people to feel safe, valued and empowered at work.

Creating a culture of safety means:

- recognising our people are our greatest asset in identifying hazards and managing risks associated with our activities.
- promoting behaviours that are respectful and inclusive
- maintaining a psychologically safe environment where everyone feels comfortable to share ideas or concerns and is empowered to continually improve our processes. Engagement, trust and collaboration are fundamental to our culture, with leadership involving and supporting employees to review and improve their systems, processes and procedures which support our Zero Harm outcomes.

A robust risk management framework shows us where our highest risks are, and highlights the interdependencies between our teams ensuring everyone understands what is required of their systems to manage risk to acceptable levels. Our proactive audit program provides structured oversight of our OH&S systems. Through regular review and improvement, we're constantly seeking smarter, safer and more effective ways to reduce risk and support our employees, reinforcing that Zero Harm is not just a goal, but a shared responsibility.

Key safety initiatives

Our strategic focus places our people at the core of everything we do. We enhanced the Zero Harm Integrated Management System (IMS) to make it more effective, user-friendly and aligned with our commitment to safety and environmental responsibility.

The IMS supports our goals through a risk-based approach built around three key pillars:

- **People** – engaged, capable, and living our Zero Harm culture.
- **Processes** – clear, consistent and easy to apply.
- **Plant** – the right tools and equipment for safe, efficient work.

The IMS continues to be a vital part of building excellence and resilience across our operations. Some of the highlights are detailed below.

PEOPLE

We are Wannon has a key pillar focusing on safe people, building on our Zero Harm culture. These activities aim to embed our proactive safety culture and build on the skills of employees to manage risk.

Improvements included:

- Ongoing delivery of our Safety Leadership Program and Psychological Safety Program, co-designed with employees to ensure relevance and alignment with strategic workforce priorities. A series of organisation-wide psychosocial hazard workshops improved our understanding of employee exposure and informed updates of our processes to manage them.
- Executive and senior leadership collaboration with employees to review high-risk work, with a focus on aligning behaviour, systems and culture to manage risk holistically. This integrated approach supports operational safety and broader cultural resilience and organisational capability.
- Celebration of safety culture and leadership through the Zero Harm Awards, recognising employees and teams who demonstrate exceptional commitment to safety values, proactive risk management and fostering a culture of care, accountability and continuous improvement. Fifty-seven nominations were made for the year.
- Ongoing participation in water industry OH&S forums at state and national level to share knowledge on risks associated with the industry and best practice to manage them.

PROCESS

- Ensuring frontline voices informed the development of safety standards, operational risk assessments and enhancements to tools such as the task risk assessment application used in the field, with 28 standards and risk reviews completed.
- Integrating people, safety and operational systems to reduce duplication, clarify roles and responsibilities and support leaders to manage both psychosocial and physical risks in a cohesive and consistent way.
- Championing transparent safety reporting and recognition, including the Zero Harm Award and Alert System, designed to promote trust, shared learning and proactive engagement with safety at all levels.
- We're pleased to have been recertified to ISO 45001, the leading international standard for OH&S, with our third-party auditors highlighting the level of knowledge and capability throughout the organisation and our commitment to continual improvement.

PLANT

- Alignment of enterprise level safety risk assessments with strategic decision making, to inform capital investment, resource planning and organisational policy development, strengthening the connection between safety and long-term business sustainability.
- Reviewing and updating processes to introduce high-risk plant and manage preventative maintenance of safety equipment.
- Ongoing investigation and introduction of technology to eliminate or reduce safety risks to our employees or contractors (e.g. drone inspections of assets instead of working at heights, and remotely operated vehicle inspections of water storages instead of diving inspection).

Training

We maintain strong compliance with ISO 45001 by ensuring employees are competent through tailored training programs that address role-specific safety risks, legal requirements, and operational procedures. These programs are designed to support safe work practices and continuous improvement.

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

	2024/2025	2023/24	2022/23	2021/22
Claims				
Number of lost time standard claims	0	0	4	3
Number of lost time standard claims per 100 FTE	0	0	2.22	1.33
Average cost per claim	\$0.00	\$0.00	\$2,996	\$9,276
Incidents				
No. of incidents	36	50	45	52
Rate per 100 FTE	15.38	20.49	20.00	21.66

Section 4: Our environment

Our environment

Resilient and liveable cities and towns

We've held education sessions across our service region to increase knowledge and awareness of our water sources and sustainable water use practices. We promoted our new Every Drop Counts campaign, which provides practical resources for customers wanting to save water 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 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 continue to investigate and evaluate alternative uses for recycled water across the region.

WATER CONSUMPTION

Residential use in our region, once climate corrected, was 183 litres per person, per day, a 6.5 per cent increase on the previous year. This level of use exceeds the best-practice benchmark of 155 litres per person, per day and presents ongoing opportunities to support our community in becoming more water efficient. 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 per connection.

WATER CONSUMPTION REPORT

Residential connections	Number of residential connections	39,116
	Potable water volume consumed by residential connections	5,780 megalitres
	Per capita daily residential potable water consumption	183 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	4,731
	Potable water volume consumed by non-residential connections	5,627 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	45,680
	Total potable water consumed	13,026 megalitres
	Total recycled water and stormwater volume	0
	Total volume of water used by connections	13,026 megalitres
	Average annual water consumption	11,785 megalitres
Non-revenue water	Leakage	3,160 megalitres
	Firefighting	8 megalitres
	Other	22 megalitres
	Total non-revenue	3,190 megalitres
Total volume of water from all sources		16,216 megalitres

Table does not include 689 non-potable water connections which used 1,866 megalitres (12.5% of our total water consumption)

MAJOR NON-RESIDENTIAL WATER USERS VOLUMETRIC RANGE

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	1
Equal to or greater than 200ML and less than 300ML	1
Equal to or greater than 300ML and less than 400ML	1
Equal to or greater than 400ML and less than 500ML	3
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 supplied totalled 1,651 megalitres. The prolonged dry conditions enabled continued irrigation at our farmland sites and, for the second year in a row, allowed for the full removal of treated effluent from our winter storages.

Most of the treated effluent that isn't recycled is released through ocean outfalls at the Warrnambool, Port Fairy and Portland sewage treatment plants. More than half of this comes from the Warrnambool plant. While some of the recycled water at Warrnambool is used on-site for internal processes, the rest has limited reuse potential because of its high salt content from industrial sources. Given this, discharging the flow to the ocean is appropriate and fit for purpose.

We continue to work with local industries to improve how water is managed across the region. Where possible, we look for opportunities to supply recycled water instead of drinking water, helping to reduce demand on our potable supplies.

DROUGHT RESPONSE

This year brought some of the driest conditions on record across our region, placing significant pressure on many in our community - especially those in rural and farming areas. Throughout this time, while Permanent Water Saving Rules remained in place, no additional water restrictions were needed.

While these conditions tested the resilience of our systems and our people, we had the capacity and contingencies in place. Thanks to strategic long-term planning, targeted investment, and the skill and dedication of our operational teams, we were able to manage the challenges without needing to activate our Drought Response Plan.

The Rocklands pipeline was used for the first significant water transfer since it was commissioned in 2010, providing resilience to our system following the Grampians bushfires in December and January. With our urban supply system secure in this dry time, we've been able to provide support to our rural communities through additional access to raw and recycled water, and increased water carting capacity.

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*	153	3,530	1,287	8.4	365
15 Townsend Street Portland	5	278.4	37	7.4	133
66 Gray Street Hamilton	7	614.7	47	6.7	76
Total	165	4,423.1	1,371	8.3	310

* Rain water is used for flushing toilets and watering gardens at the Gateway Road office in Warrnambool. Increased water consumption during the year was due to an underground water leak.

COMMUNITY PROGRAMS

Name of program	No. of customers
Community Rebate Program	5
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.

WATERSMART

WaterSmart is a water efficiency program funded by the State Government and aims to help save water and reduce water-related operating costs. WaterSmart is targeting high water using organisations that provide important and essential services to the community. Eligible organisations can apply for digital water use monitoring for three years or a one-off water efficiency audit of their site. We have 81 sites with digital loggers installed, with several leaks identified and resolved. We'll be undertaking audits on selected sites next year.

WARRNAMBOOL ROOF WATER HARVESTING SYSTEM

Our Warrnambool Roof Water Harvesting System is progressively being expanded as development occurs in Warrnambool's main north-east growth corridor over the next 30 years. Eventually, the roofs of over 5,000 new homes as well as community facilities and new schools will form an urban catchment that is expected to contribute more than 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 500 houses now connected, and from facilities at Albert Park and Warrnambool College.

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 reduce extraction from waterways and to help meet the challenges of climate change adaptation.

Integrated Water Management (IWM)

We continued to play a leadership role with Department of Energy, Environment and Climate Action (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 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 continued to work with the Southern Grampians Shire, DEECA and our consultants on the current challenges around wastewater management in small towns such as Peshurst and the impact it's having on the environment. We understand that it's limiting opportunities for future development, in our service region and other locations across the state. We conducted a post-project review with the shire, DEECA and other stakeholders to better understand the factors leading to the project's cancellation. We hope to use this information locally and share it to benefit 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. Eight additional buildings have been connected to the network, which is anticipated to harvest nine megalitres of water annually to Warrnambool's drinking water supply and contribute to a reduction in stormwater flows, minimising associated flooding and waterway health impacts.

Drinking water usage for the sites, including the swimming pool associated with Warrnambool College, averages 9.9 megalitres annually. Therefore, the expansion of the roof water harvesting network means all sites are near to becoming drinking water neutral. Groundwater is still used for watering much of the sporting fields.

LAKE PERTOBE IWM PLAN

We continue to support Warrnambool City Council, Glenelg Hopkins CMA, Eastern Maar and DEECA following 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. Work to explore stormwater volumes and develop educational information continues.

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 explore using roofs at the Hamilton Indoor Leisure and Aquatic Centre/Showgrounds to provide an alternative fit-for-purpose water supply for the pool. Harvesting roof water for the indoor swimming pool will improve the sustainability of the facility and reduce stormwater and associated localised flooding issues.

Tanks installed at the Hamilton Regional Livestock Exchange will reduce the use of drinking water for livestock and washing of trucks and pens. Both roof water harvesting sites will save the council money on water bills and reduce the extraction of surface water from the Grampians.

RIVERS OF WARRNAMBOOL PROJECT

Led by the Glenelg Hopkins CMA, this 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 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 councils and continue to explore opportunities to partner with them to access government funding for the benefit of our region.

Integrated and collaborative project solutions have been a focus of our work with councils this year, particularly those supporting appropriate sewerage servicing and water efficiencies.

Housing statement

We encourage developers and customers to contact our Development Services Team as early as possible to determine servicing requirements for a new subdivision or development. We regularly receive enquiries from property owners, plumbers, surveyors, engineers and planning consultants carrying out their due diligence as their development concepts progress. This early contact often negates the need for council to contact us outside the statutory referral process, with specific servicing requirements understood well before a planning application is lodged.

We're investigating a way to formally capture requests for Preliminary Servicing Advice (PSA) so that these might be reported through various metrics.

Our team visited each council to promote working relationships and encourage collaboration in the interest of supporting our customers.

Most subdivisions in the area are constructed by a select group of developers, generally using local engineers and contractors. Our customer focus, knowledge base and experience allows for cost-effective and quality outcomes for both us and the wider community. We continue to investigate an internal tracking system to monitor the developers' application timelines.

CONNECTION CAPACITY

A total of 587 properties in the region were declared 'serviced', with the majority of these in greenfield subdivisions, and a smaller number urban in-fill. A small number of lots were created in rural areas without access to services. The number of declared properties is around seven per cent lower than the last reporting period, but continues an upward trend in serviced lots created in the region.

A total of 454 new properties were connected to reticulated water and 437 to sewer. This represents an increase of around one per cent on the previous year.

Circular economy outcomes

Our Circular Economy Roadmap is being implemented with initiatives including:

- An update of our business case templates so that circular economy considerations are included early in project thinking.
- Internal capability building for employees attending regional events, including horticulture circular training and circular procurement training with other regional stakeholders.
- Continuing to collate and share case studies internally to build capacity and understanding of what circular economy looks like in practice.
- Extending the sewer pump snoring trial to another site with positive results. Work to expand the trial to other applicable sites continues.

We're committed to exploring opportunities for a regional circular economy hub. We hosted a regional forum in collaboration with Hycel at Deakin University to update partners on our progress and share individual sustainability focus areas and shared challenges.

We've been taking a long-term view of biosolids management, exploring opportunities to recover value from biosolids through different processes and technologies. We're collaborating with our sector partners to limit duplication of effort.

Recognising recreational values

CONSIDERATION OF RECREATIONAL VALUES IN BUSINESS OPERATIONS

Two pilot projects were undertaken this year involving existing water storage towers in Warrnambool.

As part of the ABC Triple J One Night Stand event, we illuminated the East Warrnambool Water Tower which features a mural depicting three local migrants and refugees who have integrated into the community. This activation provided a unique opportunity to highlight the mural and celebrate the city's cultural diversity as part of the event.

The second project coincided with the winter solstice and involved a short-term lighting trial on the East Warrnambool Water Tower previously identified as a potential activation site. This installation explored the use of dynamic lighting instead of static imagery. The aim was to test the potential for interactive and engaging visual displays that could foster greater community connection.

ENGAGEMENT PROCESSES WITH THE COMMUNITY OR STAKEHOLDERS

As part of the short-term lighting trial, we invited feedback from both the local and broader community. This engagement helps inform our assessment regarding the value and impact of integrating public art displays with our infrastructure.

IMPROVEMENTS TO INFORMATION SOURCES

We continue to explore opportunities for increasing public access to assets for recreational purposes. As part of the short-term trial, we provided multiple opportunities for community engagement and feedback. This was a structured process, including social media posts and a dedicated section on our Engage & Explore website for the community to provide feedback.

COLLABORATION WITH STAKEHOLDERS

We've been actively engaging with local councils to identify collaborative opportunities for increasing recreational outcomes in our region. We've allocated funding to update the Konongwootong Reservoir Master Plan – a site that is open for public recreation. Glenelg Shire's Municipal Health and Wellbeing Plan includes an action to increase public art in partnership with us. We're working with Warrnambool City Council to explore opportunities for public art on community assets to enhance community health and wellbeing.

Environmental statutory obligations

VICTORIAN WATERWAY MANAGEMENT STRATEGY AND REGIONAL WATERWAY & CATCHMENT STRATEGIES

Our activities strongly align with the objectives of both the former waterway strategies and the current regional catchment strategies through investment in wastewater treatment upgrades, continued water quality improvement initiatives, and IWM planning. By working in partnership with catchment management authorities and local communities, we contribute to riparian restoration and broader catchment health, which supports the shared goals of maintaining resilient and healthy waterways.

Community engagement is a cornerstone of the regional catchment strategies, and our initiatives align

with this principle. Through programs like the *Ripple Effect* community partnership program, we empower local communities to take active roles in environmental conservation. We're involved in the delivery of urban water strategies, emphasising water efficiency, demand reduction, and the exploration of alternative water sources, supporting the goal of improving waterway health by reducing pollution and managing river flows. Participating in the Great South Coast IWM Forum, demonstrates our commitment to collaborative water management and the importance of healthy catchments.

The Western Region Sustainable Water Strategy, developed with our input, guides our long-term Urban Water Strategy, supporting our commitment to sustainable water services, healthy waterways, and integrated land and water management.

We contributed to the current review of the Victorian Waterway Management Strategy, helping to shape future directions for regional and statewide waterway health.

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

We diligently managed our operations to uphold the objectives of the *Environmental Protection Act 2017*, including our obligations under the General Environmental Duty (GED) and the Environment Reference Standards (ERS).

We're continually updating our environmental risk assessments and taking all reasonable and practicable steps to prevent and minimise risks of harm to human health and the environment from pollution and waste. We consolidated the information from our frameworks into stand-alone plant-based risk management and monitoring plans (RMMPs). These plans guide our operational practices to ensure ongoing compliance and proactive management of environmental risks. We'll continue to maintain robust systems to monitor, manage, and transparently report on our environmental performance, demonstrating our commitment to responsible stewardship and continuous improvement.

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. 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 prolonged drought conditions. Our North Otway pipeline system is weather-dependent so we've had to pump significantly more water to maintain storage level targets (reducing our ability to harvest via gravity).

Service delivery category	Scope 1 and 2 emissions (tCO ₂ -e)				Variance between 2023/24 and 2024/25
	2023/24 Total Scope 1 and 2 emissions	2024/25 Scope 1 emissions	2024/25 Scope 2 emissions	2024/25 Total emissions	
Water treatment and supply	11,102	0	7,648	7,648 ¹	-31.1%
Sewage collection, treatment and recycling	13,802	5,299	4,959	10,258 ²	-25.7%
Transport	695	695	3	698 ³	0.4%
Other (e.g. offices, depots)	336	24	348	372 ⁴	10.8%
Total emissions (after REC retirement) (tCO ₂ -e)	25,935	6,018	12,958	18,976 ⁵	-26.8%
Carbon offsets (self-generated) retired	-5,981	0		- ⁶	
Net emissions (after offset retirement) (tCO ₂ -e)	19,954	6,018	12,958	18,976	-4.9%

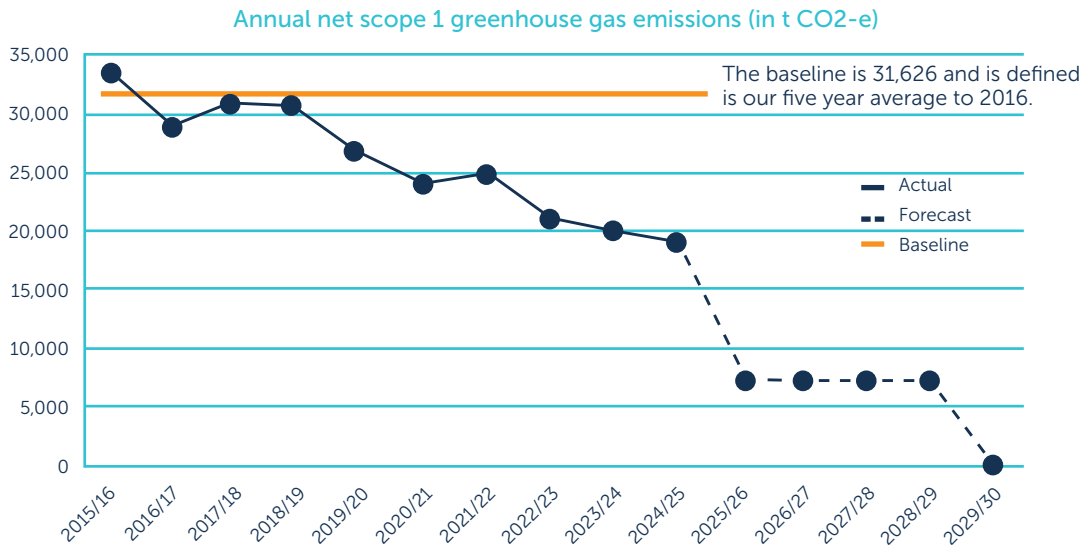
Table notes

- Total gross emissions (pre renewable energy certificate (REC)) were 13,562 tCO₂-e. We have retired 5,914 RECs in this category.
- Total gross emissions (pre REC retirement) were 14,201 tCO₂-e. We have retired 3,943 RECs in this category.
- This is gross emissions, no RECs have been retired in this category.
- This is gross emissions, no RECs have been retired in this category.
- Total Scope 1 and Scope 2 emissions before REC retirement was calculated to be 28,833 t CO₂ e. Wannon Water is retiring self-generated RECs from our wind turbine in Portland and Warrnambool WTP solar array. We are also retiring RECs generated through Zero Emissions Water (ZEW). The number of RECs sacrificed is 9,857 which achieves the target mandated in the Statement of Obligations (Emissions Reduction) of 18,976 t CO₂e by mid-2025.
- This line item is not applicable this year. No carbon offsets have been retired to offset scope 1 emissions.

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	61	2,600	2,638	0
Transport	691	0	4	0
Other (e.g. offices, depots)	24	0	0	0
Total	776	2,600	2,642	0

INCREASING RENEWABLE ENERGY

We continued to generate renewable energy from our solar PV and wind energy projects. We installed our first small-scale solar and battery system and we made significant progress in advancing several new renewable energy projects. The Briery Basin Floating Solar Project is under construction and due for completion in the next 12 months. We're continuing to investigate a solar and battery project at Port Fairy.

TOTAL ELECTRICITY CONSUMPTION BY SERVICE DELIVERY

The large increase in electricity consumption is due to prolonged drought conditions and the need to pump raw water. The increase in electricity use for sewage treatment is associated with higher throughput recorded at the Warrnambool Sewage Treatment Plant.

Service delivery category	2023/24 Total electricity consumption (MWh)	2024/25 Total electricity consumption (MWh)
Water treatment and supply	14,407	17,904
Sewage collection, treatment and recycling	10,524	11,561
Other (e.g. offices, depots)	532	584
Total	25,463	30,049

TOTAL ELECTRICITY CONSUMPTION BY SOURCE

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

Electricity source	Total electricity consumption reporting	
	2023/24 Total electricity consumption (MWh)	2024/25 Total electricity consumption (MWh)
Purchased directly through an electricity retailer	25,002	29,630
Not directly purchased but sourced from outside the organisation	0	0
Corporation led/self-sourced activities and initiatives	461	419
Total	25,463	30,049

TOTAL RENEWABLE ELECTRICITY CONSUMPTION

Renewable electricity use	2023/24 Total electricity consumption (MWh)	2024/25 Total electricity consumption	2024/25 Renewable electricity consumption (% of total consumption)	Variance between 2023/24 and 2024/25 %
Total renewable electricity consumption from grid-sourced electricity (corporation) reported because of the Commonwealth Government's LRET				
Total grid sourced: mandatory	4,680	5,391	18%	15.2%
Total renewable electricity consumption from corporation-led/self-sourced activities and initiatives				
Biogas	0	0	0	NA
Hydroelectric	0	0	0	NA
Solar	461	419	1%	-9.1%
Wind	0	0	0	NA
Other renewables	0	0	0	NA
Total	5,141	5,810	19%	13.0%

TOTAL ON-SITE RENEWABLE GENERATION CAPACITY AND GENERATION

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

	Total on-site renewable electricity generation capacity (MW)	2024/25 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	0.47	419	116	0	535
Wind	0.80	0	1,890	0	1,890
Other renewables	0	0	0	0	0
Total	1.27	419	2,006	0	2,425

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	2024/25			Total generated by source
	Total on-site renewable electricity generation capacity (MW)	Total on-site electricity generated (MWh)			
		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 have one small-scale battery system installed at the Warrnambool depot.

Energy storage system	2024/25 Total energy storage system power capacity (MW)	2024/25 Total energy storage system storage capacity (MWh)
Total energy storage system	0.0141	0.0200

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. These LGCs were generated by our wind and solar projects and through ZEW.

	2024/25 RECs retired: (1 REC = 1 MWh renewable energy)
Voluntarily retired by us	9,857
GreenPower	
Certified carbon neutral electricity purchased	
Voluntarily retired on our behalf	
Mandatorily retired or conveyed to our electricity retailer for mandatory retirement	
Total RECs retired to reduce scope 2 emissions	9,857

TOTAL ELECTRICITY USE FROM FUELS AND ELECTRICITY SEGREGATED BY ENERGY SOURCE

	Renewable (in MJ)	Non-renewable (in MJ)	Total (in MJ)
From fuels	0	11,274,867	11,274,867
From electricity	20,916,636	87,259,728	108,176,364
Total	20,916,636	98,534,595	119,451,231

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
119,450,231	247	483,608

TOTAL STATIONARY FUEL USE IN BUILDINGS AND MACHINERY

Fuel type	Total stationary fuel use	
	In MJ	In t CO ₂ -e
Fossil gas	0	0
Biogas	300	0
Biodiesel	0	0
LPG	1,012,300	61
Petrol	83,140	6
Other	261,747	18
Total	1,357,487	85

TOTAL ENERGY USE AND GREENHOUSE GAS EMISSIONS OF TRANSPORTATION VEHICLES SEGMENTED BY ENGINE/FUEL TYPE AND VEHICLE CATEGORY

Transportation vehicle category	Transportation total energy use by fuel type (GJ)							Fuel type totals	
	Petrol	Diesel	Biodiesel	Renewable Diesel	LPG	Electricity	Other	Total energy use (GJ)	Total emissions (t CO ₂ -e)
Passenger vehicles	773	455	0	132	0	12	0	1,372	96
Goods vehicles	135	8,423	0	0	0	0	0	8,558	602
Total energy use (GJ)	907	8,879	0	132	0	12	0		
Total emissions (t CO₂-e)	61	625	0	9	0	3	0		

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 our operations.

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 strategy, we're prepared with augmentation options that could be implemented earlier to ensure our surface water systems are secure for the long-term.

In the Otway System, the \$10 million Gellibrand River Restoration and Supply Resilience Project will bring the

Curdievale bore online to meet the growing demand of Warrnambool and protect the Dales Road raw water storage in Warrnambool against an increased risk of algal blooms due to the addition of groundwater in the water supply. This project is jointly funded by the Australian Government, through the National Water Grid Fund's Water Infrastructure for Sustainable and Efficient Regions initiative, and us.

For the Grampians system, augmentation options include 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 system is also continuing to expand with new development in Warrnambool.

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

An Effluent Management Strategy is being developed for the Warrnambool Sewage Treatment Plant which services Warrnambool, Koroit and Allansford. It will investigate alternative methods for treating sewage and trade waste and disposing of treated effluent. The process included a community engagement phase considering 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.

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

² Available at wannonwater.com.au

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 \$12.06 million –an increase of \$1.07 million on the previous year's loss, and a \$2.89 million improvement on the budgeted position for the year.

The differences in 2024/25 compared to the prior year relate to both an increase in revenue from volumetric charges and trade waste services, and an increase in expenditure, resulting in an increase in the loss on a net basis.

Depreciation expenditure increased \$1.84 million compared with the prior year, following large capital works expenditure across the last two financial years. Electricity also increased significantly, up \$1.73 million (32.8 per cent) due to both increased prices and increased water usage. There were also increases across consultants, chemicals and materials in the maintenance of water and sewerage systems. Employee costs increased on the prior year, and were slightly over budget. The increase in employee costs was predominantly in relation to increases in line with our EBA, but also due to a small rise in employee numbers.

Similar to prior years, there were write-offs regarding asset expenditure during the year due to their replacement, as well as the expensing of IT project costs and capital works investigations that are not proceeding to construction, in line with Australian accounting standards.

With the ongoing construction of the Warrnambool Sewage Treatment Plant (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 \$2.89 million improvement on budget. Total revenue was 8.5 per cent (\$7.53 million) more than budget. Service and usage revenue accounted for most of this increased result, but all major revenue line items were above budget for the year. Expenditure was \$4.64 million over budget. Higher expenditure occurred in the areas of depreciation, electricity, contractors, chemicals and asset write-offs. Lower expenditure occurred in the areas of borrowing costs and the cost of assets sold.

We generated cash flows of \$18.68 million from operating activities. We borrowed \$26 million during the year, with investments of \$51.01 million made in capital infrastructure.

The table below provides the high-level financial results for 2024/25 compared with the previous four years.

Financial result	2024/25 (\$'000)	2023/24 (\$'000)	2022/23 (\$'000)	2021/22 (\$'000)	2020/21 (\$'000)
Core business revenue	86,001	78,304	71,230	68,791	68,816
Capital revenue	6,403	6,526	4,689	5,070	3,255
Government contributions	292	310	1,282	778	2,506
Other revenue	2,705	2,411	1,746	1,822	2,588
Total revenue	95,401	87,551	78,947	76,461	77,165
Operating expenditure	68,494	61,041	52,870	54,355	46,405
Depreciation and amortisation expenditure	33,520	31,693	28,721	28,486	24,857
Finance costs	4,507	2,805	908	903	1,394
Other expenditure	937	3,001	3,887	1,496	1,739
Total expenditure	107,458	98,540	86,386	85,240	74,394
Net result before tax	(12,057)	(10,989)	(7,439)	(8,779)	2,771
Current assets	28,934	32,495	28,000	21,555	20,806
Non-current assets	1,105,741	1,088,415	1,065,140	941,393	952,168
Total assets	1,134,675	1,120,910	1,093,140	962,948	972,975
Current liabilities	23,996	22,930	20,847	24,087	24,692
Non-current liabilities	291,435	272,035	240,108	180,048	184,387
Total liabilities	315,431	294,965	260,955	204,135	209,079
Net cash flows from operations	18,677	18,926	24,451	18,138	27,732
Payments for property, plant and equipment (including infrastructure)	51,005	55,320	42,781	15,882	23,341

Revenue and expenses

OUR REVENUE

Total revenue for the year increased by \$8.02 million compared to the 2023/24 financial year and was \$7.53 million over budget (8.5 per cent).

Consistent with our price and growth projections, the average customer bill increased by 4.5 per cent on the previous year. After adjusting for the consumer price index, which is applied to prices each year in conjunction with the regulator-approved price increase, the real increase for customers was 0.9 per cent.

Revenue from water usage increased by 30.9 per cent, which was driven by both a 2.0 per cent price increase and a significant increase in usage for the year. Water usage by customers increased 9.1 per cent (1.1 gegalitres) on the previous year, due to the drier conditions across our region. Non-residential usage increased by 11.6 per cent, rural customer usage increased by 10.7 per cent and residential usage increased by 6.4 per cent. Total water usage for the year was 13.03 gegalitres, which was 9.5 per cent more than the Corporate Plan assumption.

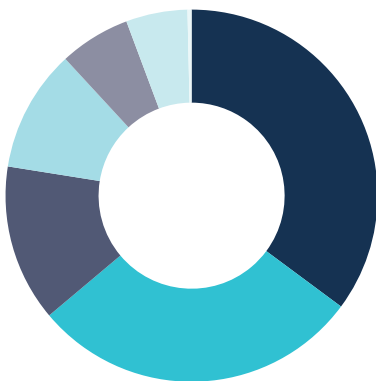
Water service prices decreased by 1.2 per cent while sewer service prices increased by 1.0 per cent.

Trade waste charges increased by \$1.04 million due to an increased volume from existing customers and a change in the quality of waste streams received.

Revenue from gifted assets, being assets constructed by developers, decreased by \$0.68 million. This decrease was mostly offset by an increase in new customer contributions for new developments, which increased by \$0.56 million.

Revenue from government funding of operating and capital projects was consistent with the prior financial year at \$0.29 million for the year. Government funding towards our Quality Water for Wannon Project and our Gellibrand River Restoration and Supply Resilience Project was received as contributed capital in the year and totalled \$2.25 million.

All other revenue streams were consistent with prior years.



	\$'000	
Sewerage service charges	\$32,562	34.1%
Volumetric water usage charges	\$29,446	30.9%
Fixed water service charges	\$12,348	12.9%
Trade waste charges	\$10,344	10.9%
Other income	\$6,411	6.7%
Gifted assets	\$3,998	4.2%
Government grants and contributions	\$292	0.3%

OUR EXPENSES

Total expenses increased by \$11.15 million (11.7 per cent) compared to the previous year and were \$4.64 million over budget (4.5 per cent).

Employee benefits were up 9.8 per cent on the prior year, due to wage increases in line with our enterprise agreement and increased employee numbers. Compared to budget, employee benefits were over-budget by 2.3 per cent (\$0.64 million) for the year.

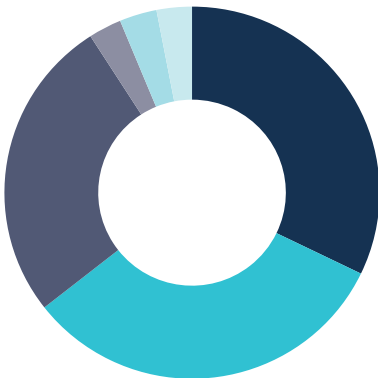
Depreciation/amortisation expense is our largest single expenditure item. Depreciation increased by 5.8 per cent compared to the prior year due to increasing capital expenditure in recent financial years. Depreciation was forecast to increase within the Corporate Plan, but this result is slightly higher than projected.

Electricity costs were the largest percentage increase. With drier conditions across the region and therefore increased water consumption, electricity demand

was greater for the transfer and treatment of water. Electricity prices also increased throughout the year, adding to the variance. Compared to the prior year, electricity expenditure was up \$1.73 million and was over-budget for the year by \$1.35 million.

Other expenses that increased compared to the prior year included IT and telecommunication costs (\$1.79 million) due to the changing delivery method of IT services and cyber security, contractors and consultants (\$0.67 million) due to delivery of maintenance; biosolids management; and sampling and testing, and chemicals (\$0.33 million) due to the increased water treatment.

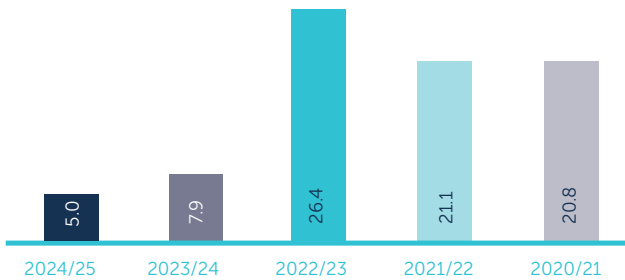
Borrowing costs increased compared to the prior year (\$1.87 million) and were under-budget (\$1.10 million). Total borrowings increased throughout the year as the construction of the Warrnambool STP Upgrade progressed but, due to the timing of payments to the contractor, not all borrowings were required for the year as budgeted.



	\$'000	
Supplies and services	\$36,527	34.0%
Depreciation and amortisation	\$33,520	31.2%
Employee benefits	\$28,634	26.7%
Borrowing costs	\$4,507	4.2%
Environmental contribution levy	\$3,163	2.9%
Net loss on disposal of assets	\$1,107	1.0%

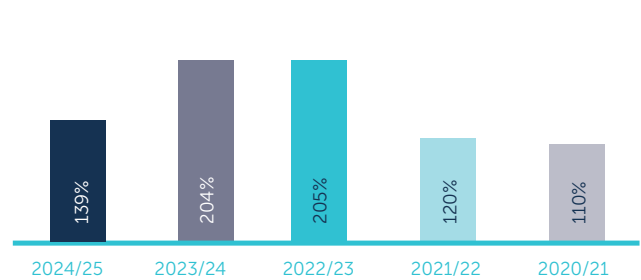
Financial performance indicators

Cash Interest Cover (times)



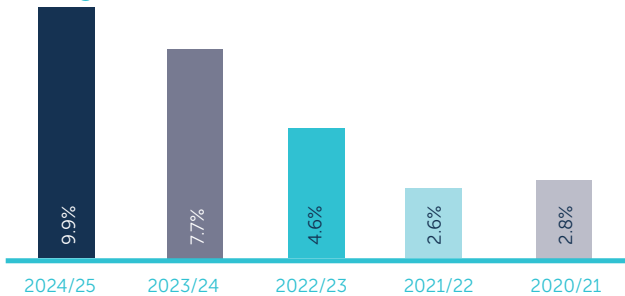
The result decreased compared to the prior financial years, primarily due to an increase in the net interest payments. Net interest payments have increased due to the increased borrowings associated with the construction of the Warrnambool STP upgrade. The ratio shows that cash received from operating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

Current Ratio (times)



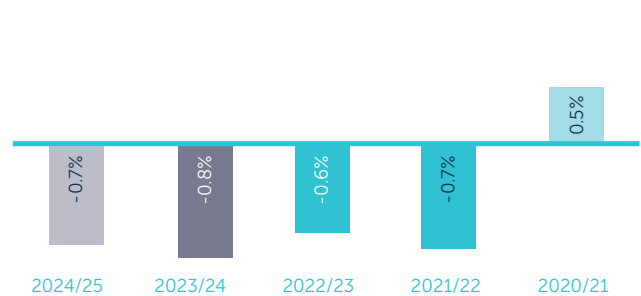
The ratio measures how comfortably payment of short-term liabilities can be covered by our short-term assets. A ratio greater than 100 per cent indicates that our short-term assets are greater than our short-term liabilities. Due to the construction of the Warrnambool STP Upgrade, higher cash reserves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

Gearing Ratio



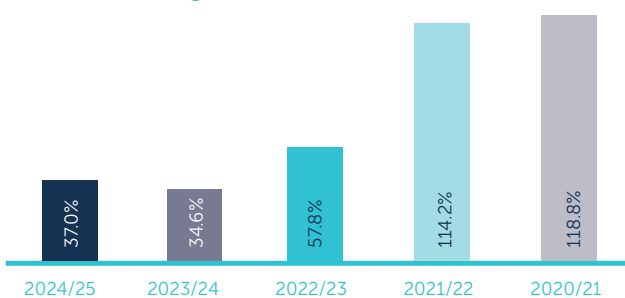
Debt increased as expected, as the construction of the Warrnambool STP Upgrade progressed, therefore increasing the ratio for the year when compared to the prior years. Maintaining a low ratio is a favourable result, as it provides a positive indication of our long-term financial sustainability and capacity to service debt.

Return on Assets



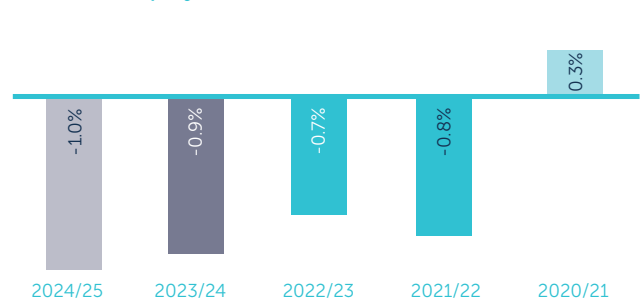
Indicates how much profit we have generated from every dollar in assets owned. The ratio is low, as assets owned are significant in value and we do not aim to generate large profits. We incurred a loss, which has been the trend over the last five years, resulting in a negative ratio for the year.

Internal Financing Ratio



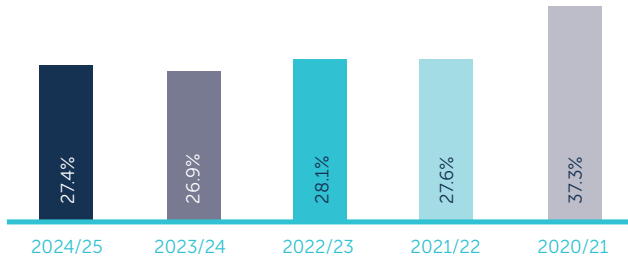
The ratio measures the portion of capital works paid from operating cash flows. The result indicates that just over a third of all capital works payments were funded by cash received from operating activities. Capital payments increased significantly during the last two years as the construction of the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

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, which has been the trend over the last five 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. Over recent financial years, both revenue and expenses have increased at consistent rates, resulting in a consistent margin. 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 more than \$48 million in capital works, of which \$0.36 million was externally funded. This aims 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 included:

Project	Total project cost (\$ million)	2024/25 expenditure (\$ million)	Future commitments (\$ million)
Warrnambool STP Upgrade project	84.98*	22.94	7.68
Asset class renewals - gravity sewer and rising mains	2.20	2.20	0.0
Warrnambool STP - UV disinfection IDEA tanks 1- 4	6.32	1.74	4.57
Port Campbell - second bore	1.8	1.49	0.22
Quality Water for Wannon - program management	3.2#	1.44	1.76
Asset class renewals - sewage treatment plants	1.11	1.11	0.0
Warrnambool Roof Water Harvesting - trunk mains and detention tanks			
Botanic Road - booster pump station	1.61	1.2	0.02
Wangoom Road - low-level tank and pump station	1.65	1.05	0.0
Hamilton WTP - clear water storage internal recoat	1.02	1.02	0.0
Asset class renewals - water mains	6.55	1.02	3.41
Data centre - servers, storage and back-up	1.38	0.96	0.0
Warrnambool roof water harvesting - trunk mains and detention tanks	0.88	0.88	0.0
Vehicle changeover - commercial	0.81	0.81	0.0
Brierly Basin - floating solar installation	1.8	0.74	1.01
Quality Water for Wannon - Heywood	7.4#	0.69	6.7
Operational Technology hardware and software projects - PLC and RTUs	0.61	0.61	0.0
Ewens Hill to Tank Hill - above-ground pipe	0.52	0.52	0.0
End user devices - workstations	0.52	0.52	0
Warrnambool WTP - UV system install	11.45	0.49	0
Water meter replacements	0.39	0.39	0
Asset class renewals - water pump stations	0.38	0.38	0
WISER Program - equip existing Curdievale bore	1.73#	0.38	1.35
Asset class renewals - sewer access points	0.36	0.36	0
Warrnambool STP - Effluent Management Strategy	6.13	0.34	5.54
Asset class renewals - sewer pump stations	0.32	0.32	0
Warrnambool STP - backup generator	0.56	0.3	0.2
Enterprise network - firewall refresh	0.35	0.29	0.6
Vehicle changeover - passenger	0.27	0.27	0

* Approved business case (prior to escalation) including contingency

Project partially funded via grant.

Note: Asset Class Renewals are budgeted annually. Future commitments and expenditure detailed in subsequent reports.

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

As a vital contributor to public health, economic growth and environmental protection, we must ensure our water and sewerage services remain safe, reliable and affordable, now and into the future.

In the short term, we face the dual challenge of improving efficiency and identifying new revenue sources to meet government targets, while navigating increasing cost and complexity from climate change, regional growth, and emerging threats such as cyber risks.

Longer-term, renewing ageing infrastructure and meeting evolving regulatory and community expectations will require significant and sustained investment. In the context of rising costs and cost-of-living pressures, this demands careful balance to protect customer affordability and our financial sustainability.

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 early 2026.

Our \$52.2 million Quality Water for Wannon Program, partly funded through the Federal Government's National Water Grid Fund, has progressed throughout the financial year. In 2025/26 the project will commence the tendering and procurement phase, while simultaneously seeking the required planning approvals to commence construction.

Funding of both these significant projects for our region will see total borrowings continue to increase in the 2025/26 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
19 September 2025

Financial performance indicators

Financial Performance

Key Performance Indicators	2023-24 Result	2024-25 Result	Variance to Prior Year	2024-25 Target	Variance to Target
Cash interest cover					
Net operating cash flows before net interest and tax / net interest payments	7.9 times	5.0 times	-36.7% ⁽¹⁾	4.2 times	19.0% ⁽²⁾
Gearing ratio					
Total debt (including finance leases)/total assets	7.7%	9.9%	28.6% ⁽¹⁾	12.0%	-17.5% ⁽²⁾
Internal financing ratio					
Net operating cash flow less dividends / net capital expenditure	34.6%	37.0%	6.9%	25.5%	45.1% ⁽³⁾
Current ratio					
Current assets / current liabilities (excluding long term employee provisions and revenue in advance)	203.6%	161.5%	-20.7% ⁽⁴⁾	229.7%	-29.7% ⁽⁵⁾
Return on assets					
Earnings before net interest and tax / average assets	-0.8%	-0.7%	-12.5% ⁽⁶⁾	-0.8%	-12.5% ⁽⁶⁾
Return on equity					
Net profit after tax / average total equity	-0.9%	-1.0%	11.1% ⁽⁷⁾	-1.3%	-23.1% ⁽⁸⁾
EBITDA margin					
Earnings before interest, tax, depreciation and amortisation / total revenue	26.9%	27.4%	1.9%	25.6%	7.0%

Notes:

- The cash interest cover ratio reduced, and the gearing ratio increased compared to the prior year, due to increased debt and interest payments. Debt has increased across the last three financial years, with the construction of the upgrade to the Warrnambool Sewage Treatment Plant (STP).
- The Cash interest cover is higher than target and the gearing ratio is lower than target for the 2024-25 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 remaining payments for the project has shifted to the 2025-26 financial year.
- The internal financing ratio was favourable to target for the 2024-25 financial year, due to the decrease in payments for capital works, due to delays with the Warrnambool STP upgrade and deferral of some projects to the next financial year.
- The current ratio result was unfavourable compared to the prior year, due to lower cash on hand at the end of the financial year. In prior years, a greater amount of cash on hand has been carried for payments associated with the Warrnambool STP upgrade.
- The current ratio result was unfavourable compared to target, due to an increase in current borrowings due to the Treasury Corporation of Victoria (TCV) in the 2025-26 year, than forecast in the Corporate Plan.
- The return on assets was a favourable result compared to the prior year and to target, due to an improvement in the net loss position for the 2024-25 year, after adjusting for borrowing costs and the tax effect. The improved net loss position was primarily due to increased revenue from tariffs and charges in the year.
- The return on equity was an unfavourable result compared to the prior year, due to a decrease in the average equity for the year. Equity has decreased over recent financial years due to net losses having been incurred and reducing accumulated surpluses.
- The return on equity was a favourable result compared to target, due to an improvement in the net loss position for the 2024-25 year. The improved net loss position was primarily due to increased revenue from tariffs and charges in the year.

Operational performance

Water and Sewerage Network Reliability Indicators	ESC Code	2023-24 Result	2024-25 Result	Variance to Prior Year	2024-25 Target	Variance to Target
Water Service – Minutes off supply (planned and unplanned) How many minutes on average a customer was without water supply during a year	REW 8	16.5 minutes	15.7 minutes	-4.8%	11.0 minutes	42.7% ⁽⁹⁾
Unplanned Water Supply Interruptions Percentage of customers receiving (5) unplanned interruptions in the year	REW 9	0.0%	0.0%	0.0%	0.0%	0.0%
Sewerage Service - sewer blockages Number of sewer blockages reported per 100 kilometers of sewer main	RES 1	17.5	25.8	47.4% ⁽¹⁰⁾	18.0	43.3% ⁽¹⁰⁾
Sewerage Service - sewer spills Number of sewer spills reported per 100 kilometers of sewer main	RES 6	6.3	7.6	20.6% ⁽¹⁰⁾	7.6	0.0%
Sewerage Service - containment of sewer spills Percentage of sewer spills from reticulation and branch sewers contained within 5 hours	RES 7	90.5%	96.1%	6.2% ⁽¹¹⁾	97.0%	-0.9%
Water Reuse Indicators		2023-24 Result	2024-25 Result	Variance to Prior Year	2024-25 Target	Variance to Target
Recycled water – effluent treatment and reuse Proportion of water recycled as a percentage of the volume of effluent produced	CRR 1	19.0%	18.0%	-5.3% ⁽¹²⁾	20.0%	-10.0% ⁽¹²⁾

Notes:

- 9 The unfavourable result compared to target was due to an increase in interruptions during the year. Interruptions increased due to low rainfall and prolonged low soil moisture levels, as well as spike in interruptions due to third parties impacting our infrastructure during non-water related works. Wannon Water continues to monitor interruption times to customers and have an extensive maintenance program to identify issues before events occur.
- 10 The unfavourable result compared to the prior year is due to increased blockages for the year due to the drier weather conditions across the region, resulting in root infiltration to the network. The increase in blockages had a corresponding increase in spills. Wannon Water continues to monitor blockages and be proactive with CCTV inspection program to identify cases to prevent customers being impacted in the future.
- 11 The favourable result compared to the previous financial year, is due to the previous years result being an outlier. Wannon Water has a history of high performance, but 4 complex cases in the 2023-24 year resulted in a drop in containment. The 2024-25 year is a return to the long-term average for this indicator.
- 12 The unfavourable result compared to the previous financial year and target, was due to reduced availability of recycled water. Availability reduced due to both increased usage in the 2023-24 year resulting in lower storage levels, and drier than average conditions throughout the region. While recycled water use was lower than the previous year, the 2024-25 volumes were comparable with the long-term average use.

CERTIFICATION

CERTIFICATION OF PERFORMANCE REPORT FOR 2024/25

We certify that the accompanying Performance Report of Wannon Region Water Corporation in respect of the 2024/25 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 2024/25 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
Board Chair



S J Waterhouse
Managing Director



D G Harrington
Chief Finance and Accounting Officer

Wannon Region Water Corporation

Dated this 19th day of September 2025

Independent Auditor’s Report

To the Board of Wannon Region Water Corporation

Opinion I have audited the performance report of Wannon Region Water Corporation (the corporation) for the year ended 30 June 2025, which comprises the:

- financial performance indicators
- water and sewage network reliability performance indicators
- water reuse performance indicator
- notes to the performance report
- certification of the performance report.

In my opinion, the performance report of the corporation for the year ended 30 June 2025 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994*.

Basis for opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor’s responsibilities for the audit of the performance report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the performance report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the performance report The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.

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 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
10 September 2025



Timothy Maxfield
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 2024/25.

For the reporting requirements for each of our bulk entitlements during 2024/25, the following clauses are common to all:

- We didn't 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 entitlements conditions.
- No difficulties were experienced in complying with any bulk entitlements.

There were 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, 775 megalitres was taken by the Hamilton Pipeline offtake and 61 megalitres by the Balmoral offtake.
- We did not take any water in the Wimmera and Glenelg Rivers Bulk Entitlement at any other works.

Our final allocation under the Wimmera and Glenelg Rivers Bulk Entitlement was 2,120 megalitres.

Bulk entitlement order	Bulk entitlement volume (ML)	Volume extracted in 2024/25 (ML)	Percentage of bulk entitlement extracted in 2024/25 (ML)	Water in storage at 30 June 2025 (ML)	Water level at 30 June 2025 (m)	Reporting requirement clause
Otway System Conversion Order 1998	12,580	8,209	65%	1,969	N/A*	Clause 12
Hamilton Conversion Order 1997	3,435	3,087	90%	1,518	N/A*	Clause 12
Dunkeld System Conversion Order 1997	170	0	0%	0	0	Clause 13
Glenthompson Conversion Order 1997	94	-22#	-22%	42	2.7	Clause 13
Coleraine, Casterton and Sandford Conversion Order 1997	855	111	13%	1,490	5.1	Clause 13
Wimmera and Glenelg Rivers – Wannon Water Conversion Order 2010	2,120	775 (Hamilton) 61 (Balmoral)	39%	5,987	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 - (12.7+27.2) = -21.9ML (rounded to -22ML). 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.

**Dunkeld System Conversion Order 1997 is not used



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 2024/25 (ML)
Albert Park	BEE024155 (1152971)	750	404
Bullawin	BEE026192 (911313)	1,102	0
Caramut	BEE021943 (924563)	50	33
Carlisle	BEE029488 (9016487)	1,800	588
Casterton	BEE022551 (885355)	1,000	201
Condah	4001451	N/A	N/A
Curdievale	904309	2,150	0
Darlington	BEE021827 (1082159)	10	4
Dartmoor	9016786	150	21
Heywood	900184	333	123
Koroit	BEE029066 (899038)	524	0
Macarthur	BEE021944 (4001451)	130	31
Mocamboro	BEE026109 (903701)	100	0
Mortlake	BEE030858 (907049)	335	38
Penshurst	BEE036146 (914444)	250	65
Port Campbell	BEE026252 (904309)	1,009	486
Port Fairy	890472	1,026	661
Portland	923621	6,222	1,674

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 Directors, 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.
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 subsections 29, 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 \$33.60. 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

During the year, three FOI applications were received, all from members of the public.

All three decisions were made within the statutory timeframe, with access granted in full for each request. The average time taken to decide a request was 12 days.

No requests were subject to complaint or internal review by the OVIC, and none progressed to the Victorian Civil and Administrative Tribunal (VCAT).

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 Privacy Charter* 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.

* Available at wannonwater.com.au

Building compliance 2024/25

Number of major works projects undertaken (valued at more than \$50,000)	1
Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned	1 building permit 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.

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're 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 2024/25

Two non-major contracts requiring Local Industry Development Plans (LIDPs) were started and subsequently completed in the reporting period. The outcomes are included in the completed contracts section below.

Contracts completed during 2024/25

We completed five non-major contracts totaling \$15.35 million to which Local Jobs First applied.

The outcomes from these projects include:

- An average of 85.22 per cent of the total value across the five contracts.
- An average retention or creation of 3.80 full-time equivalent jobs across the five contracts.

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 \$75.5 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 2025/26 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)

We engaged four consultancies where the total fees payable was less than \$10,000. The total expenditure incurred was \$23,118 (excluding GST).

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

There were 23 consultancies where the total fees payable to the consultants was \$10,000 or greater. The total expenditure incurred was \$1,021,967 (excluding GST).

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

SOCIAL PROCUREMENT

We're 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.

During the year, a detailed social procurement commitment was included within the Procurement Strategy. 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 over-arching objectives.

Overall social procurement activities	2023/24	2024/25
Number of social benefit suppliers engaged	7	9
Total amount spent with social benefit suppliers (\$GST exclusive)	\$1,831,279	\$2,307,798
Number of Victorian Aboriginal businesses engaged	3	4
Total spend with Victorian Aboriginal businesses (\$GST exclusive)	\$1,610,402	\$2,060,680
Number of Victorian social enterprises and Australian disability enterprises engaged	2	2
Total expenditure with Victorian social enterprises and Australian disability enterprises (GST exclusive)	\$10,469	\$15,019
Number of Victorian social enterprises engaged	1	1
Total expenditure with Victorian social enterprises (GST exclusive)	\$183,046	\$195,613
Number of Victorian social enterprises engaged	3	5
Total expenditure with Victorian social enterprises (GST exclusive)	\$220,627	\$247,118
Number of Victorian Aboriginal businesses engaged	3	4
Total expenditure with Victorian Aboriginal businesses (GST exclusive)	\$1,610,402	\$2,060,680
Number of tenders completed in the reporting period where current programs and SPF compliance requirements were provided by tenderers	4	2
Number of tenders completed in the reporting period which included focus area SPF schedules for completion		
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	2
Environmental goals – environmentally sustainable business practices	4	2

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 \$9,770 spent in 2024/25 (\$10,215 in 2023/24).
- 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 \$195,613 in 2024/25 (\$183,046 2023/24).
- We engaged Southwest Pipe Relining, an Aboriginal family-owned business, on several contracts with a spend of \$2,041,200 in 2024/25 (\$1,610,402 2023/24).
- 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, and supports Aboriginal employment and external funding programs.

- The purchase of Muru stationery lines under the Victorian State Purchasing Contract where available and required to meet our business needs.
- Continued partnerships with Victorian Aboriginal corporations and groups that are not certified.

While our prioritised SPF objectives guide our procurement delivery, we're committed to the continued pursuit of opportunities to advance social and sustainable outcomes for Victorian Aboriginal businesses and social enterprises.

Case study

Urban Colours is a professional cultural heritage and flora and fauna management and planning company. The firm has been providing comprehensive cultural heritage management services to the marketplace since 2006. Urban Colours comprises four registered cultural heritage advisors, two archaeological technical assistants, one senior ecologist and a GIS officer.

Urban Colours has an excellent track record in achieving approval of Cultural Heritage Management Plans (CHMPs) across a wide range of projects. Urban Colours provide consultation in the project planning stage with a range of stakeholders with the aim of achieving a timely and cost-effective outcome.

We engaged Urban Colours to undertake cultural heritage assessments at a total cost of \$8,960 excluding GST. Urban Colours was awarded these works on the basis of cost and capability. This engagement will continue into the next financial year with an estimated total cost of \$80,000 excluding GST.

Following the completion of the engagement, the outcome will be approved CHMPs for several projects. These plans help us to understand and protect our sites, ensuring cultural heritage is recognised and safeguarded as projects are built.

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 \$14,255,247 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
11,493	2,497	265	2,762

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

We conducted three reviews and studies with a total cost of \$373,000.

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
Warrnambool STP Effluent Management Strategy	To identify alternative disposal methodologies for treated effluent.	Investigate options for eliminating or reducing; the size of the mixing zone, the risks of shoreline attachment, and risks to beach goers and other users and environmental values.	Recommend pathways to serve the upgraded STP, with an accompanying strategy.	343	NA	Y engage.wannonwater.com.au/effluent-management-strategy
Penshurst Adaptive Wastewater Pilot Project facilitated review	To understand the key issues with the project which led to its cancellation.	Facilitated workshop with key stakeholders.	Identify the reasons why this initiative failed and learnings for future pilot projects.	30 (DEECA funded)	55 (DEECA funded 95%)	N
Gellibrand Summer Flows Study	To determine required flow regimes for various reaches.	Flows study on the entire length of the Gellibrand River.	Support or enhance environmental and cultural outcomes along the river and selected tributaries.	Funded by Barwon Water Corangamite CMA, DEECA		Y yoursay.barwonwater.vic.gov.au/gellibrand-flows-study

Note: Table does not include reviews or studies that may be commercial-in-confidence or commercially sensitive.



Financial statements

Comprehensive Operating Statement	64
Balance Sheet	65
Statement of Changes in Equity	66
Cash Flow Statement	67
Notes to the Financial Report	
1. BASIS OF PREPARATION	68
2. FUNDING DELIVERY OF SERVICES	70
3. THE COST OF DELIVERING SERVICES	77
4. KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY	82
5. OTHER ASSETS AND LIABILITIES	88
6. HOW WE FINANCED OUR OPERATIONS	90
7. RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS	94
8. STATUTORY OBLIGATIONS	101
9. OTHER DISCLOSURES	103
Chair's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration	110
Auditor-General's Report	111

Comprehensive Operating Statement for the financial year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	92,404	84,830
Government grants and contributions	2.2	292	310
Other income	2.3	2,705	2,241
Total revenue and income from transactions		95,401	87,381
Expenses from transactions			
Direct operational expenses	3.2	(16,201)	(14,110)
Repairs and maintenance expenses		(4,687)	(3,844)
Other expenses	3.3	(15,809)	(13,827)
Depreciation	4.1.1, 6.2.1	(33,384)	(31,465)
Employee benefits - comprehensive operating statement	3.1.1	(28,634)	(26,087)
Environmental contribution		(3,163)	(3,173)
Amortisation	4.2	(136)	(228)
Total expenses from transactions		(102,014)	(92,734)
Finance income		171	170
Finance expense		(4,678)	(2,805)
Net finance costs	3.4	(4,507)	(2,635)
Net result from transactions (net operating balance)		(11,120)	(7,988)
Other economic flows included in net result			
Net gain / (loss) on non-financial assets	9.1	(1,107)	(2,997)
Net gain / (loss) on financial instruments	9.1	161	(14)
Other gains / (losses) from economic flows	9.1	9	10
Total other economic flow included in net result		(937)	(3,001)
Net result before income tax		(12,057)	(10,989)
Income tax benefit / (expense)	8.1.1	3,606	3,290
Net result for the period		(8,451)	(7,699)
Other economic flows - other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in asset revaluation surplus		-	(59)
Income tax relating to these items		-	18
Total other economic flows - other comprehensive income		-	(41)
Comprehensive result		(8,451)	(7,740)

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

Statement of financial position
as at 30 June 2025

	Notes	2025 \$'000	2024 \$'000
ASSETS			
Current assets			
Cash and deposits	6.3	4,984	8,166
Receivables and contract assets	5.1	20,018	20,358
Inventories		1,019	948
Non-financial physical assets classified as held for sale	4.3	-	269
Other financial assets		11	11
Other non-financial assets	5.3	2,902	2,743
Total current assets		28,934	32,495
Non-current assets			
Receivables	5.1	1,600	3,082
Infrastructure, property, plant and equipment	4.1	1,095,149	1,078,463
Intangible assets	4.2	7,220	5,008
Right of use assets	6.2.1	1,772	1,862
Total non-current assets		1,105,741	1,088,415
TOTAL ASSETS		1,134,675	1,120,910
LIABILITIES			
Current liabilities			
Trade, other payables and contract liabilities	5.2	10,199	12,085
Lease liabilities	6.1	100	125
Interest bearing liabilities	6.1	8,000	5,000
Other financial liabilities		259	477
Employee benefits provision	3.1.2	5,438	5,243
Total current liabilities		23,996	22,930
Non-current liabilities			
Interest bearing liabilities	6.1	102,000	79,000
Lease liabilities	6.1	1,826	1,875
Employee benefits provision	3.1.2	607	551
Deferred tax liabilities	8.1.2	187,002	190,609
Total non-current liabilities		291,435	272,035
TOTAL LIABILITIES		315,431	294,965
NET ASSETS		819,244	825,945
EQUITY			
Contributed capital		444,415	442,665
Reserves		356,905	357,650
Accumulated surplus		17,924	25,630
TOTAL EQUITY		819,244	825,945

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 2025

	Contributed capital	Reserves	Accumulated surplus / (deficit)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 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
Net result for the year	-	-	(8,451)	(8,451)
Capital appropriations	1,750	-	-	1,750
Other comprehensive income	-	-	-	-
Transfer (to) / from accumulated funds on disposal	-	(745)	745	-
Closing Balance at 30 June 2025	444,415	356,905	17,924	819,244

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 2025

	Notes	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts			
Service and usage charges		84,642	78,705
Goods and Services Tax received from the ATO		9,153	8,341
Government contributions received		292	310
Developer contributions		2,405	1,847
Other receipts		5,488	4,650
Payments			
Payments to suppliers and employees		(75,299)	(64,572)
Goods and Services Tax paid to the ATO		(181)	(4,425)
Interest and other costs of finance paid		(4,660)	(2,757)
Environmental contribution		(3,163)	(3,173)
Net cash flows from/(used in) operating activities		18,677	18,926
Cash flows from investing activities			
Payments for new infrastructure, property, plant and equipment		(40,346)	(41,888)
Payments for renewal / upgrade infrastructure, property, plant and equipment		(10,659)	(13,432)
Proceeds from sale of infrastructure, property, plant and equipment		568	633
Net cash flows from/(used in) investing activities		(50,437)	(54,687)
Cash flows from financing activities			
Repayment of borrowings		(5,000)	(4,000)
Proceeds from borrowings		31,000	40,000
Proceeds from contributions by State in its capacity as owner		3,250	-
Repayment of contributions to State in its capacity as owner		(500)	-
Principle payment of lease liabilities		(154)	(170)
Derivative receipts / (payments)		(18)	(48)
Net cash flows from/(used in) financing activities		28,578	35,782
Net (decrease) / increase in cash and deposits		(3,182)	21
Cash and deposits at the beginning of the financial year		8,166	8,145
Cash and deposits at the end of the financial year	6.3	4,984	8,166

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.

These financial statements are Tier 2 general purpose financial statements prepared in accordance with *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060)* and *Financial Reporting Direction 101 Application of Tiers of Australian Accounting Standards (FRD 101)*.

The Corporation is a Tier 2 entity in accordance with FRD 101. These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. The Corporation's prior year financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards (Tier 1). As the Corporation is not a 'significant entity' as defined in FRD 101, it was required to change from Tier 1 to Tier 2 reporting effective from 1 July 2024.

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements.

The accrual basis of accounting has been applied in preparing 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.

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

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

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

Notes to the financial statements

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 recognised 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	5.1
Estimated fair value of derivative financial instrument	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
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
Impairment – Calculation of the expected credit loss	5.1 and 9.1

These financial statements cover the Corporation as an individual reporting entity and include all the controlled activities of the Corporation. There is no entity consolidated into the Corporation.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994* (FMA) and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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.

2.1 Revenue from contracts with customers

	Notes	2025 \$'000	2024 \$'000
Revenue from service, usage and trade waste charges	2.1.1	84,839	77,294
Developer contributions	2.1.2	6,403	6,526
Other revenue	2.1.3	1,162	1,010
Total revenue from contracts with customers		92,404	84,830

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.

2.1.1 Revenue from service, usage and trade waste charges

	2025 \$'000	2024 \$'000
Service charges		
Sewer	32,562	30,781
Water	12,348	11,943
Total service charges	44,910	42,724
Usage charges		
Water	29,446	25,140
Trade waste	10,344	9,302
Recycled water charges	139	128
Total usage charges	39,929	34,570
Total revenue from service and usage and trade waste charges	84,839	77,294

Notes to the financial statements

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Water and Wastewater service charges	<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.
Water and Wastewater usage charges	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.	Revenue is recognised over time as service is provided.
Trade waste 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

Revenue from service, usage and trade waste charges is determined to be in accordance with *AASB 15 Revenue from Contracts with Customers* (AASB 15).

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 5.2). The charges for fully satisfied performance obligations that are unbilled at year end that are estimated and contract assets are recognised (refer Note 5.1).

Contract assets and liabilities have been disclosed in Notes 5.1 and 5.2.

2.1.2 Developer contributions

	2025 \$'000	2024 \$'000
New customer contributions	2,405	1,847
Developer contributed assets	3,998	4,679
Total developer contributions	6,403	6,526

Notes to the financial statements

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.
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 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 the 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

	2025 \$'000	2024 \$'000
Information statements	383	325
Connection and inspection fees	447	377
Other fees and charges	332	308
Total other revenue	1,162	1,010

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Information statements	<p>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.</p>	Revenue is recognised over time as services 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
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 to 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
Works and services provided to other third parties	Revenue is recognised when the Corporation has completed its contractual obligations. Revenue represents charges for services to third parties for delivery of capital works. 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 with customers \$'000
2025									
At a point in time	-	-	-	10,344	-	3,998	2,405	-	16,747
Over time	12,348	29,446	32,562	-	139	-	-	1,162	75,657
Total	12,348	29,446	32,562	10,344	139	3,998	2,405	1,162	92,404
2024									
At a point in time	-	-	-	9,302	-	4,679	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

Notes to the financial statements

2.2 Government grants and contributions

	2025 \$'000	2024 \$'000
Income recognised as revenue from contract with customers		
Other specific purpose grants	292	310
Total government grants and contributions	292	310

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

Grants recognised under AASB 1058

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).

Grants recognised under AASB 15

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers (AASB 15). 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.

2.3 Other income

	2025 \$'000	2024 \$'000
Cost recoveries	633	933
Miscellaneous	1,644	845
Rental income	428	463
Total other income	2,705	2,241

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	Rental 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

Notes to the financial statements

Operating leases relate to property owned by the Corporation. Current lease agreements have terms between 1 and 13 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.

	2025 \$'000	2024 \$'000
Non-Cancellable operating lease receivables (not recognised on the balance sheet)		
Not longer than one year	299	79
Longer than one year but not longer than five years	93	129
Longer than five years	30	26
Total	422	234

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 Employee benefits

3.1.1 Employee benefits – comprehensive operating statement

	2025 \$'000	2024 \$'000
Salaries and wages	23,264	21,164
Annual leave	1,930	1,842
Long service leave	716	556
Employer superannuation contributions	2,633	2,430
Defined benefit superannuation expense	91	95
Total employee benefit costs	28,634	26,087

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. They are expensed in the period in which they are incurred.

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.

The defined benefit plan(s) provides benefits based on years of service and final average salary. The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans. The Corporation does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, the Corporation accounts for contributions to these plans as if they were defined contribution plans under *AASB 119 Employee Benefits*. The Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before the 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.

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 wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2025 \$'000	2024 \$'000
Current provisions:		
Annual Leave		
Annual leave - unconditional and expected to settle within 12 months	1,597	1,537
Long Service Leave		
Long service leave - unconditional and expected to settle within 12 months measured at nominal value	545	512
Long service leave - unconditional and expected to settle after 12 months measured at present value	2,690	2,623
Provisions for on-costs		
Unconditional and expected to settle within 12 months measured at nominal value	83	78
Unconditional and expected to settle after 12 months measured at present value	409	399
Other leave		
Other leave - unconditional and expected to settle within 12 months	114	94
Total current provisions for employee benefits provisions	5,438	5,243
Non-current provisions:		
Long service leave - conditional - measured at present value	527	478
Long service leave on costs - conditional - measured at present value	80	73
Total non-current provisions for employee benefits provision	607	551
Aggregate carrying amount of employee benefits provision		
Current	5,438	5,243
Non-current	607	551
Total provision for employee benefits provision	6,045	5,794

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.

Employment 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.

Notes to the financial statements

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.

3.2 Direct operational expenses

	2025 \$'000	2024 \$'000
Electricity	6,092	4,392
Licences	382	543
Other goods and services	1,524	1,567
Consultancies and contractors	4,313	4,181
Chemicals	1,907	1,577
Testing and sampling	1,644	1,544
Goods and equipment	339	306
Total direct operating expenses	16,201	14,110

Direct operating expenses generally represent the day-to-day running costs incurred in normal operations.

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 and EPA licencing.	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 Other operating expenses

	2025 \$'000	2024 \$'000
Consultancies and contractors	3,180	3,463
Information technology	7,212	5,470
Other goods and services	4,790	4,295
Goods and equipment	453	458
Electricity	174	141
Total operating expenses	15,809	13,827

Other operating expenses generally represent any other expenses not incurred in day-to-day normal operations.

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
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
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

Notes to the financial statements

3.4 Net finance costs

	Notes	2025 \$'000	2024 \$'000
Interest income under the effective interest method on financial assets measured at FVTPL		171	170
Financial liabilities at amortised cost - interest expense	6.1	(4,000)	(2,401)
Financial accommodation levy measured at amortised cost	6.1	(678)	(404)
Net finance costs recognised in comprehensive operating statement		(4,507)	(2,635)

Finance income includes interest received on bank accounts.

Finance costs include costs incurred in connection with the borrowing of funds including interest on bank overdrafts, short term and long-term borrowings and lease charges.

Finance income is recognised as received and finance costs are recognised as expenses in the period in which they are incurred.

Notes to the financial statements

4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Corporation controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to 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	Buildings	Water infrastructure	Sewer infrastructure	Plant and equipment	Capital works in progress	Total
2024-25	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2024							
Gross carrying amount	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 carrying amount - 1 July 2024	37,110	33,327	539,110	363,144	7,036	98,736	1,078,463
Additions	-	-	24	35	-	47,489	47,548
Developer contributed assets	-	-	1,677	2,314	7	-	3,998
Revaluations	-	-	-	-	-	-	-
Disposals	-	(7)	(462)	(711)	(496)	-	(1,676)
Transfers between categories - additions	663	325	22,817	4,729	4,218	(32,753)	(1)
Transfers - to intangible assets	-	-	-	-	-	(169)	(169)
Transfers - to assets held for sale	200	-	-	-	-	-	200
Transfers - reclassifications	-	-	-	-	-	-	-
Depreciation	(18)	(889)	(18,636)	(11,607)	(2,064)	-	(33,214)
Closing net book amount	37,955	32,756	544,530	357,904	8,701	113,303	1,095,149
Total as at 30 June 2025 represented by:							
Gross book value	37,991	34,525	581,126	380,396	25,235	113,303	1,172,576
Accumulated depreciation	(36)	(1,769)	(36,596)	(22,492)	(16,534)	-	(77,427)
Net book value as at 30 June 2025	37,955	32,756	544,530	357,904	8,701	113,303	1,095,149

The Right of use assets have not been included in the table above. See Section 6.2.1.

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.

Notes to the financial statements

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 were valued in were impacted by the uncertainty that the coronavirus (COVID-19) outbreak caused. In 2021, the valuer has advised that the current market environment impacted by coronavirus (COVID-19) created 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.

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.

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

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.

Notes to the financial statements

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
Manholes	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.

4.1.5 Net loss on disposal of non-current assets

The deficit from ordinary activities includes the following specific net gains and expenses:

	2025 \$'000	2024 \$'000
Net gain / (loss) on disposal		
Buildings	(7)	-
Infrastructure	(1,179)	(3,221)
Motor vehicles	91	240
Office equipment	(12)	(16)
Total (loss) on disposal	(1,107)	(2,997)

Notes to the financial statements

4.2 Intangible assets

	2025 \$'000	2024 \$'000
Classes of intangibles		
Computer software - at cost	9,995	9,827
Less: Accumulated depreciation	(9,934)	(9,798)
	61	29
Bulk water entitlement-at cost	4,750	4,750
Large - scale generation certificates (LGC)	199	229
Australian Carbon Credit Units (ACCU)	925	-
Native Vegetation Credits	1,285	-
Total intangibles	7,220	5,008

	Large-scale generation certificates \$'000	Australian Carbon Credit Units (ACCU) \$'000	Native Vegetation Credits \$'000	Software \$'000	Bulk water entitlement \$'000	Total \$'000
Balance at 1 July 2024						
Cost of fair value	229	-	-	9,827	4,750	14,806
Accumulated amortisation	-	-	-	(9,798)	-	(9,798)
Net book value as at 30 June 2024	229	-	-	29	4,750	5,008
Disposals	(30)	-	-	-	-	(30)
Transfers between categories	-	-	-	-	-	-
Additions	-	925	1,285	168	-	2,378
Amortisation expense	-	-	-	(136)	-	(136)
Closing net book amount at 30 June 2025	199	925	1,285	61	4,750	7,220
Total as at 30 June 2025 represented by:						
Cost of fair value	199	925	1,285	9,995	4,750	17,154
Accumulated amortisation	-	-	-	(9,934)	-	(9,934)
Net book value as at 30 June 2025	199	925	1,285	61	4,750	7,220

Recognition and measurement

Purchased intangible assets are initially recognised at cost. When the recognition criteria in *AASB 138 Intangible Assets* is met, internally generated assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begin when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

- 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
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Notes to the financial statements

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised as expenditure when incurred.

Amortisation

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 if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised.

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

	Software costs	Bulk water entitlements	Large-scale generation certificates Australian Carbon Credit Units Native vegetation credits
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 Intangible Assets* 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

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.

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

Large-scale generation certificates, Australian carbon credit units and native vegetation credits

Large-scale Generation Certificates (LGC), Australian carbon credit units (ACCU) and native vegetation credits are recognised as intangible assets at cost per FRD 109 and are not subject to amortisation as they have an indefinite life.

Software costs

Software Costs are costs incurred for the development of software code that enhance, modify, or create additional capability to, existing on-premises systems.

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 3.3) of costs incurred in relation to SaaS arrangements:

Notes to the financial statements

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.

4.3 Non-Financial physical assets classified as held for sale

	2025 \$'000	2024 \$'000
Freehold land 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 and contract assets

	2025 \$'000	2024 \$'000
Current		
Contractual		
Service and usage charges	6,195	5,584
Less: Allowance for expected credit losses	(561)	(492)
Other receivables	1,542	3,229
Loans to third parties	1,401	1,277
Contract assets	10,439	9,817
Schemes / receivables	39	40
	19,055	19,455
Statutory		
GST input tax credit recoverable	963	903
Total current receivables	20,018	20,358
Non-current		
Contractual		
Loans to third parties	1,301	3,001
Contract assets	231	-
Schemes / receivables	68	81
Total non-current receivables	1,600	3,082
Total receivables	21,618	23,440

The contract assets primarily relate to the Corporation's rights to consideration for work completed but not billed at the reporting date.

Contractual receivables are classified as financial assets at amortised cost. They are initially recognised at fair value plus any directly attributable transaction cost. The Corporation holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measures them at amortised cost using the effective interest method, less any impairment.

Statutory receivables are not classified as financial instruments as they do not arise from contracts. They are recognised and measured similar to contractual receivables.

Contract assets relate to the Corporation's right to consideration in exchange for services transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when the Corporation issues an invoice to the customer. The balance of the contract assets at 30 June 2025 was impacted by timing of the works completed by contractors and is not billable at this stage. The works are expected to be completed and recovered early next year.

5.1.1 Impairment losses

Impairment losses on financial assets and contract assets recognised in the comprehensive operating statement are disclosed in Note 9.1.

The loss allowances for trade receivables and contract assets are based on assumptions about risk of default and expected loss rates. The expected loss rates applied as at 30 June 2025 vary from 0.7% for receivables that are more than 30 days past due to 31.2% for receivables that are more than 120 days past due (2024: 1.2% to 90.9%).

Contractual receivables at amortised cost

The Corporation applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. The Corporation

Notes to the financial statements

has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Corporation's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

Credit loss allowance is classified as other economic flows in the net result (refer to Note 9.1). 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.

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

5.2 Trade, other payables and contract liabilities

	2025 \$'000	2024 \$'000
Current		
Contractual		
Trade creditors and accruals	4,479	5,557
Contract retentions	693	693
Contract deposits	771	700
Other payables	283	261
Contract liabilities	2,986	3,944
Accrued loan interest	84	93
Accrued expenses - employee benefits	903	837
Total current payables	10,199	12,085

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.

The contract liabilities primarily relate to developer contributions and other consideration received in advance of the Corporation performing its contract obligations and will be recognised as revenue when the services are performed. Refer to Note 2.1 for further details of the performance obligation.

Contractual payables are classified as financial instruments and measured at amortised cost and represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid.

Statutory payables are recognised and measured similarly to contractual payables but are not classified as a financial instrument because they do not arise from a contract.

5.3 Other non-financial assets

	2025 \$'000	2024 \$'000
Current		
Prepayments	2,902	2,743
Total other non-financial assets	2,902	2,743

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 provides additional, specific financial instrument disclosures.

6.1 Interest-bearing liabilities

	2025 \$'000	2024 \$'000
Current - interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	8,000	5,000
Lease liabilities	100	125
Total current interest-bearing liabilities	8,100	5,125
Non-current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	102,000	79,000
Lease liabilities	1,826	1,875
Total non-current interest-bearing liabilities	103,826	80,875
Total interest-bearing liabilities	111,926	86,000

Loans are sourced from the Treasury Corporation of Victoria (TCV) and secured by the Treasurer in the form of a government guarantee. They are classified as a financial instrument and 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*.

Lease liabilities are determined in accordance with AASB 16 (refer to Note 6.2).

Notes to the financial statements

Terms and conditions of borrowings

	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 2025							
Lease liabilities	1,926	2,635	12	17	72	431	1,395
Loans from TCV	110,000	111,294	-	1,500	6,500	45,500	56,500
Total	111,926	113,929	12	1,517	6,572	45,931	57,895
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

Interest expense

	2025 \$'000	2024 \$'000
Interest on loans - Treasury Corporation of Victoria (TCV)	3,939	2,340
Financial accommodation levy	678	404
Interest on lease liability	61	61
Total interest expense	4,678	2,805

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 leases various properties (buildings and land) and equipment. The leases typically run for a period of 3 to 25 years, but may have extension options. Lease terms are negotiated on an individual basis to reflect market rentals and contain a wide range of different terms and conditions.

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method generally from the commencement date to the shorter of the asset's useful life (which is determined on the same basis as those of property, plant and equipment) or lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Notes to the financial statements

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option, or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the comprehensive operating statement if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation presents right-of-use assets below and lease liabilities in Note 6.1.

6.2.1 Right-of-use assets

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Balance at 1 July 2024				
Cost	172	2,485	99	2,756
Less: Accumulated depreciation	(16)	(832)	(46)	(894)
Net book value at 30 June 2024	156	1,653	53	1,862
Additions to right-of-use assets	-	-	-	-
Derecognition of right-of-use assets		(13)		(13)
Modification adjustments	(2)	95		93
Depreciation expense	(10)	(129)	(31)	(170)
Carrying amount at end of year	144	1,606	22	1,772
Year ended 30 June 2025				
Cost	144	1,745	65	1,954
Less: Accumulated depreciation	-	(139)	(43)	(182)
Carrying amount at end of year	144	1,606	22	1,772

6.2.2 Amounts recognised in the comprehensive operating statement

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

	2025 \$'000	2024 \$'000
Interest on lease liabilities	61	61
Depreciation on ROU assets	170	184
Total	231	245

Notes to the financial statements

6.2.3 Future lease payments

The total of future lease payment commitments (including those lease payments that are not included in the measurement of the lease liability e.g. for short-term leases and leases of low-value items) are disclosed for each of the following periods.

	2025 \$'000	2024 \$'000
Less than one year	100	124
One to five years	431	338
More than five years	1,395	1,537
Total	1,927	1,999

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.

	2025 \$'000	2024 \$'000
Deposits at call	4,728	6,947
Cash at bank	256	1,219
Balance as per cash flow statement	4,984	8,166

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 2025				
Capital expenditure commitments payable	16,858	-	-	16,858
Environmental contribution levy commitments	3,163	6,327	-	9,490
Other commitments payable	5,263	5,343	-	10,606
Total commitments (inclusive of GST)	25,284	11,670	-	36,954
Less GST recoverable				(2,497)
Total commitments (exclusive of GST)				34,457
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

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)	

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.

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 - Investment in ZEW 	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. 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.

Notes to the financial statements

Financial instrument	Initial measurement	Subsequent measurement
Financial liabilities at amortised cost	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.
Financial liabilities include:		
- payables (excluding statutory payables);		
- borrowings (including lease liabilities)		

Derecognition of financial assets and liabilities

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

- the rights to receive cash flows from the asset have expired; or
- 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.

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 9.1 for other economic flows included in the net result.

Notes to the financial statements

7.1.1 Financial instruments: Categorisation

2025	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	4,984	-	-	-	4,984
Receivables						
Service and usage charges	5.1	-	-	5,634	-	5,634
Scheme receivables	5.1	-	-	107	-	107
Contract assets	5.1	-	-	10,439	-	10,439
Other receivables	5.1	-	-	4,244	-	4,244
Investments and other contractual financial assets						
Investments in ZEW		-	-	11	-	11
Total contractual financial assets		4,984	-	20,435	-	25,419
Payables						
Trade creditors and accruals	5.2	-	-	-	4,479	4,479
Contract retentions	5.2	-	-	-	693	693
Contract deposits	5.2	-	-	-	771	771
Other payables	5.2	-	-	-	283	283
Contract liabilities	5.2	-	-	-	2,986	2,986
Borrowings						
Loans from TCV	6.1	-	-	-	110,000	110,000
Derivative financial liabilities						
Financial liabilities designated at fair value through profit or loss		-	259	-	-	259
Total contractual financial liabilities		-	259	-	117,213	117,472

Notes to the financial statements

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						
Service and usage charges	5.1	-	-	5,092	-	5,092
Scheme receivables	5.1	-	-	121	-	121
Contract assets	5.1	-	-	9,817	-	9,817
Other receivables	5.1	-	-	7,507	-	7,507
Investments and other contractual financial assets						
Investments in ZEW		-	-	11	-	11
Total contractual financial assets		8,166	-	22,548	-	30,714
Payables						
Trade creditors and accruals	5.2	-	-	-	5,557	5,557
Contract retentions	5.2	-	-	-	693	693
Contract deposits	5.2	-	-	-	700	700
Other payables	5.2	-	-	-	261	261
Contract liabilities	5.2	-	-	-	3,944	3,944
Borrowings						
Loans from TCV	6.1	-	-	-	84,000	84,000
Derivative financial liabilities						
Financial liabilities designated at fair value through profit or loss		-	477	-	-	477
Total contractual financial liabilities		-	477	-	92,141	92,618

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
2025					
Contractual financial assets					
Financial assets at amortised cost - other than on derecognition	-	297	-	(69)	228
Total contractual financial assets	-	297	-	(69)	228
Contractual financial liabilities					
Financial liabilities at amortised cost	-	(4,617)	-	-	(4,617)
Financial liabilities designated at fair value through profit / loss	(259)	-	-	-	(259)
Total contractual financial liabilities	(259)	(4,617)	-	-	(4,876)
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)

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.

The Corporation is not aware of an material contingent liabilities at balance date, 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.

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.

Fair value determination

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities amended *AASB 13 Fair Value Measurement* by adding Appendix F Australian implementation guidance for not-for-profit public sector entities. Appendix F explains and illustrates the application of the principles in *AASB 13* on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of *AASB 13* in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier).

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

The following table shows the valuation techniques used in measuring fair values for financial instruments in the statement of financial position, as well as the significant unobservable inputs used.

Climate-related factors and fair value measurement

Market participants' views of climate-related matters—including potential legislation—may affect the fair value measurement of assets and liabilities in the financial statements. Where relevant, climate-related matters may also affect fair value disclosures, particularly for measurements categorised within Level 3 of the fair value hierarchy. *AASB 13 Fair Value Measurement* requires disclosure of unobservable inputs used in fair value measurements, and those inputs should reflect the assumptions that market participants would use, including assumptions about climate-related risk.

At the time of preparing these financial statements, the Corporation acknowledges the risk that climate change may impact the assumptions that market participants use. However, the effect of these risks cannot be reliably measured and, therefore, no allowance has been made for climate change factors in the calculation of the fair value of property and infrastructure.

The Corporation's infrastructure, property, plant and equipment 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 and may also increase the cost of operations.

Notes to the financial statements

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 are within the cover of Wannon Water's property and business interruption insurance programs. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

Although it is intended that asset valuations will be based on a five-year cycle, *FRD 103 Non-financial physical assets* (FRD 103) 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 performs interim valuations when the triggers of FRD 103 are met.

Type	Valuation technique	Significant unobservable inputs
Non-financial physical assets		
Land (specialised)	Market approach: assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value, adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.	Community Service Obligation (CSO) adjustment Land value range
Infrastructure	Depreciated replacement cost approach	Cost per metre/ unit/ facility Useful life of the infrastructure
Plant and equipment	Depreciated cost (deemed fair value). Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated cost will be materially different from the existing carrying value.	Cost per unit Useful life of plant and equipment
Buildings	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 was used.	Cost per building Useful life of specialised buildings
Financial assets and liabilities		
Derivative financial instrument	Income approach (discounted cash flow)	Wholesale electricity price forecasts Discount rate – risk free rates of zero coupon government bonds Credit value adjustment – Australian Corporate Bond Spreads and Yields

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.

	2025 \$'000	2024 \$'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	(12,057)	(10,989)
Income tax calculated @ 30% (2024: 30%)	(3,617)	(3,297)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible expenses	11	7
Income tax as reported in the comprehensive operating statement	(3,606)	(3,290)

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

	2025 \$'000	2024 \$'000
Amounts recognised in comprehensive operating statement		
Prior and current tax losses	5,520	8,301
Provisions and accrued expenditure not deductible	2,992	2,973
	8,512	11,274
Movements:		
Opening balance 1 July	11,274	11,182
Annual movement	(2,762)	92
Closing balance 30 June	8,512	11,274

Notes to the financial statements

Deferred tax liabilities

	2025 \$'000	2024 \$'000
Amounts recognised in the comprehensive operating statement		
Depreciation and revaluation	195,514	201,883
Movements		
Opening balance 1 July	201,883	205,099
Annual movement	(6,369)	(3,216)
Closing balance 30 June	195,514	201,883
Net deferred tax liabilities		
Deferred tax assets	8,512	11,274
Deferred tax liabilities	195,514	201,883
Net deferred liability	(187,002)	(190,609)

Unrecognised deferred liability/tax asset

As at 30 June 2025, there were no deferred tax liability or deferred tax assets not recognised in the Financial Statements.

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 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	2025 \$'000	2024 \$'000
Net gain / (loss) on non-financial assets			
Net loss on disposal of infrastructure, property plant and equipment (including intangible assets)	4.1.5	(1,107)	(2,997)
Total net gain / (loss) on non-financial assets		(1,107)	(2,997)
Net gain / (loss) on financial instruments			
Impairment of:			
Loans and receivables		(38)	(14)
Net gain arising from derivatives for ZEW transactions		199	-
Total net gain / (loss) on financial instruments		161	(14)
Other gains / (losses) from economic flows			
Net gain arising from revaluation of long service liability		9	10
Total other gains / (losses) from economic flows		9	10
Total other (losses) from other economic flows		(937)	(3,001)

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.

9.2 Events occurring after the balance date

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.

Notes to the financial statements

9.3 Responsible persons

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

Title	Name	Period of appointment
Minister for Water	The Hon. Harriet Shing MP	1 July 2024 - 18 December 2024
Minister for Water	The Hon. Gayle Tierney MP	19 December 2024 - 30 June 2025
Chair	Dr Helen Scarborough	1 July 2024 - 30 June 2025
Deputy Chair	Mr Kenneth King	1 July 2024 - 30 June 2025
Director	Dr Susan Brumby	1 July 2024 - 30 June 2025
Director	Ms Emma Olivier	1 July 2024 - 30 June 2025
Director	Ms Narelle Allen	1 July 2024 - 30 June 2025
Director	Mr Neil Plummer	1 July 2024 - 30 June 2025
Director	Mr Bill Millard	1 July 2024 - 30 June 2025
Director	The Hon. Gordon Rich-Phillips	1 July 2024 - 30 June 2025
Managing Director / Accountable Officer	Mr Andrew Jeffers	1 July 2024 - 30 June 2025

Remuneration

The number of responsible persons whose remuneration from the Corporation was within the specified bands as follows:

	2025 \$'000	2024 \$'000
\$0 - \$9,999	-	3
\$20,000 - \$29,999	-	5
\$30,000 - \$39,999	7	1
\$40,000 - \$49,999	-	1
\$50,000 - \$59,999	-	1
\$60,000 - \$69,999	1	-
\$390,000 - \$399,999	1	1
Total	9	12
Total remuneration	703	663

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: \$700,000 - \$710,000 (\$660,000 - \$670,000 in 2023-24).

9.4 Remuneration of executives

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

Remuneration comprises employee benefits (as defined in *AASB 119 Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services. Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

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

Notes to the financial statements

	2025 \$'000	2024 \$'000
Short-term employee benefits	1,453	1,426
Post-employment benefits	164	165
Other long-term benefits	38	37
Total remuneration	1,655	1,628
Total number of executives	7	7
Total annualised employee equivalents	6.87	6.87

9.5 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.

	2025 \$'000	2024 \$'000
Short-term employee benefits	2,081	2,023
Post-employment benefits	230	222
Other long-term benefits	47	46
Total remuneration	2,358	2,291

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	2025 \$'000	2024 \$'000
Government related entity -receipts			
Department of Energy, Environment and Climate Action (DEECA)	Adaptive wastewater for small towns	-	30
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
Department of Energy, Environment and Climate Action (DEECA)	Water smart program	-	361

Notes to the financial statements

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.

9.6 Remuneration of auditors

	2025 \$'000	2024 \$'000
Victorian Auditor-General's Office		
Audit or review of the financial statements	74	71
Total remuneration of auditors	74	71

9.7 Ex-gratia expense

	2025 \$'000	2024 \$'000
Forgiveness or wavier of debt	94	57
Total ex-gratia expenses	94	57

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

9.8 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 2024 (unless otherwise stated). The impact has been disclosed in the table below.

Topic	Key requirements	Impact	Effective Date
Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities (AASB 2022-10)	<p>AASB 2022-10 amends AASB 13 <i>Fair Value Measurement</i> to modify the application of AASB 13 in relation to non-financial assets of NFP public sector entities not held primarily for their ability to generate net cash inflows.</p> <p>The highest and best use is presumed to be the asset's current use unless it is classified as held for sale or highly probable the asset will be used for an alternative purpose. A use is financially feasible if market participants would be willing to invest in an asset's service capacity. The Corporation is allowed to use its own assumptions as a starting point when measuring the fair value of the asset if both the market selling price of a comparable asset and market data are unobservable.</p> <p>The standard also provides guidance on the nature of costs to include in the replacement cost of a reference asset and on the identification of economic obsolescence.</p>	The impact of this standard is yet to be determined	1 January 2024
AASB2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	<p>AASB2021-6 amends:</p> <p>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.</p> <p>AASB1054 Australian Additional Disclosures, to reflect the updated terminology used in AASB101.</p>	No material impact	1 July 2023

9.9 Australian Accounting Standards issued that are not yet effective

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

AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.

AASB 2022-10 amends AASB 13 *Fair Value Measurement* by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* or if it is highly probable that it will be used for an alternative purpose
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

Notes to the financial statements

AASB 17 Insurance Contracts, AASB 2022-8 Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments and AASB 2022-9 Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector

AASB 17 replaces AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts for not-for-profit public sector entities for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-9 amends AASB 17 to make public sector-related modifications (for example, it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.

AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026. This Standard applies for annual reporting periods beginning on or after 1 January 2023.

The Corporation is currently in the process of assessing the potential impact of these standards and amendments.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2025 reporting period. DTF assesses the impact of all these new standards and advises the Corporation of their applicability and early cion where applicable.

Topic	Key requirements	Effective date	Estimated impact
AASB 2023-5	Amendments to Australia Accounting Standards – Lack of Exchangeability	1 January 2025	The standard is not expected to have a material impact
AASB2014-10	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 2024-2	Amendments to Australian Accounting Standards – Classification and Measurement of Financial Instruments	1 January 2026	The standard is not expected to have a material impact
AASB 18	Presentation and Disclosure in Financial Statements	1 January 2027	The standard is not expected to have a material impact
AASB2022-8	Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments	1 January 2027	The standard is not expected to have a material impact
AASB2022-9	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	1 January 2027	The standard is not expected to have a material impact
AASB2014-10	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

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 2025 and financial position of the Corporation at 30 June 2025.

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 19 September 2025.



H F Scarborough
Board Chair
Wannon Region Water Corporation



S J Waterhouse
Managing Director
Wannon Region Water Corporation



D G Harrington
Chief Finance and Accounting Officer
Wannon Region Water Corporation

Dated this 19th September 2025

Independent Auditor's Report

To the Board of Wannon Region Water Corporation

Opinion	<p>I have audited the financial report of Wannon Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2025 • 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 material accounting policy information • 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 2025 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 Australian Accounting Standards - Simplified Disclosures.</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 (including Independence Standards)</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 is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures 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 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
10 September 2025



Timothy Maxfield
as delegate for the Auditor-General of Victoria

Disclosure index

The 2024/25 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	4
FRD 22	Purpose, functions, powers and duties	8-11
FRD 22	Key initiatives and projects	12-13, 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	113-114
FRD 12	Major contracts	59
FRD 15	Executive officers	28
FRD 22	Employment and conduct principles	26
FRD 22, 29	Workforce data	28
FRD 22	Workforce inclusion policy	26-27
FRD 22	Occupational health and safety policy	29-30
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 <i>Freedom of Information Act 1982</i>	57
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	58
FRD 22	Statement on National Competition Policy (Competitive Neutrality Policy)	59
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	57
FRD 22	Consultancies over \$10 000 (consultancy expenditure)	59
FRD 22	Consultancies under \$10 000 (consultancy expenditure)	59
FRD 22	Government advertising expenditure	61
FRD 22	ICT expenditure	61
FRD 22	Emergency procurement	61
FRD 22	Procurement complaints	61
FRD 22	Reviews and studies expenditure	62
FRD 22	Statement of availability of other information	58
FRD 24	Reporting of environmental data by government entities	32, 39-41
FRD 25	Local Jobs First	59
FRD 27	Performance Reporting	43-50
SPF	Social Procurement Framework	59-60
SPF and FRD 22	Social procurement activities	60

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	14-18
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	54-56
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>		58
<i>Financial Management Act 1994</i>		4, 48
<i>Freedom of Information Act 1982</i>		57-58
<i>Local Jobs First Act 2003</i>		59
<i>Public Interest Disclosures Act 2012</i>		57
<i>Water Act 1989</i>		4, 8, 21, 23, 54

Detailed water consumption statistics

Urban water consumption

TOTAL DRINKING AND NON-DRINKING WATER CONSUMPTION 2024/25

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	39,097	5,778	4,733	4,389	1,209	1,038	45,039	11,205	10,117
Non-drinking water	19	2	4	1,238	618	581	641	1,821	1,668
Totals	39,116	5,780	4,737	5,627	1,827	1,619	45,680	13,026	11,785

WATER CONSUMPTION BY SYSTEM (MEGALITRES)

System	2024/25 volume (ML)		2023/24 volume (ML)		2022/23 volume (ML)		2021/22 volume (ML)		2020/21 volume (ML)	
	Change		Change		Change		Change		Change	
East Dilwyn	374	29%	291	21%	241	-6%	256	14%	224	-12%
Grampians	1,412	13%	1,246	15%	1,085	-11%	1,225	10%	1,118	-7%
Other	199	15%	172	15%	150	-10%	166	24%	134	-8%
Otway	8,543	9%	7,814	4%	7,546	-2%	7,731	6%	7,294	-4%
Tullich	361	17%	309	21%	256	-17%	309	10%	281	-6%
West Dilwyn	2,137	2%	2,102	4%	2,023	2%	1,992	3%	1,937	-3%
Totals	13,026	9%	11,934	6%	11,302	-3%	11,679	6%	10,987	-4%

WATER CONSUMPTION BY TOWN/CITY (MEGALITRES) 2024/25

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	332	56.7	40	73.5	9	23.5	381	153.7	150.7	206
Balmoral	106	18.1	29	6.9	17	12	152	37	31.8	206
Balmoral Pipeline*	-	-	-	-	3	8.2	3	8.2	4.3	-
Camperdown	1,698	274.8	218	108	-	-	1,916	382.9	359.7	195
Camperdown Rural	-	-	1	-	412	461.2	413	461.2	428.3	-
Caramut	57	10.7	10	5.2	7	4.4	74	20.4	17.6	227
Caramut Pipeline*	-	-	-	0	11	4.7	11	4.7	3.1	-
Casterton	827	111.2	145	58.8	24	22.8	996	192.8	161.2	162
Cavendish	79	9.9	19	4.9	4	1.7	102	16.5	11.8	151
Cobden Rural	-	-	-	-	19	22.6	19	22.6	20	-
Cobden Urban	749	110.5	106	434.3	87	75.3	942	620.1	667.2	178
Coleraine	530	63.1	79	25.9	17	7.1	626	96.1	85.6	144
Coleraine Pipeline*	-	-	-	-	4	2.4	4	2.4	1.8	-
Darlington*	19	2	3	0.2	-	-	22	2.2	1.8	125
Dartmoor	136	14.7	20	2.8	-	-	156	17.5	17.5	130
Dunkeld	337	83.5	48	22.6	30	19.8	415	125.9	91.8	299
Glenthompson	101	10.8	24	0.8	8	0.8	133	12.5	10.8	130
Hamilton	4,901	799.5	652	295.3	46	22.2	5,599	1,117.10	995	197
Hamilton Pipeline*	-	-	-	-	37	23.5	37	23.5	16.2	-
Heywood	666	90.8	102	36.6	3	0.2	771	127.6	116.4	165
Konongwootong Pipeline*	-	-	-	-	67	89.7	67	89.7	69.8	-
Koroit	842	137.7	61	269.3	5	1.5	908	408.5	391.7	197
Lismore & Derrinallum	365	47.1	74	16.3	82	47.6	521	111	98.7	156
Macarthur	139	14.1	35	4.1	2	0.4	176	18.5	16.8	122
Merino	130	19.9	20	6	36	21.2	186	47.1	35.9	185
Mortlake	602	94.3	94	98.6	5	12.7	701	205.7	154.9	189
Noorat & Glenormiston	162	33.6	19	17	77	43.4	258	94	89.9	250
North Otway Pipeline*	-	-	1	1,237.30	460	424.3	461	1,661.70	1,548.50	-
Penshurst	274	42.2	49	20.8	2	0	325	63	54.9	186
Peterborough	362	26.8	16	13.1	11	23.7	389	63.6	48.6	89
Port Campbell	280	29	43	45	-	-	323	74	62.2	125
Port Fairy	2,239	298.3	228	246.8	4	0.4	2,471	545.5	535.2	161
Portland	5,407	723.8	693	720.2	6	1.8	6,106	1,445.70	1,369.00	162
Purnim	-	-	1	1.3	103	19.2	104	20.5	27	-
Sandford	60	10.4	4	0.9	28	10	92	21.3	17.1	209
Simpson	79	10	18	33.8	10	12.7	107	56.5	39.1	152
Tarrington	149	33.9	6	4.6	16	6	171	44.5	34.4	274
Terang	965	144.6	143	53.4	1	8.3	1,109	206.4	189.2	181
Timboon	459	60.1	83	53.5	117	123.2	659	236.8	166.5	158
Tullich Pipeline*	-	-	-	-	7	1.4	7	1.4	1.5	-
Warrnambool	16,064	2,397.60	1,653	1,709.20	21	31.9	17,738	4,138.70	3,620.90	180
Willaura Pipeline*	-	-	-	-	29	27.2	29	27.2	21.1	-
Totals	39,116	5,780	4,737	5,627	1,827	1,619	45,680	13,026	11,785	178

* Non-drinking water districts

Appendix 3:

Sewerage services

City/town	No. connected sewerage customers 2024/25
Allansford	306
Camperdown	1,772
Camperdown Rural	2
Casterton	824
Cobden Urban	783
Coleraine	559
Dunkeld	298
Hamilton	4,997
Heywood	712
Koroit	861
Mortlake	614
Noorat & Glenormiston	3
Peterborough	332
Port Campbell	282
Port Fairy	2,266
Portland	5,834
Simpson	81
Terang	1,016
Timboon	454
Warrnambool	17,281
Total	39,277



Our Region



- Towns with urban water and sewerage services
- ▲ Towns with urban water supply only
- ▲ Towns with a non-potable urban water supply
- Pipelines



wannonWATER

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

