Wannon Water

Annual Report

2025/26



wannonWATER

Acknowledgement of Country

We acknowledge Aboriginal and Torres Strait Islander people as Australia's first peoples and as the Traditional Owners and custodians of the land and water on which we rely.

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 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 Poonteeyt
paman paman
And life is sacred
Keerray Wurrung language group

Front cover photo: Our largest-ever single infrastructure investment, the $85 million upgrade of the Warrnambool Sewage Treatment Plant was completed in April 2026. The upgrade underpins regional growth and investment and was officially opened by the Member for Western Victoria Jacinta Ermacora.

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

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About this report

Wannon Water's Annual Report 2025/26 describes our activities between 1 July 2025 and 30 June 2026 to meet our customers' needs, regulatory obligations, maintain infrastructure, and achieve our vision of a healthy region enabled by water.

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

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

The responsible Minister for the period 1 July 2025 to 15 April 2026 was Hon. Gayle Tierney, and from 15 April 2026 to 30 June 2026 the responsible Minister was Hon. Harriet Shing, Minister for Water.

Responsible body declaration

In accordance with the *Financial Management Act 1994*, I'm pleased to present Wannon Water's Annual Report for the year ending 30 June 2026.



Helen Scarborough Chair
Wannon Water
19 September 2026

A message from our Chair and Managing Director

Building on strong foundations and inspired by the achievements of the past 20 years, we're marking the start of a new era for Wannon Water.

Our new strategic plan

Since our formation in 2005, we've focused on providing sustainable and efficient water and sewerage services to South West Victoria. While this essential role hasn't changed, we've revised our strategic plan to set new priorities when looking to 2040.

Guided by our new purpose, delivering water and sewerage services for our community, now and for the future, we're working towards our new vision of a healthy region enabled by water.

Our new vision reflects a region where communities are supported to live well, local economies are strong, and where water underpins health, resilience and opportunity. As we evolve, our services will be more seamless for customers, our systems more resilient, and our decisions grounded in long-term value.

Adapting to an evolving environment

One of our great strengths over time has been our ability to adapt. Our operating environment is constantly evolving, and it's becoming more complex. We're seeing climate impacts, financial and infrastructure pressures, increasingly complex regulatory requirements, and changing customer expectations.

We're responding to these challenges by becoming more adaptive, data-informed, customer-focused and working in genuine partnership with our community and regional stakeholders, helping ensure customers continue to receive reliable, affordable and sustainable services.

Building trusted relationships

Each time we collaborate, support, plan and share knowledge with other water corporations, catchment management authorities and sector organisations is an opportunity for us to achieve greater efficiencies, reduce duplication, foster innovation, build capability and improve resilience. This results in better outcomes for customers through more efficient service delivery, stronger regional collaboration and shared expertise.

Building trusted relationships also means recognising and respecting the enduring connection Aboriginal and Torres Strait Islander peoples have with land and water. We seek to learn alongside Traditional Owners and First Nations communities and be guided by their knowledge, perspectives and cultural understanding as we make decisions that shape the future of our region.

Meeting community expectations

Of course, addressing current and future challenges requires investment and, like any utility, the money for this is largely funded through our bills. That's why finding the right balance between price and service is an important focus as we plan for our next five-year pricing period, and one that must be informed by the customers who rely on our water and sewerage systems every day.

We recognise the importance of making the best use of the resources entrusted to us. Maintaining a focus on efficiency, accountability and continuous improvement helps ensure we deliver value for our customers, make informed investment decisions and continue providing reliable and essential services.

We're committed to ensuring community values, needs and preferences are considered and reflected in our decision making. Our new Community Advisory Committee supports this work by providing a forum to explore feedback and discuss important issues and ideas. Its 16 members hail from across our service region and our varying customer segments with a diverse range of skills and experience. We thank them for their time.

Our key initiatives

A highlight this year was the official opening of our largest ever single investment - the $85 million Warrnambool Sewage Treatment Plant Upgrade Project by former Board Chair and now Member for Western Victoria Jacinta Ermacora. It's a new chapter for a critical piece of our infrastructure that is often unseen and under-appreciated. Designed to meet the growing needs of industry and residential development, the project will help ensure reliable sewerage services for customers, boost economic growth and investment in our region while continuing to protect public health and the environment.

Thanks to our project team, our contractors and sub-contractors, our engineering consultants, and our employees, this massive project came in under budget. We'd particularly like to acknowledge our Central Treatment Operations Team who had to

endure several years of disruptions and distractions from their day-to-day work while construction took place.

Another exciting project was the completion of one of Australia's largest floating solar arrays on Warrnambool's Brierly Basin, converting an existing water storage into a source of renewable energy. The innovative project demonstrates how water utilities can integrate innovative clean energy technologies into essential infrastructure, delivering long-term environmental, operational and financial benefits that help support reliable and affordable services for customers.

The Quality Water for Wannon (QWW) Program is designed to improve the quality and taste of the water for customers in Portland, Heywood and Port Fairy through the construction of new reverse osmosis water treatment plants in each town. Following extensive community engagement, we aim to have a design and construct major works contract in place by early 2027.

Other ongoing investments include the $10 million Gellibrand River Restoration and Supply Resilience Project; the construction of a new pump station off Wangoom Road to cater for the residential growth corridor in north-east Warrnambool; and, following a successful trial in 2025, a change to the way Portland's water is disinfected to maintain the long-term safety and quality of the drinking water supply.

We recorded a net loss before tax of $24.5 million, an increase of $12.4 million on the prior year. Total revenue was $97 million, up $1.65 million on 2024/25, mainly due to an increase in water revenue and government funding for operational and capital projects. Total expenses increased by $14 million to $121.5 million, with higher contractor costs, and depreciation due to large capital projects the main drivers. Our cash position remains positive, and we are well placed to service debt with sufficient coverage to manage increase in debt requirements for future investments.

Responding to emergencies and incidents

Our response procedures at Wannon Water are well tested and developed with teams on call 24/7 to minimise disruptions and maintain essential services for customers during emergencies and urgent incidents.

We established an Incident Management Team to monitor our Otway Water Supply System in early January, with impacts from bushfires and extended power outages in the area. The fire burnt close to our main pump station, but thanks to previous fire mitigation measures, vegetation clearing work and the overnight efforts of Country Fire Authority volunteers, there was no damage to the facility.

We take advantage of warmer conditions each year to process biosolid stockpiles at our facilities in Camperdown, Hamilton and Portland, with a working group meeting weekly to monitor the process and work through any issues. Biosolids are an unavoidable by-product of sewage treatment and must be managed safely and lawfully as part of delivering essential sewerage services to the region.

Unfortunately, the process can create unpleasant odours, and we understand this can be frustrating for affected residents. The upgrade of the Warrnambool Sewage Treatment Plant is expected to improve the quality of material processed and help reduce odour impacts. We're also investigating long-term options with our preferred solution, a new regional biosolids processing facility.

Investing in our people

We recognise the contribution of every employee in delivering our purpose. Whether it's working in the field, in treatment plants, in offices or in the community, each of them plays a crucial role in supporting the wellbeing, resilience and opportunity of our region.

We thank and acknowledge several long-serving employees who retired or left us in 2025/26. Thanks to Civil Maintenance Operator Peter Tangey on his 30 years of service, Manager Corporate Contracts and Projects Les Johnson on 26 years, Executive Strategy and Innovation Joanne McBain for 26 years and Customer Support Officer Sharon Parkinson for 20 years with Wannon Water.

We also farewelled and thanked outgoing Board Director Ken King for his eight years of service and dedication, and welcomed new Directors Andrew Morecroft and Rebecca Bartel who were appointed in October.

Looking to the future

Our work has a lasting impact. Every investment, every decision, every interaction must consider both today's needs and tomorrow's challenges. Resilience is at the heart of our new purpose and reinforces that what we deliver today must leave our communities stronger, more adaptable and better prepared for the future.

With strong foundations, committed employees and a clear strategic direction, we are well placed to meet future challenges and continue delivering value for our communities.



Helen Scarborough
Chair





Steven Waterhouse
Managing Director



Our vital role

A healthy region enabled by water

Our vision is for a region where people can live well, communities are supported, and economies thrive — with water playing a vital role in everyday life.

We're your local, dependable experts

From the South Australian border to the Otways. From the Grampians to the coast. We're taking care of more than 30 communities, including residents, farmers, businesses and industries. Our role is to provide fresh drinking water from source to tap, and to manage sewage in a way that protects health and wellbeing.

Putting people first comes naturally to us. We're here to help with service that's more affordable, reliable and personalised. You'll see us out in towns and on streets, maintaining and upgrading the water and sewerage pipes, pump stations and sewage treatment plants we all rely on.

We're making a real and positive difference

We're dedicated to improving life across South West Victoria. We work with our community, Traditional Owners and regional partners to enhance liveability, create opportunities and protect the environment we all depend on.

We're proud to make this commitment to the region we call home, now and for the future.

Nature and range of services provided

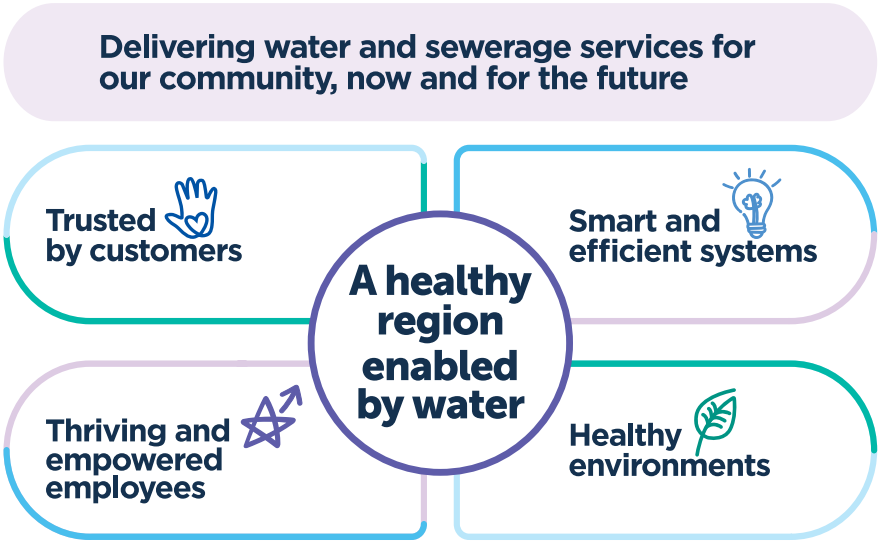
We're an entity that delivers government objectives and priorities, primarily under the *Water Act 1989* and the policy directions set out in Water for Victoria.

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.

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 for water supply and sewerage services, and to plan for the future needs of the community relating to water supply and sewerage services.
- Develop and deliver 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.

Our purpose and vision



Water sources

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

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

Customer numbers

Water services

We provide water services to 46,215 residential, commercial, industrial and rural customers across 34 customer zones. The total growth in the number of water customers was 1 per cent in 2025/26, with 535 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 2025/26 (kilolitres)
Residential	39,613	5,463	43%	5,435	138
Business	4,767	5,927	46%	5,275	1,243
Rural	1,835	1,469	11%	1,450	801
Total	**46,215**	**12,859**	**100%**	**12,160**	**278***

**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 39,684 residential, commercial and industrial customers across 16 sewerage systems. The total growth in the number of customers was 1 per cent, with 407 new customers connected to a sewerage service.

Performance against objectives

Our strategic priorities

Our strategic priorities are aligned with the expectations of our customers and the Minister for Water. Throughout this report, we describe the activities that have occurred during 2025/26 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 o Partially met ✘ Not met

	Key project or initiative	Comment	Result
Customer	Warrnambool Sewage Treatment Plant upgrade	Completed on time and budget.	✔
	Effluent Management Strategy	Submitted to the Environment Protection Authority (EPA) in June 2026 within the amended development licence timeframe.	✔
	Here for You Customer Experience Strategy including customer support	A mid-point review of progress against the strategy goals showed positive trends in awareness of financial support options available, and consistently positive perceptions in areas including customer service and community reputation.	✔
	Quality Water for Wannon Program - water quality improvements in Portland, Port Fairy and Heywood	Early design for new water treatment plant infrastructure complete, with tender documentation being prepared for a major works contract award in early 2027.	✔
	CX Plus - new customer relationship management and billing system	Reached key procurement and contract milestones, with the project team and Board oversight committee in place.	✔
	Family violence prevention project	Following a review by Safe and Equal, project plans updated, new guide developed, tailored training delivered, and customer communications and letter templates improved.	✔
	Commencing detailed planning for long-term sustainable biosolids management.	Contributing to the Water Services Association of Australia (WSAA) national adaptive pathways project, with key work underway to adapt the sector-wide approach to regional needs.	✔

Environment	Climate Adaptation Roadmap	Recruitment complete and roadmap endorsed. Working on delivery of action plan with active participation in all sector-wide programs.	✔
	Central and Gippsland Region Sustainable Water Strategy	Gellibrand Summer Flows study on track for completion to help identify environmental and cultural values supported by current flow regimes. Study expanded to include the reach below Arkins Weirs to better understand the benefits of passing flows. Project advisory group reviewing draft recommendations and Traditional Owner input incorporated where possible.	O
	Gellibrand River Restoration and Supply Resilience Project	Detailed design for Curdievale bore complete, with procurement beginning soon. New bore remains subject to location approval. Dales Road design complete and contract documentation being prepared.	✔
	Increase our capability to understand and manage contaminants of emerging concern.	Strengthened capability through risk-based monitoring, industry collaboration and employee training. Updated monitoring programs for sewage, recycled water and biosolids, while staying informed of emerging contaminants and changing regulatory requirements.	✔
	Circular economy roadmap and opportunities related to key material flows	Continued to embed circular economy principles across our operations, improving resource recovery, reducing waste and exploring new opportunities to create value from our resources.	✔
	Update Konongwootong Reservoir Master Plan	Paused due to other prioritised work.	✘
Enablers	Towards Reconciliation First Nations' Strategy	We focused on our internal cultural capability through a cultural audit that identified current strengths, gaps and training needs.	✔
	We are Wannon Employee Strategy	Strong progress across all four pillars of the strategy continued, reflected in positive People Matter Survey results. Started strategic workforce planning, developing a fit-for-purpose framework and supporting tools.	✔
	Maintaining our Zero Harm approach (as an organisation that delivers water and sewerage services 24/7)	2026 People Matter Survey showed positive feedback on safety communication, including improved discussion of psychological safety risks. Eighteen of 21 OH&S Standards approved, while training, safety initiatives, and Zero Harm walks and conversations continued to build safety capability and support continuous improvement.	✔
	Work Smarter, Not Harder manager development program	People leaders developed practical coaching skills to provide feedback, lead difficult conversations and support employee development, helping build a culture of continuous learning, accountability and high performance.	✔
	Digital Strategy, Cyber Strategy and projects outlined in the digital platform roadmaps	Established the Digital Steering Committee to oversee delivery of digital initiatives and develop Digital Governance Framework. AI Governance Committee established to develop our AI strategy.	✔
	Price Submission 2028-33 planning and development	Progressing as planned, with strong progress across customer engagement, planning and supporting activities.	✔

Key facts

36
megalitres
water treated
every day



1,600
hectares
land managed



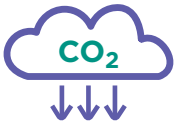
12,859
megalitres
drinking water
consumed
(35 million litres a day)



2,519
MWh
renewable energy
produced locally



4,600
tonnes
biosolids recycled



18,430
tonnes
carbon emissions
avoided



$26.1M
capital works
completed



110
customer calls
answered daily



$780K
in support measures
for **1,600**
customers

Our customers and communities

Engagement

Community engagement remains central to how we plan and deliver services that meet customer and community expectations. Guided by our Community Engagement Framework and the International Association for Public Participation (IAP2) principles, we use inclusive activities to ensure diverse customer perspectives are considered in our decision making.

These insights inform key strategic documents, including the Corporate Plan and Urban Water Strategy, and shape major projects. Customer and community feedback is also a vital part of our five-yearly price submission to the Essential Services Commission (ESC), helping ensure our plans reflect the priorities of those we serve.

We visited seven towns during our community roadshow and three towns as part of project-specific engagement. Customers completed online and phone surveys, spoke directly with our team, participated in focus groups and attended information sessions, pop-ups and events. We refreshed our Community Advisory Committee, which helps guide our approach to planning and delivering water and sewerage services.

What we heard

- Customer perceptions remain stable and positive, we're generally viewed as a reliable and affordable service provider, maintaining a strong regional reputation.
- Increased concerns about water quality, particularly taste and smell in areas supplied with groundwater that contains naturally-occurring minerals. More customers told us they don't drink our water and complained about water hardness.
- An increase in complaints about water pressure.
- Comments about a perceived lack of control over bills due to the variable water usage charge being low compared to the higher fixed service charge.
- More questions about our response to the drought, whether we have enough water, and why we're not introducing water restrictions.

The ESC and Wannon Water monitor value for money, trust, reputation and overall satisfaction each year to better understand customer perceptions. While not statistically significant, our results aligned with those of similar Victorian water corporations.

Our Customer Value Survey is another key input to our Annual Engagement Program. Overall satisfaction remained high, however perceptions of value for money decreased. Our independent market research company highlighted our strong results despite cost-of-living pressures and growing distrust in government organisations, noting it was rare to see satisfaction ratings consistently nearing 90 per cent. They identified several focus areas to maintain future performance.

Education

Our Education Plan aims to build water literacy and help customers understand our services, water sources and the importance of sustainable water use.

We delivered 12 community education sessions, reaching almost 500 people during the year.

We ran a popular school holiday workshop with the Warrnambool Library, introducing young people and their families to the wonderful world of microscopic animals responsible for breaking down sewage.

In collaboration with the Lighthouse Theatre and Windmill Production Company, we presented the production of Moss Piglet to hundreds of locals to build their understanding and appreciation of tardigrades.

We partnered with Neil Porter Legacy to run workshops at school events, educating students about water filtering principles and encouraging them to experiment with building their own filters.

We delivered nine tours of our water treatment plants in Warrnambool, Camperdown, Hamilton and Portland, attracting 140 participants. A further 130 people toured the West Warrnambool Water Tower, featuring Claire Foxton's artwork depicting the faces and stories of three migrants who have made South West Victoria their home.

In partnership with the Glenelg Hopkins Catchment Management Authority and Southern Rural Water, we organised another successful National Water Week poster competition, receiving more than 600 high-quality entries from 10 schools. Two of our entries were selected as state winners, with one then winning their age category in the national competition.

These activities all helped improve community understanding of where water comes from, how sewage is treated, and the role we all play in protecting water resources.

Customer bills

We have a strong track record in delivering efficiencies for the benefit of our customers without any reduction in customer service levels. Our prices reflect our strategic plan of a healthy region enabled by water and our commitment to delivering long-term value for customers.

	2024/25	2025/26
Residential bill – owner/occupier ($ real 2025/26) The actual bill for an owner-occupier with typical (average) water use in real 2025/26 dollars	$1,273.28	$1,284.15
Percentage change from prior year		0.85%
Residential bill – renter ($ real 2025/26) The actual bill for a renter with typical (average) water use in real 2025/26 dollars	$241.71	$246.54
Percentage change from prior year		2.00%
Typical average water use (kL) assumed in owner-occupier and rental bill calculations	140 kL	140 kL
Non-residential bill – business ($ real 2025/26) The annual bill for a business using 3 ML per annum in real 2025/26 dollars	$8,964.54	$9,129.21
Percentage change from prior year		1.84%

Support for our customers

Community service obligations	2024/25 ($)	2024/25 (no. of customers)	2025/26 ($)	2025/26 (no. of customers)
Provision of water and sewerage concessions	3,788,270	53,293*	3,944,069	50,341*
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme	297,014	N/A	293,314	N/A
Utility Relief Grant Scheme payments	158,020	422	150,532	425
Water concessions on life support machines	469	1	1,036	4
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 2026, instalment plans were in place for 3,373 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 need.
- 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

	2024/25 result	2025/26 result	Variance to prior year	2025/26 target	Variance to target
Water bills					
No. of customers with instalment plans	3,143	3,373	7.3%	N/A	N/A
No. of customers awarded hardship grants	172	231	34.3%	N/A	N/A
Water quality complaints					
No. of complaints per 100 customers	0.35	0.32	-45.8%	0.38	-15.9%
Payment issue complaints					
No. of complaints per 100 customers	0.09	0.17	88.9%	0.17	0.0%
Total complaints	0.70	0.75	7.1%	0.75	0.0%

Community partnerships

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 regional prosperity, education, training and volunteering, health and wellbeing, and the natural environment

Grants

Our *Ripple Effect* grants program helps community groups and schools run projects and activities, and provides funding for international aid projects. We awarded a total of $44,000 in grants to strengthen their local communities.

Organisation	Description	Allocation
Cobden Technical School	The school has significantly cut its landfill waste and boosted participation in the 10-cent container recycling program.	$1,000
Hawkesdale P12 College	A new indigenous garden space has created cross-curricular learning opportunities featuring a six seasons art installation that students painted alongside artist Sherry Johnstone. It helps students gain a deeper understanding of First Nations' knowledge, traditions, and connection to Country.	$1,000
St Patrick's Primary School Koroit	There's been a clear reduction in general waste at the school with students now confidently sorting their rubbish into the correct bins.	$1,000
Beyond the Bell Great South Coast	Fifteen disengaged young people have taken part in the MAD Youth Leadership program. They've worked with mentors to develop a project, manage a budget, and deliver a youth-focused event.	$3,500
Brophy Family and Youth Services	Twenty-four women from a diverse mix of ages, cultures, and backgrounds have joined a surf program, building a culture of 'surf-sisterhood' through mentorship, peer support, and social connection.	$5,000
Cavendish Townscape Association	A new watering system has transformed the oval into a space for student play, football training and the Cavendish Redgum Festival, and it also acts as a bushfire buffer.	$5,000
Laang Speedway Club	A secure water supply is now available for both the speedway and the Laang Fire Brigade.	$4,000
Merino Public Hall	A new refrigerator, blinds, and a larger sink have enabled the hall to host several significant community events.	$5,000
Upwelling Festival	Raised awareness of First Nations' cultural heritage and values, alongside environmental understanding of the upwelling. The 2025 festival saw record attendance of more than 5,000 people.	$5,000
Warrnambool and District Community Hospice	This pilot event supported bereaved families of patients from the Hospice in the Home program. It allowed families to reflect on the life of their loved one, light a candle and share their experiences.	$2,000
WRAD Health	Participants shared their lived experiences in facilitated group sessions, working with a professional artist to create postcard artwork that reflects their stories. These postcards have been distributed throughout the community, raising public awareness of recovery, reducing stigma, and promoting support services.	$3,000
Water East Timor (WET) Warrnambool	Supported a local group in South West Victoria to construct a new toilet block for 180 staff and students at the Bobonaro Secondary School, leading to greater attendance and an awareness of the importance of good hygiene and sanitation.	$4,000

Sponsorship

Our *Ripple Effect* sponsorship program distributed more than 1,700 items of merchandise, including water bottles, sports prize packs, shopping bags, tote bags, back sacks, garden hose trigger nozzles, buckets, shower timers and pens to members and students of 22 community groups, sporting clubs and schools.

Water for Community program

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

The rebates are applied to eligible not-for-profit organisations responsible for paying the water bill for properties such as parks and gardens, sporting and recreational grounds, swimming pools, median strips, roundabouts, cemeteries and boat ramps. In 2025/26, we provided $257,888 in rebates to 238 customers.

Thirst Aid program

Our Thirst Aid program 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 44 community events with our Thirst Aid Station booked for 19 of these. 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.

Regional partnerships

We're committed 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 lead or actively participate 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
- Respect 2040's Executive Governance Group
- Thriving South West Victoria
- Wata Waetnanda
- Women's Health and Wellbeing Barwon South West.

Recognising Aboriginal values

We're committed to advancing First Nations' 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:

- A Victorian Aboriginal Remembrance Service event in Heywood.
- An on-Country cultural immersion experience with Gunditj Mirring Traditional Owners Corporation.
- Briefing from Gunditj Mirring Traditional Owners Corporation on sea Country.
- First Nations' cultural awareness VicWater eLearning.
- Participation in National Reconciliation Week and NAIDOC activities within the region and online.

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

- NAIDOC Week organised by Eastern Maar Aboriginal Corporation, Gunditjmara Aboriginal Cooperative, Worn Gundidj Aboriginal Cooperative, South West Healthcare and
- Closing the Gap, Kirrae Health Service.
- Koori Karnival with Kirrae Health Service, Dhauwurd-Wurrung Elderly and Community Health Service, Gunditjmara Aboriginal Cooperative and Winda-Mara Aboriginal Corporation.
- National Reconciliation Week events in Port Fairy organised by Wata Waetnanda.

Our Board Observer (Aboriginal) Scholarship Program is ongoing and our third observer is being recruited. The program aims to provide opportunities to develop skills in good governance and professional networking.

We've 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 with Eastern Maar Aboriginal Corporation, Barwon Water, Grampians Wimmera Mallee Water, supporting partnership work across the four organisations. We're exploring opportunities to expand partnership agreements with other Traditional Owner corporations.

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.

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

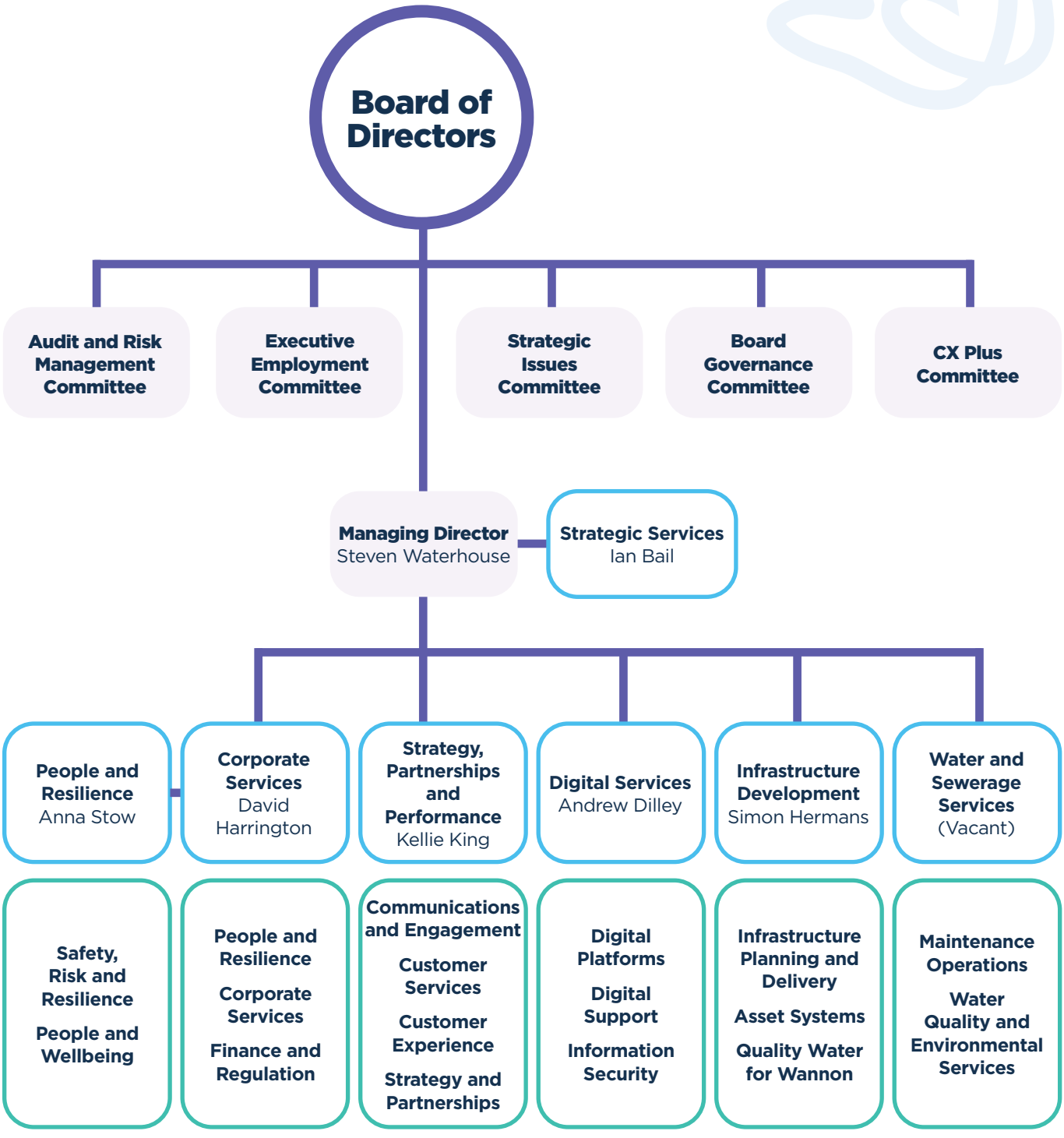
Our Procurement Strategy outlines our commitment to achieving social procurement outcomes that align to the requirements of the Social Procurement Framework.

We engaged one Aboriginal family-owned business on multiple contracts. 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.

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

Organisational structure

As at 30 June 2026



Our Board

The Board is responsible for overall corporate governance including:

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

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

The Board conducted an internal annual performance review in 2025/26 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, 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 2026, according to the Minister's guidelines.

Ethical standards

The Board is committed to maintaining high standards of ethical conduct by Directors, employees and contractors. The Board's governance manual supports ethical decision making through policies, delegated authorities and compliance and awareness programs. This manual is regularly reviewed.

The Board is guided by the Code of Conduct for Directors of Victorian Public Entities issued by the Victorian Public Sector Commissioner. The code supports Directors in upholding public sector values and good governance practices.

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

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.

Board Directors

- Dr Helen Scarborough (Chair), appointed 1 October 2017
- Dr Susan Brumby (Deputy Chair), appointed 1 October 2019
- Steven Waterhouse (Managing Director), appointed 18 July 2025
- Narelle Allen, appointed 1 October 2023
- Rebecca Bartel, appointed 1 October 2025
- Bill Millard, appointed 1 October 2023
- Andrew Morecroft, appointed 1 October 2025
- Emma Olivier, appointed 1 October 2023
- Neil Plummer, appointed 1 October 2023
- Gordon Rich-Phillips, appointed 1 October 2023

Director information is available at wannonwater.com.au

Board meetings

Board meetings are scheduled monthly, except in January, April and July. Minutes of meetings record the Board's decisions.

Directors receive customer and stakeholder feedback through a range of mechanisms, including direct engagement, customer surveys, community engagement and project-based customer committees.

Board meetings attended

Director	Attended	Eligible to attend
Helen Scarborough (Chair)	10	11
Steven Waterhouse	11	11
Narelle Allen	9	11
Rebecca Bartel*	8	9
Susan Brumby	10	11
Bill Millard	10	11
Andrew Morecroft*	9	9
Emma Olivier	9	11
Neil Plummer	11	11
Gordon Rich-Phillips	11	11
Ken King#	2	2

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*.
* Total number of meetings reflects appointment to the Board on 1 October 2025.
# Total number of meetings reflects completion of term on 30 September 2025.

Board committees

The Board has five committees to assist it in carrying out its responsibilities. Information on these committees, including the purpose of each committee and the extent to which it 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 the effectiveness of certified management systems and oversees cyber resilience. The committee meets regularly with the internal auditor, SW Australia, and the external auditor, the Victorian Auditor General's Office (VAGO).

As of 30 June 2026, the committee comprised Directors, Neil Plummer (Chair), Gordon Rich-Phillips, Rebecca Bartel and Andrew Morecroft, and two independent external members, Kevin Leddin and Michael Trovato.

Audit and Risk Management Committee meetings attended

Director	Attended	Eligible to attend
Neil Plummer (Chair)	4	4
Gordon Rich-Phillips	4	4
Andrew Morecroft*	3	3
Rebecca Bartel*	3	3
Emma Olivier#	1	1
Ken King#	1	1
Shannyn Martin#	1	1
Joseph Dalessandro**	2	2
Kevin Leddin	3	4
Michael Trovato^	1	1
Ken King#	2	2

* Appointed to the committee on 1 October 2025.
^ Appointed to the committee on 1 May 2026.
** Resigned from the committee on 19 November 2025.
# Ceased membership of the committee 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 delivering Board governance initiatives. The committee comprises Directors, Emma Olivier (Chair), Narelle Allen and Steven Waterhouse.

The CX Plus 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 CX Plus customer relationship management and billing project. The committee comprises Directors, Bill Millard (Chair), Neil Plummer, Rebecca Bartel and Steven Waterhouse.

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 committee comprises Directors, Helen Scarborough (Chair), Susan Brumby, Emma Olivier and Bill Millard.

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

The Warrnambool Sewage Plant Committee provided a link between the Board and the project steering committee, overseeing key strategic risks relating to the Warrnambool Sewage Treatment Plant Upgrade Project. The committee concluded in May 2026. Members were Directors Susan Brumby (Chair) and Gordon Rich-Phillips, and independent external member Mick Murphy.

Our people

Creating a safe, inclusive and high-performing workplace remains fundamental to our success. When people feel respected, supported and connected to our purpose, they are empowered to deliver the best outcomes for customers and communities.

Our commitment to employee wellbeing and engagement continues to deliver strong results. Through the Victorian Public Sector Commission's People Matter Survey, we gained insights into the employee experience across the organisation. There was strong engagement with 85 per cent of employees participating. Our employee engagement index rose to 74, up from 73. These results reflected a positive and engaged workforce.

Pleasingly, 89 per cent of employees said they were proud to work at Wannon Water and 84 per cent would recommend Wannon Water as a great place to work.

While we're proud of the positive results achieved, we recognise there is always more to do. Feedback from our people continues to inform our priorities.

We are Wannon: our people strategy

Now in its third year, our *We Are Wannon* strategy continues to guide our commitment to putting people first. Built around four pillars, it provides a clear roadmap for building a safe, capable, inclusive and engaged workforce. Through continued investment in wellbeing, leadership, workforce capability and employee experience, we're strengthening the culture that supports our people and organisational success.

Safe people

Through our Zero Harm initiative, we continue to strengthen a proactive, risk-based approach to safety using our 3Ps model, People, Plant and Processes. By focusing on safe systems of work, employee involvement and visible safety leadership, we're creating a workplace where risks are identified early and everyone is empowered to contribute to a safe working environment.

A dynamic workforce

We're strengthening workforce capability through strategic workforce planning and leadership development.

We all belong

We continue to foster an inclusive workplace through employee-led initiatives, wellbeing activities and flexible ways of working that strengthen connection, support wellbeing and help employees thrive.

Valued and recognised

Recognising the contribution of our people remains central to our culture, with 84 per cent of employees agreeing their direct manager recognises when they do good work. This highlights progress in creating a workplace where people feel valued and supported to succeed.

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.

Psychological health and safety

In line with the introduction of Victoria's Occupational Health and Safety (Psychological Health) Regulations 2025, we continued to strengthen our already sound approach to psychological health and safety. We've completed risk assessments, identified existing controls and treatments to reduce the likelihood of risks developing into harm to our people. We delivered organisation-wide training to build awareness and understanding of the shared role we all play in creating a psychologically safe workplace.

Reasonable adjustments procedure

We introduced a Reasonable Adjustments Procedure that supports us in providing an accessible and inclusive workplace for all employees, including people with disability. The procedure establishes a consistent and transparent process for requesting, assessing and implementing workplace adjustments, ensuring employees are supported to perform the inherent requirements of their role.

Leadership, learning and development

We delivered 10,118 hours of learning and development, averaging 40 hours per employee. Our investment in learning reflects our focus on building the skills, knowledge and capabilities our people need to succeed today and into the future.

Key initiatives included:

Work Smarter program - Our flagship leadership development program, delivered to people leaders across the organisation. Using a coaching-based approach, the program supports leaders to strengthen their coaching capability, provide meaningful feedback, encourage real-time reflection, and create focused development plans that support individual and team success.

Customer support and family violence training - Delivered to customer support employees to build awareness and capability in recognising and responding to customers experiencing family violence. The training equips employees with the knowledge and confidence to respond appropriately and connect customers with available support pathways.

Diversity, equity, inclusion and belonging

Our *We are Wannon* 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.

Gender Equality Action Plan (GEAP)

As part of legislative obligations under the *Gender Equality Act 2020*, we continued to implement our GEAP 2021-2025, meeting all reporting obligations, and developed and submitted our next GEAP 2026-2030 to the Gender Equality Commissioner.

Our GEAP is central to our commitment to gender equality and inclusion. It reflects our focus on embedding gender equality into our systems, culture and leadership practices, ensuring all employees have fair access to opportunities and can contribute to our shared success. Informed by data and insights from the Gender Commissioner and our own evaluations, this GEAP includes practical, measurable action and targets.

The table outlines diversity metrics and the progress we're making to ensure inclusion, respect and equality is part of how we work every day.

We continued to demonstrate our focus on inclusion, wellbeing and equitable employment through:

- Accreditation as a Family Friendly Workplace.
- Endorsement as a WORK180 employer.
- Membership with the Diversity Council Australia.

We were proud to be recognised by WORK180 as one of Australia's top 101 workplaces for women.

Of the 63 recruitment activities completed:

- 40 per cent of applicants were women.
- 47 per cent of shortlisted candidates were women.
- 56 per cent 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.

Through our Belonging and Wellness programs, we held celebrations 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.

Two of our employees (1 per cent of our workforce) identify as Aboriginal according to the People Matter Survey 2026.

The Board Observer (Aboriginal) Scholarship Program continues and provides an opportunity to improve participation by Traditional Owners and Aboriginal Victorians on our Board while developing skills in governance and professional networking.

Key diversity metrics and GEAP targets

Inclusion and diversity target	2030 target	2025/26 actual	2024/25 actual	2023/24 actual	2022/23 actual
Women who manage teams	40%	33.8%	27.5%	26%	28%
Women appointed to higher duties	50%	35%	40%	39%	40%
My manager treats employees with dignity and respect (based on People Matter Survey results)	95%	92%	92%	87%	92%
The average annualised total remuneration pay gap is reduced	5%	12.1%	13.8%	15.1%	16.8%

Cultural awareness training	2025/26	2024/25	2023/24	2022/23	2021/22
Number of employees completed	40	29	104	75	75

Workforce statistics

The number of full-time equivalent employees increased by eight, while the total headcount grew by six. This reflects modest growth in ongoing operational roles and some movement between part-time and full-time arrangements, consistent with flexible ways of working.

Employees have been correctly classified in workforce data collection.

	30 June 2026							30 June 2025						
	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	102	94	59	24	76	19	18	96	85	55	29	74	12	11
Men	151	148	136	7	141	8	7	152	149	137	7	142	8	7
Unknown	1	1	0	0	0	1	1	0	0	0	0	0	0	0
AGE														
15-24	11	11	8	0	8	3	3	12	12	8	0	8	4	4
25-34	47	45	40	2	41	5	3	48	46	39	5	42	4	4
35-44	65	62	46	11	54	8	8	59	55	45	11	52	3	3
45-54	77	73	57	13	67	7	7	78	74	62	11	70	5	4
55-64	49	46	39	5	42	5	5	46	43	35	7	39	4	4
65+	5	5	5	0	5	0	0	5	4	3	2	4	0	0
CLASSIFICATION														
Band 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Band 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Band 3	1	0	0	1	0	0	0	2	2	0	1	1	1	1
Band 4	57	54	45	8	50	4	4	68	63	50	12	57	6	6
Band 5	60	56	43	8	49	9	7	53	50	42	9	48	2	2
Band 6	62	59	47	8	53	7	7	55	52	41	9	47	5	5
Band 7	25	25	19	3	22	3	3	27	25	23	1	23	3	2
Band 8	29	28	23	3	25	3	3	23	22	17	4	20	2	2
Senior Manager	14	14	12	0	12	2	2	14	14	13	0	13	1	1
EXECUTIVES														
Executive 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	**254**	**242**	**195**	**31**	**217**	**28**	**26**	**248**	**234**	**192**	**36**	**216**	**20**	**18**

Notes: Excludes nine 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

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 is valued for their expertise, feels comfortable to share ideas or concerns and is empowered to continually improve our processes.

A robust risk management framework shows where our highest risks are, and ensures everyone understands hazards associated with their work and what's required of their systems to manage risk to acceptable levels. Our proactive audit program provides assurance that our OH&S systems are working and drives regular review and improvement; seeking smarter, safer and more effective ways to reduce risk and support employees.

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.

Improvements included:

- Ongoing development of our psychological safety management system to effectively manage psychosocial hazards and support employees and leaders to identify and manage risks before injury occurs.
- Ongoing development of our Zero Harm walk and conversation program, which brings senior leaders and employees together to review high-risk work and strengthen safety culture.
- Celebrating safety culture and leadership through the Zero Harm Awards, with 49 nominations recognising employees and teams demonstrating commitment to safety, risk management and continuous improvement.
- Ongoing participation in state and national water industry OH&S forums to share knowledge and industry best practice.
- Ensuring frontline voices informed safety standards, operational risk assessments and enhancements to field tools, including completion of 34 standards and risk reviews.
- Integrating people, safety and operational systems to reduce duplication, clarify responsibilities and support management of psychosocial and physical risks.
- We were recertified to ISO 45001, the leading international standard for OH&S, with auditors highlighting our organisational capability and commitment to continual improvement.
- Aligning enterprise-level safety risk assessments with strategic decision making to inform capital investment, resource planning and policy development, strengthening links between safety and long-term business sustainability.
- Reviewing and updating processes to introduce high-risk plant and manage preventative maintenance of safety equipment.

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

Claims	**2025/26**	**2024/25**	**2023/24**	**2022/23**
Number of lost-time standard claims	4	0	0	4
Number of lost-time standard claims per 100 FTE	1.58	0	0	2.22
Average cost per claim	$42,847	$0.00	$0.00	$2,996
Incidents				
No. of incidents	46	36	50	45
Rate per 100 FTE	18.10	15.38	20.49	20.00

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've continued to promote our Every Drops Counts campaign along with the statewide Permanent Water Savings Rules.

We're a supporter of Smart Water Advice, a not-for-profit water efficiency project for water utilities and councils throughout Australia.

We continue to explore alternative uses for recycled water across the region.

Water consumption

Residential water use across our region was 170 litres per person per day, around 7 per cent lower than in the previous year. This was a positive and expected reduction given rainfall conditions were closer to average. However, consumption remained around 10 per cent above the widely used water-efficiency benchmark of 155 litres per person per day, reinforcing the importance of continuing to support our community to become more water efficient.

Non-residential water usage across all categories was lower, with 2,494 litres per connection per day, a reduction of 15.6 per cent.

Water consumption report

Residential connections	Number of residential connections	39,594
	Potable water volume consumed by residential connections	5,460 megalitres
	Per capita daily residential potable water consumption	170 litres/day
	Recycled water volume used by residential connections	0
	Treated stormwater volume used by residential connections	0
Non-residential connections	Number of non-residential connections	5,977
	Potable water volume consumed by non-residential connections	5,444 megalitres
	Recycled water volume (end use) used by non-residential connections:	
	Commercial purposes	184 megalitres
	Industrial purposes	1 megalitre
	Agricultural purposes	1,791 megalitres
	Municipal purposes	22.5 megalitres
	Beneficial allocation	0
	Within process	142 megalitres
	Total	2,142 megalitres
	Stormwater volume (end use) used by non-residential connections:	0
	Total number of connections	45,571
	Total potable water consumed	**10,905 megalitres**
	Total recycled water and stormwater volume	2,142 megalitres
	Total volume of water used by connections	13,047 megalitres
	Average annual water consumption	12,160 megalitres
Non-revenue water	Leakage	2,355 megalitres
	Firefighting	9 megalitres
	Other	25 megalitres
	Total non-revenue	**2,389 megalitres**
Total volume of water from all sources		**13,026 megalitres**

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	2
Equal to or greater than 400ML and less than 500ML	0
Equal to or greater than 500ML and less than 750 ML	2
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

Corporate water consumption

Apart from office-based water use, consumption at our other sites is difficult to determine and compare, as it 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	512	3.3	145
15 Townsend Street Portland	5	278.4	26	5.2	93
66 Gray Street Hamilton	7	614.7	34	4.9	55
Total	**165**	**4,423**	**572**	**3.5**	**129**

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

Community programs

Name of program	No. of customers
Community Rebate Program	26
Community Housing Retrofit Program	N/A

Water recycling

We recycled 2,142 megalitres of water. The prolonged dry conditions enabled continued irrigation at our farmland sites and, for the third 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 preparedness

Following the exceptionally dry conditions experienced in 2024/25, rainfall across much of South West Victoria returned closer to average during 2025/26. While the recovery was uneven and included a dry summer, rainfall later in the year improved soil moisture, generated renewed run-off and substantially eased drought pressures across the region.

Permanent Water Saving Rules remained in place throughout the year, and no additional water restrictions were required. The improved seasonal conditions reduced pressure on our water supply systems and supported the recovery of surface water sources and storages following the prolonged dry period.

We continued to closely monitor rainfall, stream flows, groundwater levels, storage volumes and customer demand across all our supply systems. This information informed our Annual Water Outlook and drought preparedness planning as part of the development of the 2027 Urban Water Strategy.

The experience of the previous year reinforced the importance of maintaining diverse water sources, flexible operating arrangements and well-developed contingency plans. These measures ensure we remain prepared to respond if dry conditions return or individual systems come under pressure.

Sustainable water management

Engagement to inform the 2027 Urban Water Strategy confirmed that customers continue to value the efficient and sustainable use of water, even when our water supplies are secure. Many customers are taking practical steps to reduce their water use, including keeping showers short, using rainwater tanks and choosing water-efficient appliances.

Customers generally support reducing demand as the first response to water scarcity and have expressed strong interest in initiatives such as roof water and stormwater harvesting, digital metering and rebates for water-efficient appliances. They want clearer information about local water supplies, drought preparedness and how individual water saving actions contribute to long-term water security. We'll use this feedback to inform our new Urban Water Strategy and future water-efficiency initiatives, balancing water security, affordability and environmental outcomes.

WaterSmart

WaterSmart is a State Government-funded water efficiency program that helps organisations reduce potable water use and water-related operating costs. Digital water-use loggers are now connected at almost 100 non-residential properties across our region, including hospitals and community health facilities, supermarkets, childcare centres, swimming pools, caravan parks, sporting reserves and council facilities. The loggers provide participating organisations with detailed information about their water use and help identify unusual consumption and potential leaks.

At Brauer College in Warrnambool, monitoring identified a significant and increasing leak of around 3,000 litres per hour. Targeted leak-detection work located the source and repairs were completed, preventing the loss of around 26 million litres of drinking water each year, equivalent to more than 10 Olympic-sized swimming pools.

Water efficiency audits started during the year, with three stream two audits and six stream three sporting-ground audits completed at Warrnambool City Council sites. These identified significant opportunities to reduce drinking water use through improved fixtures, irrigation practices and greater use of alternative water sources. Additional water efficiency audits will be completed in 2026/27, extending the program's reach and identifying further opportunities for sustainable water savings.

Warrnambool roof water harvesting

The Warrnambool Roof Water Harvesting System is progressively being expanded as development occurs in the city's main north-east growth corridor over the next 30 years. Eventually, the roofs of more than 4,500 new homes as well as community facilities and new schools will form an urban catchment. This is expected to contribute more than 670 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 8 per cent of the water sourced from the Otway catchment for the Warrnambool area.

The concept continues to demonstrate the benefits of integrated water management. This includes alleviating nuisance flood impacts and costly council asset maintenance, as well as the use of alternative sources of water to reduce extraction from waterways, reducing carbon emissions and pumping costs 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.

Members 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.

At the project level, progress has been made on a range of IWM initiatives, including:

- Albert Park and Warrnambool College roof water harvesting expansion
- Hamilton showgrounds roof water harvesting project
- Understanding Warrnambool's Waterways project
- Partnering with a golf course, local government and catchment management authority to consider a site-based IWM plan for a dairy company in Dennington
- Southcombe Park IWM plan in Port Fairy.
- Capacity building for local practitioners in water sensitive urban design.

Links with local government

We value our close relationships with local councils and continue to explore partnerships to access government funding, leveraging the power of joint effort on projects that will benefit our region.

Integrated and collaborative project solutions have been a focus of our work with councils, particularly those supporting circular economy and IWM principles such as roof water harvesting, sewerage servicing and identifying water savings opportunities.

Housing statement

Updates to our website with new forms and guidelines have improved information available to developers, contractors and engineers regarding servicing requirements. This helps property owners, plumbers, surveyors, engineers and planning consultants with due diligence of development concepts, ensuring our servicing requirements are understood before a planning application is lodged with councils.

We're also investigating internal software improvements to strengthen processes and better track application timeframes. This could help track preliminary servicing advice so early contact on permit applications can be reported.

Our customer focus, knowledge base and experience allow for cost-effective and quality outcomes for us and the wider community.

Connection capacity

A total of 512 properties in the region were declared 'serviced' within the period. Subdivision within the existing growth areas of Warrnambool continues, with a smaller number of urban in-fill subdivisions, State Government-supported housing projects and modest residential developments. A small number of lots in rural areas have been provided with access to services.

Local councils are reviewing their strategic plans for serviced towns and we're collaborating with them to identify servicing requirements to support planned housing growth in the region.

We're working with the five councils in our service area to improve role clarity for the provision of sewerage services on the outskirts of existing urban centres. This has improved working relationships with updated information being published on our website.

The number of declared serviced properties is around seven per cent lower than the last reporting period, but there remains a healthy number of applications from the councils, with these lots expected to come forward in future years.

A total of 535 new properties were connected to reticulated water and 407 to sewer. This represents an increase of around 1 per cent on the previous year.

Circular economy outcomes

We continued to embed circular economy principles through the Circular Economy Roadmap, supporting the objectives of Recycling Victoria: A New Economy.

Key initiatives included:

- Updates to organisational systems and processes to better reflect circular design principles and decision-making. Embedding circular economy considerations into planning and operational systems helps ensure resource efficiency and whole-of-life thinking are incorporated into future projects and procurement decisions.
- Material flow mapping of key waste streams, providing a clearer understanding of how materials move through our operations and identifying opportunities to improve resource recovery, reduce waste to landfill, and increase circular outcomes.
- Continued expansion of the pump snoring proof of concept to additional sites, supporting asset optimisation and reducing sewer pump out waste volumes.
- Development of our long-term biosolids strategy, investigating opportunities to recover further value from biosolids through emerging and established technologies.

Biosolids mass dry weight	Tonnes
Produced	4,022
Reused	3,227
Stored	4,022

Recognising recreational values

Number of site-based projects planned/delivered to improve recreational enjoyment of water storages	0
Description on how site-based projects will improve/have improved recreational enjoyment	N/A
Number of water storage recreational areas with recreational area management	0

Engagement processes with the community or stakeholders

Through our Urban Water Strategy engagement, we sought feedback on customer priorities for long-term water planning and management including potential recreational opportunities.

Through the site re-vegetation work of the Warrnambool Sewage Treatment Plant, we consulted with stakeholders on opportunities including mountain bike tracks and other recreation uses.

As part of the early planning for a mural in Port Fairy, we invited feedback from both the local and broader community. This helps to inform the value and impact of integrating public art into our infrastructure in the future.

Improvements to information sources

We continue to explore opportunities for increasing public access to assets for recreational purposes.

We maintain a dedicated page on our website highlighting the recreational areas available in our area to help people plan activities.

Collaboration with stakeholders

As part of National Reconciliation Week, we collaborated with Gunditj Mirring Traditional Owners Aboriginal Corporation, Winda-Mara Aboriginal Corporation, Glenelg Shire Council, and Heywood Consolidated School to host a service honouring Aboriginal service men and women. The event was held near the Heywood Indigenous War Memorial Water Tower.

We continue to work in partnership with Glenelg Hopkins Catchment Management Authority to support the development of a strategic approach for recreational water assets.

We're also collaborating with Warrnambool City Council, Moyne Shire and Regional Arts Victoria 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 and Catchment Strategies

Our activities strongly align with the objectives of both the former waterway strategies and the current regional catchment strategies through investment in sewage 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 our *Ripple Effect* community partnership program, we empower local communities to take active roles in environmental conservation. Our long-term Urban Water Strategies focus on 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.

We continue to support projects in the Central and Gippsland Sustainable Water Strategy including investigations to improve critical flows in the Gellibrand River through the summer low-flow period. The Western Region Sustainable Water Strategy, being developed with our input, will guide our Urban Water Strategy and support 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).

Our environmental risk assessments are continually updated and we take 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.

Scope 1 and 2 emissions (tCO2-e)

Service delivery category	2024/25 total	2025/26 Scope 1 emissions	2025/26 Scope 2 emissions	2025/26 Total emissions	Variance % between 2024/25 and 2025/26	Commentary
Water treatment and supply	7,648	0	0	0	-100.0%	Total water treatment and supply gross emissions (pre-REC retirement) were 11,836 tCO2-e.
Sewage collection, treatment and recycling	10,258	3,302	0	3,302	-67.8%	Total sewage collection, treatment and recycling gross emissions (pre-REC retirement) were 13,450 tCO2-e.
Transport	698	680	0	680	-2.5%	Total transport gross emissions (pre-REC retirement) were 691 tCO2-e.
Other (e.g. offices, depots)	372	30	0	30	-91.9%	Total other gross emissions (pre-REC retirement) were 388 tCO2-e.
Total emissions (after REC retirement) (tCO2-e)	**18,976**	**4,013**	**0**	**4,013**	**-78.9%**	**Total Scope 1 and Scope 2 emissions before REC retirement was calculated to be 26,366 tCO2-e. We're surrendering self-generated and purchased RECs. The number of RECs surrendered is 23,629.**
Carbon offsets (self-generated) retired	0	0		0	0.0%	Not applicable. No carbon offsets have been retired to offset scope 1 emissions.
Carbon offsets (non-self generated) retired	0	0		0	0.0%	No non-self-generated carbon offsets have been retired to offset scope 1 emissions.
Total offsets retired	**0**	**0**		**0**	**0.0%**	**No carbon offsets have been retired.**
Net emissions (after offset retirement) (tCO2-e)	**18,976**	**4,013**	**0**	**4,013**	**-78.9%**	**Net emissions after REC retirement are 4,013 tCO2-e, a 78.9 per cent reduction compared with 2024/25.**

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
We don't propose to retire carbon offset units to reduce scope 1 emissions.	N/A	N/A	N/A	N/A	N/A

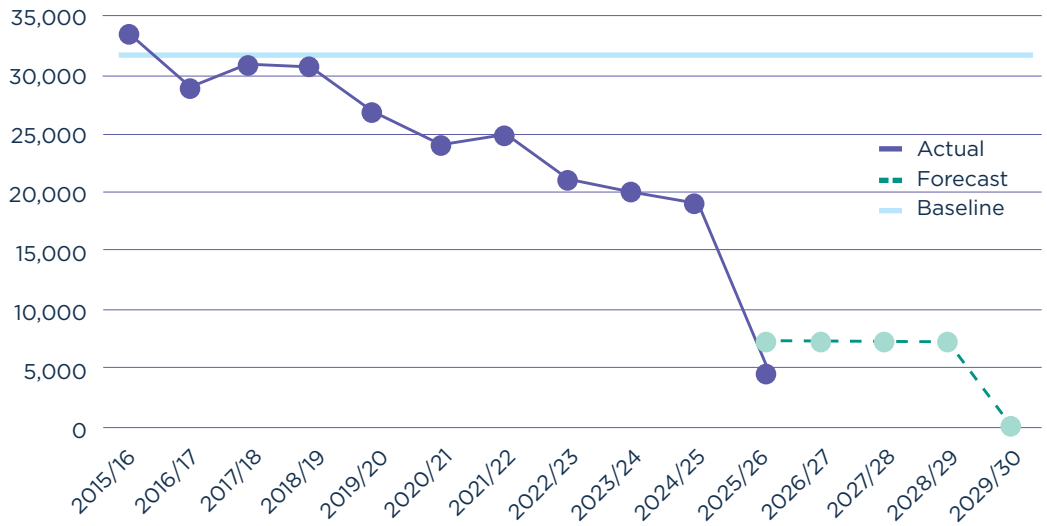
Zero Emissions Water Carbon Offsets Limited (ZEWCO)

We supported the establishment of ZEWCO, the collaborative carbon offset procurement vehicle for Victorian water corporations. We contributed to governance, procurement and evaluation activities, and engaged with Traditional Owners and sector partners on potential co-benefits.

Following internal assessment and Board approval, we confirmed our intention to participate in ZEWCO's first procurement tranche. Subject to final portfolio construction and pricing, we expect to procure around 25,500 Australian Carbon Credit Units (ACCUs) between 2027 and 2043. This supports our commitment to maintaining net-zero emissions while delivering benefits for biodiversity, Traditional Owner partnerships and regional communities.

Progress towards upcoming five-year emissions target

Annual net scope 1 and scope 2 greenhouse gas emissions (in tCO2-e)



The emissions baseline is 31,626 tCO2-e, defined as our five-year average to 2016.

Full breakdown of scope 1 emissions by greenhouse gas

Service delivery category	Carbon dioxide (CO2) tCO2-e	Methane (CH4) tCO2-e	Nitrous oxide (N2O) tCO2-e	Other tCO2-e
Water treatment and supply	0	0	0	0
Sewage collection, treatment and recycling	15	1,897	1,390	0
Transport	676	0	4	0
Other (e.g. offices, depots)	30	0	0	0
Total	**721**	**1,897**	**1,394**	**0**

Global warming potentials (GWPs) are values that allow direct comparison of the impact of different greenhouse gases in the atmosphere by comparing how much energy one tonne of a gas will absorb compared to one tonne of carbon dioxide. If a hypothetical greenhouse gas has a GWP of 50, this means 1 tonne of that gas is calculated to equal 50 t C02-e.

Increasing renewable energy

We continued to generate renewable energy from our solar PV and wind energy projects. Warrnambool's Brierly Basin is now home to one of Australia's largest floating solar arrays. The project will generate more than 600,000 kWh/year of renewable electricity and reduce our greenhouse gas emissions by more than 600 tonnes per year. Once the system is optimised, the solar array will reduce our electricity costs at the site by 40 per cent a year, which means better value for our customers.

Total electricity consumption by service delivery

	Total electricity consumption (MWh)		
Service delivery category	2024/25	2025/26	Commentary
Water treatment and supply	17,904	15,556	Reduction in water pumping compared to previous year.
Sewage collection, treatment and recycling	11,561	13,011	Increase due to Warrnambool Sewage Treatment Plant upgrade commissioning.
Other (e.g. offices, depots)	584	605	Consumption was broadly consistent with the previous year, with a small increase of 21 MWh.
Total	**30,049**	**29,171**	Total electricity consumption decreased by 878 MWh compared with 2024/25.

Total electricity consumption by source

Electricity source	Total electricity consumption (MWh) 2024/25	2025/26	Commentary
Purchased directly through electricity retailer	29,630	28,658	Reduction in water pumping compared to previous year.
Not directly purchased but sourced from outside	0	0	No electricity was reported as sourced from outside and not directly purchased.
Corporation led/self-sourced activities and initiatives	419	513	Increased because Hamilton Water Treatment Plant solar was returned to service after maintenance.
Total	**30,049**	**29,171**	Overall electricity consumption decreased by 878 MWh, with most electricity still purchased through our electricity retailers.

Total renewable electricity consumption

Renewable electricity use	Renewable electricity consumption (MWh) 2024/25	2025/26	2025/26 Renewable electricity consumption (% total consumption)	Variance (%) between 2024/25 and 2025/26 years	Commentary
Total renewable electricity consumption from grid sourced electricity reported because of the Commonwealth Government's LRET					
Total grid sourced: mandatory	5,391	4,955	17%	-8.1%	Mandatory grid-sourced renewable electricity reduced in line with lower grid electricity consumption and changes in the RPP.
Total renewable electricity consumption from corporation-led/self-sourced activities and initiatives					
Biogas	0	0	0	N/A	No consumption was reported from biogas.
Hydroelectric	0	0	0	N/A	No consumption was reported from hydroelectric sources.
Solar	419	513	2%	22.5%	Increase due to Hamilton Water Treatment Plant solar returning to service after maintenance.
Wind	0	0	0	N/A	No consumption was reported from wind in this table.
Other renewable	0	0	0	N/A	No consumption was reported from other renewable sources.
Total	**5,810**	**5,468**	**19%**	**-5.9%**	Total consumption decreased by 342 MWh, reflecting lower mandatory grid-sourced renewable electricity partly offset by higher solar generation.

Total on-site renewable generation capacity and generation

Renewable electricity source	2025/26 Total on-site renewable electricity generation capacity (MW)	2025/26 total on-site renewable electricity generated (MWh)				Commentary
		Consumed on-site	Exported	Other purposes	Total generated by source	
Biogas	0	0	0	0	0	No generation from biogas was reported.
Hydroelectric	0	0	0	0	0	No generation from hydroelectric sources was reported.
Solar	0.47	513	116	0	629	Solar generation totalled 629 MWh, with 513 MWh consumed on-site and 116 MWh exported.
Wind	0.80	0	1,890	0	1,890	Wind generation totalled 1,890 MWh and was exported.
Other renewable	0	0	0	0	0	No generation was reported from other renewable sources.
Total	**1.27**	**513**	**2,006**	**0**	**2,519**	Total on-site renewable generation was 2,519 MWh, with 513 MWh consumed on-site and 2,006 MWh exported.

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

We don't have any non-renewable generators, except for back-up generators.

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

Energy storage system	2025/26 Total energy storage system power capacity (MW)	2025/26 Total energy storage system storage capacity (MWh)	Commentary
Total energy storage system	0.0141	0.0200	Energy storage capacity is limited to small-scale systems.

Total renewable energy certificate (REC) retirement reporting to reduce scope 2 emissions

Retirement method	2025/26 RECs retired: (1 REC = 1 MWh renewable energy)	Commentary
Voluntarily retired by us	0	No RECs were reported as voluntarily retired directly by us under this method.
Greenpower	0	No GreenPower RECs were reported for retirement.
Certified carbon neutral electricity purchased	0	No certified carbon neutral electricity purchases were reported.
Voluntarily retired on our behalf	0	No RECs were reported as voluntarily retired on our behalf.
Mandatorily retired or conveyed to our electricity retailer for mandatory retirement	23,629	We're retiring self-generated and purchased RECs to meet our obligations for 100 per cent renewable electricity
Total RECs retired to reduce scope 2 emissions	**23,629**	This is a significant increase on last year's level of REC retirement which was 9,857.

Total electricity use from fuels and electricity segregated by energy source

Total energy usage	Renewable (in GJ)	Non-renewable (in GJ)	Total (in GJ)	Commentary
From fuels	0	10,381	10,381	Fuel use is entirely non-renewable.
From electricity	19,685	85,332	105,017	Electricity use totalled 105,017 GJ, including 19,685 GJ from renewable sources.
Total	**19,685**	**95,713**	**115,399**	Electricity makes up most of the consumption.

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

Total energy usage in GJ	Total FTE employees	Energy usage (GJ) per FTE employee	Commentary
115,399	242	476	Energy use was 476 GJ per FTE, based on 245 FTE employees.

Total stationary fuel use in buildings and machinery

	Total stationary fuel use		
Fuel type	**In GJ**	**In t CO2 -e**	**Commentary**
Fossil gas	0	0	No fossil gas use was reported.
Biogas	0	0	No stationary biogas use was reported.
Biodiesel	0	0	No biodiesel use was reported.
LPG	248,670	15	LPG was the main reported stationary fuel use, contributing 15 tCO2-e.
Petrol	95	6	Petrol use was minor and contributed 6 tCO2-e.
Other	337	24	Other stationary fuel use contributed 24 tCO2-e.
Total	**249,102**	**45**	Total stationary fuel use contributed 45 tCO2-e.

Transportation vehicle engine/fuel type

Transportation vehicle category	**Transportation vehicle engine/fuel type**							
	Petrol	**Diesel**	**LPG**	**Petrol Hybrid**	**Diesel Hybrid**	**Battery Electric**	**Other**	**Commentary**
Passenger vehicles	8	0	0	4	0	5	0	Passenger vehicles include petrol, petrol hybrid and battery electric vehicles, with 17 vehicles reported in total.
Goods vehicles	1	96	0	0	0	0	0	Goods vehicles are predominantly diesel, with 96 diesel vehicles and one petrol vehicle reported.
Category total	**9**	**96**	**0**	**4**	**0**	**5**	**0**	The fleet totals 114 vehicles, comprising 9 petrol, 96 diesel, 4 petrol hybrid and 5 battery electric vehicles.

Total energy use and greenhouse gas emissions of transportation vehicles segmented by engine/fuel type and vehicle category

	Transportation total energy use by fuel type (GJ)							Fuel type totals		
Vehicle category	Petrol	Diesel	LPG	Petrol Hybrid	Diesel Hybrid	Battery Electric	Other	Total energy use (GJ)	Total emissions (t CO2 -e)	Commentary
Passenger vehicles	734	506	0	21	0	50	0	1,311	97	Passenger vehicle energy use is mainly from petrol and diesel, with smaller contributions from petrol hybrid and battery electric vehicles.
Goods vehicles	133	8,306	0	0	0	0	0	8,439	594	Goods vehicle energy use is almost entirely from diesel, reflecting the diesel-heavy operational fleet.
Total energy use (GJ)	**867**	**8,813**	**0**	**21**	**0**	**50**				Diesel accounts for the majority of reported transport energy use, followed by petrol, with minor use from petrol hybrid and battery electric vehicles.
Total emissions (T CO2 e)	**59**	**621**	**0**	**1**	**0**	**11**				Transport emissions are dominated by diesel use, with petrol the next largest contributor and only minor emissions from hybrids and battery electric vehicles.

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 Urban Water Strategy [2].

Our assessment shows that our surface water systems are secure under the current expected impacts of climate change.

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 Warrnambool's Dales Road raw water storage 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 an 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 continuing to expand with new development in Warrnambool. We've added additional roofs within the Albert Park precinct to expand the urban catchment.

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 has been developed for the Warrnambool Sewage Treatment Plant which services Warrnambool, Koroit and Allansford. It investigated 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 completed sewerage infiltration and water balance assessments for the Camperdown, Hamilton, Terang, Portland and Timboon systems to guide strategic recommendations.

We're strengthening our climate adaptation capability to ensure the ongoing delivery of reliable water and sewage services in a changing climate. Through a structured program, we're identifying climate risks and assessing vulnerabilities across our assets and services. This will allow us to embed climate resilience into planning, decision-making and investment processes. This work will enable a more proactive approach to managing climate impacts while supporting resilient communities, sustainable service delivery and informed long-term decisions. As part of this program we model alternative scenarios over future time horizons and develop specific adaptation plans.

We continue to be guided by the EPA for environmental regulation policy, and the Essential Services Commission for investment considerations.

[2] Available at wannonwater.com.au

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 $24.48 million – an increase of $12.42 million on the previous year's loss, and a $6.60 million deterioration on the budgeted position for the year.

The differences in 2025/26 compared to the prior year relate to both an increase in revenue from volumetric charges, service charges and contributions from the State Government for project delivery, and an increase in expenditure, resulting in an increase in the loss on a net basis.

Depreciation expenditure increased $1.58 million compared with the prior year, following large capital works expenditure across the last three financial years. There were also increases across consultants and contractors, water and sewer testing and materials in the maintenance of water and sewerage systems. Employee costs increased on the prior year and were on budget for the year. The increase in employee costs was predominantly in relation to increases in line with our EBA, but also due to a rise in employee numbers.

Similar to prior years, there were write-offs of assets during the year, due to them being replaced by new capital works, as well as write-off of capital expenditure, including the expensing of IT project costs and capital works investigations that are not proceeding to construction, in line with Australian accounting standards.

With the completion of the construction of the Warrnambool Sewage Treatment Plant (STP) upgrade in the financial year, 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 $6.60 million decline on budget. Total revenue was 3.5 per cent ($3.26 million) more than budget. Service and usage revenue accounted for the increased result, with all other revenue line items on budget for the year. Expenditure was $9.86 million over budget. Higher expenditure occurred in the areas of depreciation, contractors and consultants, chemicals and asset write-offs/cost of assets sold. Lower expenditure occurred in the areas of borrowing costs and insurance.

We generated cash flows of $19.53 million from operating activities. We borrowed $11 million during the year, with investments of $29.43 million made in capital infrastructure.

The table overleaf provides the high-level financial results for 2025/26 compared with the previous four years.

Financial results	2025/26 ($'000)	2024/25 ($'000)	2023/24 ($'000)	2022/23 ($'000)	2021/22 ($'000)
Core business revenue	88,762	86,001	78,304	71,230	68,791
Capital revenue	3,949	6,403	6,526	4,689	5,070
Government contributions	2,502	292	310	1,282	778
Other revenue	1,842	2,705	2,411	1,746	1,822
Total revenue	**97,055**	**95,401**	**87,551**	**78,947**	**76,461**
Operating expenditure	73,173	68,494	61,041	52,870	54,355
Depreciation and amortisation expenditure	35,098	33,520	31,693	28,721	28,486
Finance costs	5,861	4,507	2,805	908	903
Other expenditure	7,399	937	3,001	3,887	1,496
Total expenditure	**121,531**	**107,458**	**98,540**	**86,386**	**85,240**
Net result before tax	(24,476)	(12,057)	(10,989)	(7,439)	(8,779)
Current assets	30,672	28,934	32,495	28,000	21,555
Non-current assets	1,772,267	1,105,741	1,088,415	1,065,140	941,393
Total assets	**1,802,939**	**1,134,675**	**1,120,910**	**1,093,140**	**962,948**
Current liabilities	24,919	23,996	22,930	20,847	24,087
Non-current liabilities	496,816	291,435	272,035	240,108	180,048
Total liabilities	**521,735**	**315,431**	**294,965**	**260,955**	**204,135**
Net cash flows from operations	19,529	18,677	18,926	24,451	18,138
Payments for property, plant and equipment (including infrastructure)	29,434	51,005	55,320	42,781	15,882

Revenue and expenses

Our revenue

Total revenue for the year increased by $1.65 million compared to the 2024/25 financial year and was $3.26 million over budget (3.5%).

Consistent with our price and growth projections, the average customer bill increased by 3.3% 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%.

Revenue from water usage increased by 1.9%, which was driven by a 2.0% increase in usage prices for the year. Water consumption by customers decreased 1.3% (0.2 gigalitres) on the previous year, following a 9.1% increase in the prior year. Water consumption remained high in the early part of the financial year, due to the drier conditions across our region. Non-residential usage continued to increase, increasing by 5.3%, rural customer usage decreased by 9.3% and residential usage decreased by 5.5%. Total water usage for the year was 12.86 gigalitres, which was 7.4% more than the Corporate Plan assumption.

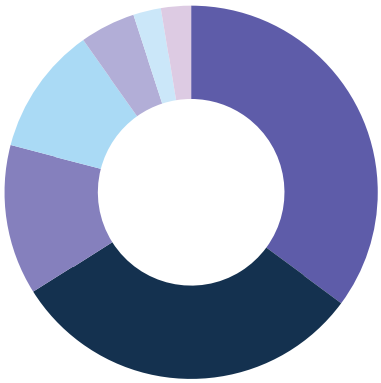
Water service prices decreased by 1.2% while sewer service prices increased by 1.0%.

Trade waste charges increased by $0.45 million (4.4%) due to an increased volume from existing customers and price increases in line with our price determination.

Revenue from gifted assets, being assets constructed by developers, decreased again this year, by $1.63 million. New customer contributions, being fees in relation to new developments, also decreased compared to the prior year, by $0.83 million.

Revenue from government funding of operating and capital projects increased on the prior year by $2.21 million, to fund the delivery of the Framlingham Wastewater Upgrade. Government funding towards our Gellibrand River Restoration and Supply Resilience Project was received as contributed capital in the year and totalled $2 million.

All other revenue streams were consistent with prior years.



	$'000	
Sewerage service charges	$34,061	35.1%
Volumetric water usage charges	$30,005	30.9%
Fixed water service charges	$12,647	13.0%
Trade waste charges	$10,796	11.1%
Other income	$4,674	4.8%
Gifted assets	$2,370	2.4%
Government grants and contributions	$2,502	2.6%

Our expenses

Total expenses increased by $14.07 million (13.1%) compared to the previous year and were $9.86 million over budget (8.8%).

Employee benefits were up 4.4% on the prior year, due to wage increases in line with our enterprise agreement and increased employee numbers. Compared to budget, employee benefits were under budget by 0.4% ($0.12 million) for the year.

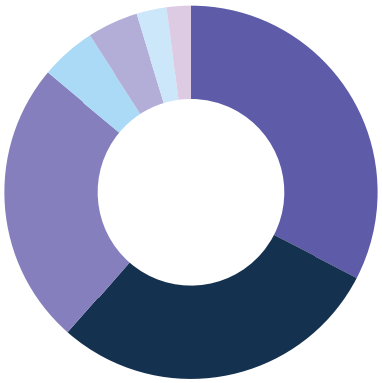
Depreciation/amortisation expense is our largest single expenditure item. Depreciation increased by 4.9% compared to the prior year due to increasing capital expenditure in recent financial years. Depreciation was forecast to increase within the Corporate Plan, but this result is higher than projected.

Contractor costs were the largest dollar increase within operating costs when compared to the prior year. Increase occurred in maintenance of assets, water and sewer sampling and testing program, desludging of lagoons and asset life cycle assessments.

The main driver for the increase in contractor costs was the delivery of wastewater upgrade at Framlingham. $2.03 million was incurred in the 2025/26 financial year, with works to continue into the next financial year. This project is being funded by the State Government.

The two expense items that materially impacted on our expenditure were the cost of assets sold and the loss on impairment of assets. Cost of assets sold was higher than in prior years, following the write-off of assets that became redundant following the completion of upgrade of the Warrnambool STP. In the 2025/26 financial year, our assets were revalued as required in the state reporting directions. This revaluation resulted in a decrease in land values, and with insufficient funds in our reserves, $2.58 million of this downwards valuation was included in the profit and loss.

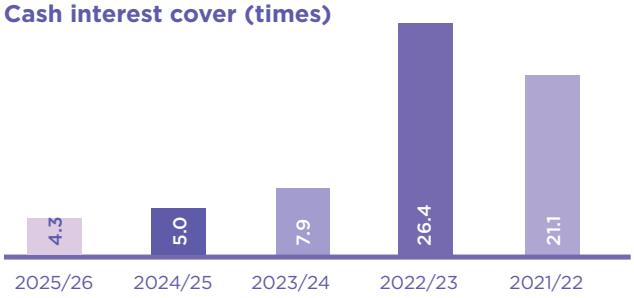
Borrowing costs increased compared to the prior year ($1.33 million) and were under budget ($0.11 million). Total borrowings increased throughout the year as the construction of the Warrnambool STP Upgrade was completed. Due to the timing of capital works in the year, not all borrowings were required for the year as budgeted.



	$'000	
Supplies and services	$39,555	32.6%
Depreciation and amortisation	$35,098	28.9%
Employee benefits	$29,905	24.6%
Borrowing costs	$5,861	4.8%
Net loss on disposal of assets	$5,373	4.4%
Environmental contribution levy	$3,163	2.6%
Impairment loss on assets	$2,576	2.1%

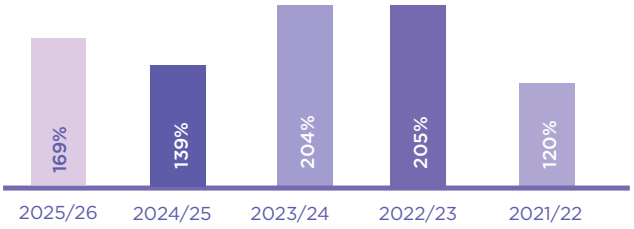
Financial performance indicators

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 four times that of net interest costs paid.

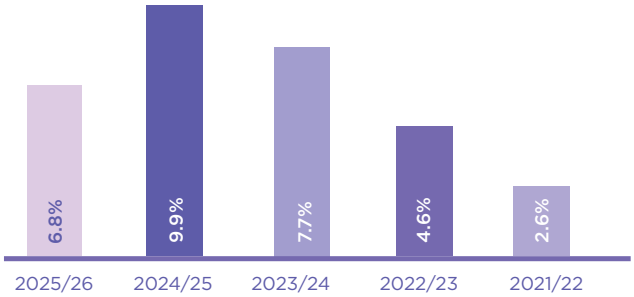
Current ratio (times)



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.

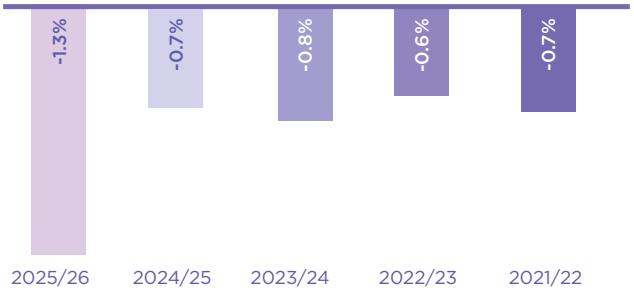
Due to a number of larger capital projects, such as the Warrnambool STP Upgrade and our CRM and billing project, higher cash reserves have been held at the end of the financial year in prior years, pending large contract payments due in the subsequent months.

Gearing ratio



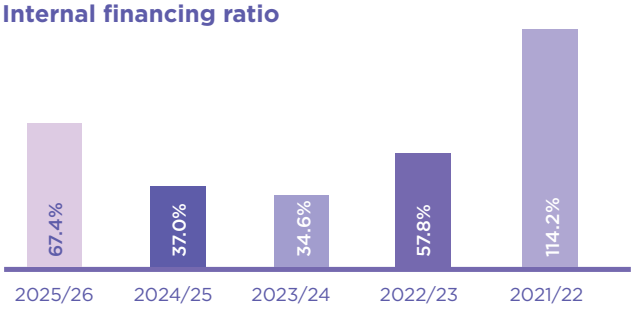
As expected, debt increased through the financial year, as the construction of the Warrnambool STP Upgrade was completed. However, the ratio decreased for the year when compared to the prior years, due to the revaluation of assets at the end of the financial year. Maintaining a low ratio is a favourable result, as it provides a positive indication of our long-term financial sustainability and capacity to service debt.

Return on assets



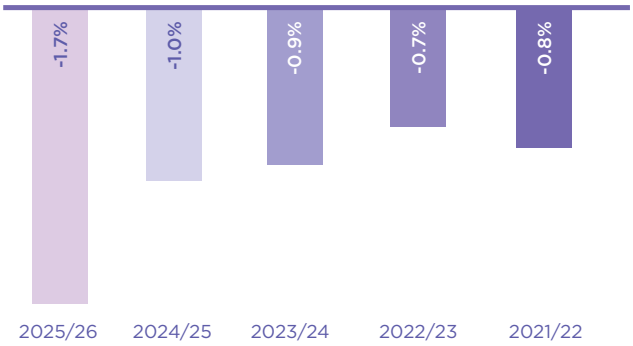
Indicates how much profit we have generated from every dollar in assets owned. The ratio is low, as assets owned are significant in value and we do not aim to generate large profits. We incurred a loss, which has been the trend over the last five years, resulting in a negative ratio for the year.

Internal financing ratio



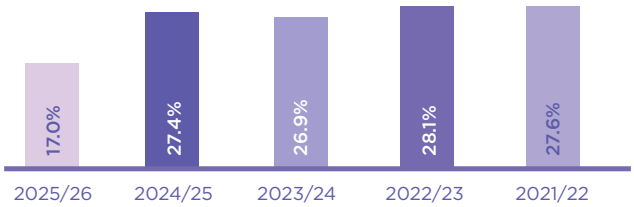
The ratio measures the portion of capital works paid from operating cash flows. The result indicates that two thirds of all capital works payments were funded by cash received from operating activities. Capital payments were significantly higher in the last two years (resulting in a lower ratio), due to the construction of the Warrnambool STP upgrade.

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. Prior to this financial year, both revenue and expenses have increased at consistent rates, resulting in a consistent margin. Expenditure increased in 2025-26 primarily due to loss on assets that were replaced in the year and the impairment loss on the revaluation of land.

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 $26.1 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)	2025/26 expenditure ($ million)	Future commitments ($ million)
Warrnambool STP - UV disinfection IDEA tanks 1- 4	6.32	4.69	0.1
Warrnambool STP - augmentation project	84.98	4.17	0.3
Quality Water for Wannon – program management#	4.2#	2.14	1
Asset class renewals - gravity sewers and rising mains	2.06	2.06	0*
Wangoom Road - low-level tank and pump station	6.55	1.38	2.04
Operations platform - conversion of Citect to Clear SCADA	2.23	1.27	0.56
Water meter replacements	0.94	0.94	0
Asset class renewals – sewage treatment plants	0.79	0.79	0*
Asset class renewals - water mains	0.78	0.78	0*
Vehicle changeover – commercial	0.74	0.74	0*
Terang WTP - UV system install	0.93	0.71	0.15
Asset class renewals - water treatment plants	0.59	0.59*	0*
Hopkins Point Road water supply upgrade	3.49	0.58	2.73
Brierly Basin - floating solar installation	1.8	0.5	0.51
Operational Technology hardware and software - PLC and RTUs	0.38	0.38	0*
Vehicle changeover – passenger	0.37	0.37	0*
Asset class renewals – storages	0.36	0.36	0*
Warrnambool Roof Water Harvesting - trunk mains & detention tanks	1.61	0.32	0
Warrnambool STP Effluent Management Strategy	6.13	0.28	4.59
Port Fairy Solar Project – business case	0.27	0.27	0
WISER Program – equip existing Curdievale bore	1.73#	0.26	1.09

** 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 capital 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, under the current pricing period. 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.

In the 2027/28 year, Wannon Water is required to submit its Price Submission to the Essential Services Commission, and balancing price increases, service delivery and rising costs for both operating and capital costs, remains a priority.

The upgrade of the Warrnambool STP, the largest capital project in our history, was completed in 2025/26. A wonderful achievement by everyone who contributed.

Our Quality Water for Wannon Program, partly funded through the Federal Government's National Water Grid Fund, has progressed throughout the financial year. In 2026/27 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, has seen and will see total borrowings continue to increase in the coming financial years.

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 2026

2025-26 Performance Report

Financial Performance

Key Performance Indicators	2024-25 Result	2025-26 Result	Variance to Prior Year	2025-26 Target	Variance to Target
Cash interest cover Net operating cash flows before net interest and tax/net interest payments	5.0 times	4.3 times	-14.0% (1)	3.5 times	22.9% (2)
Gearing ratio Total debt (including finance leases)/total assets	9.9%	6.8%	-31.3% (3)	10.4%	-34.6% (3)
Internal financing ratio Net operating cash flow less dividends/net capital expenditure	37.0%	67.4%	82.2% (4)	40.6%	66.0% (5)
Current ratio Current assets/current liabilities (excluding long term employee provisions and revenue in advance)	161.5%	169.4%	4.9%	161.0%	5.2%
Return on assets Earnings before net interest and tax/average assets	-0.7%	-1.3%	-85.7% (6)	-1.0%	-30.0% (6)
Return on equity Net profit after tax/average total equity	-1.0%	-1.7%	-70.0% (6)	-1.5%	-13.3%
EBITDA margin Earnings before interest, tax, depreciation and amortisation/total revenue	27.4%	17.0%	-38.0% (6)	23.1%	-26.4% (6)

Notes:

1 The cash interest cover ratio reduced in 2025-26 due to increased debt and interest payments. Debt has increased as planned, across the last four financial years, with the construction of the upgrade to the Warrnambool Sewage Treatment Plant (STP).

2 The cash interest cover ratio was a favourable result compared to budget, due to higher than budget net operating cash flows and slightly lower interest payments in 2025-26. Operating cash flows were higher than budget due to increased revenues and collections from third parties.

3 The favourable result to both the prior year and target, is due to the revaluation of assets at the 30th June 2026. Debt increased by $11M in the 2025-26 year, but non-current asset values increased by 60%, therefore reducing the overall percentage of debt compared to assets.

4 The internal financing ratio increased compared to the prior year, due to a decrease in capital expenditure compared to the prior year. Capital expenditure decreased in 2025-26 due to the completion of the upgrade to the Warrnambool STP in this financial year.

5 The internal financing ratio increased compared to target, due to a decrease in capital expenditure compared to budget. Capital expenditure was less in 2025-26 than planned, due to delays in relation to Quality Water for Wannon and Customer Relationship Management/ Billing system project and deferral of other capital works.

6 Return on assets and equity and EBITDA margin all decreased in 2025-26 compared to both last year and target, due to an increase in net losses for the year. Net losses increased due to increased expenditure in the year as planned, as well as increased unplanned expenditure due to the write-off of assets that were replaced in the year and the impairment of some assets on revaluation.

Operational Performance

Water and Sewerage Network Reliability Indicators	ESC Code	2024-25 Result	2025-26 Result	Variance to Prior Year	2025-26 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	15.7 minutes	9.6 minutes	-38.9% (7)	11.0 minutes	-12.7% (7)
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 kilometres of sewer main	RES 1	25.8	29.2	13.2% (8)	18.0	62.2% (8)
Sewerage service - sewer spills Number of sewer spills reported per 100 kilometres of sewer main	RES 6	7.6	8.4	10.5% (8)	7.6	10.5% (8)
Sewerage service - containment of sewer spills Percentage of sewer spills from reticulation and branch sewers contained within 5 hours	RES 7	96.1%	97.6%	1.6%	97.0%	0.6%
Water Reuse Indicators		**2024-25 Result**	**2025-26 Result**	**Variance to Prior Year**	**2025-26 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	18.0%	19.4%	7.8% (9)	20.0%	-3.0%

Notes:

7 The favourable result to target and to the prior year was due to a reduction in unplanned water supply interruptions. Compared to the prior year, rainfall and soil moisture levels returned to more typical conditions, meaning there was less stress on water infrastructure, resulting in fewer water main bursts and service interruptions.

8 The unfavourable result to target and prior year is primarily due to greater root infiltration into the sewer network following two years of drier than usual weather conditions. There has also been an increase in blockages caused by fats, oils and grease, as well as hygienic wipes being disposed of through the sewer system. The rise in the number of blockages, has resulted in a corresponding increase in spills.

Wannon Water continues to closely monitor blockages and proactively undertake CCTV inspections to identify and address potential issues, helping to minimise future impacts on customers. Wannon Water regularly publishes on social media, through newsletters and on our website, what not to flush and the impacts of incorrect waste disposal on our systems.

9 The favourable result to the prior year is due to increased usage during the irrigation period, due to the drier weather last financial year and into this year, impacting storage levels and demand for recycled water.

Certification

Certification of Performance Report for 2025-2026

We certify that the accompanying Performance Report of Wannon Region Water Corporation in respect of the 2025-26 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 2025/26 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.

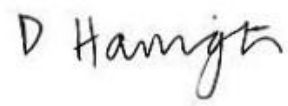
As at the date of signing, we are not aware of any circumstances which would render any particulars in the Performance Report to be misleading or inaccurate.



H F Scarborough
Board Chair



S J Waterhouse
Managing Director



D G Harrington
Chief Finance and Accounting Officer

Wannon Region Water Corporation

Dated this 1st day, September 2026

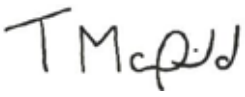
Independent Auditor's Report

Victorian Auditor-General's Office

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 2026, which comprises the: • financial performance indicators • operational 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 2026 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 the 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
7 September 2026

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 2025/26.

For the reporting requirements for each of our bulk entitlements during 2025/26, the following clauses are common to all:

- In accordance with s46(1) of the Water Act 1989, 400 megalitres of water allocation was assigned from Wannon Water's Bulk Entitlement (Wimmera and Glenelg Rivers - Wannon Water) Order 2010 to Coliban Water's Bulk Entitlement (Wimmera and Glenelg Rivers - Coliban Water) Order 2010 in the 2025/26 water year only. We didn't transfer any temporary or permanent parts of the other bulk entitlements.
- No temporary or permanent transfers of water entitlements occurred to the waterway systems.
- Approval, amendment and implementation of programs and proposals for clauses relating to making allowances, metering program or environmental obligations - programs implemented as required and there were no amendments to these programs. There were no proposals under the making allowances clauses.
- We did not seek to amend any of our bulk entitlements.
- No new bulk entitlements were granted to us.
- We complied with all bulk entitlement conditions.
- No difficulties were experienced in complying with any bulk entitlement provisions, apart from those associated with the Willaura system. Following the connection of the Willaura Pipeline to the East Grampians Pipeline in 2025/26, accounting arrangements are still being developed to ensure water supplied from each source can be accurately identified and reported.

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, 175 megalitres was taken by the Hamilton Pipeline offtake and 50 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 2025/26 (ML)	Percentage of bulk entitlement extracted in 2025/26 (ML)	Water in storage at 30 June 2026 (ML)	Water level at 30 June 2026 (m)	Reporting requirement clause
Otway System Conversion Order 1998	12,580	10,216	81%	2,134	N/A*	Clause 12
Hamilton Conversion Order 1997	3,435	2,517	73%	2,087	N/A*	Clause 12
Dunkeld System Conversion Order 1997**	170	0	0%	0	0	Clause 13
Glenthompson Conversion Order 1997	94	34	36%	64	2.7	Clause 13
Coleraine, Casterton and Sandford Conversion Order 1997	855	120	14%	1,440	5.1	Clause 13
Wimmera and Glenelg Rivers – Wannon Water Conversion Order 2010	2,120	175 (Hamilton) 50 (Balmoral)	11%	5,285	N/A	Clause 13
Willaura System – Wannon Water Conversion Order 2012	58	0***	0%	N/A	N/A	Clause 10

** Multiple storages*
***Dunkeld System Conversion Order 1997 is not used*
****The Willaura pipeline was connected to the East Grampians Pipeline during 2025/26. As accounting arrangements to distinguish between the two sources of water are still being developed, any take by Wannon Water in 2025/26 has been captured under GWM Water's Willaura, Elmhurst and Buangor systems bulk entitlement.*

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 2025/26 (ML)
Albert Park	BEE024155 (1152971)	750	500
Bullawin	BEE026192 (911313)	1,102	0
Caramut	BEE021943 (924563)	50	28
Carlisle	BEE029488 (9016487)	1,800	135
Casterton	BEE022551 (885355)	1,000	428
Condah	4001451	N/A	N/A
Curdievale	904309	2,150	0
Darlington	BEE021827 (1082159)	10	3
Dartmoor	9016786	150	22
Heywood	900184	333	144
Koroit	BEE029066 (899038)	524	0
Macarthur	BEE021944 (4001451)	130	31
Mocamboro	BEE026109 (903701)	100	0
Mortlake	BEE030858 (907049)	335	28
Penshurst	BEE036146 (914444)	250	73
Port Campbell	BEE026252 (904309)	1,009	378
Port Fairy	890472	1,026	618
Portland	923621	6,222	1,665

Legislative compliance

Public interest disclosures

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 unable 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

In writing: IBAC, GPO Box 24234,
Melbourne Victoria 3001
Online: ibac.vic.gov.au
Phone: 1300 735 135

The Victorian Ombudsman

In person or writing: The office of the Ombudsman, Level 2, 570 Bourke Street, Melbourne Victoria 3000

Email: complaints@ombudsman.vic.gov.au

Phone: 1800 806 314

Department of Energy, Environment and Climate Action (DEECA)

In writing: marked private and confidential

Public Interest Disclosure Coordinator
PO Box 500
Melbourne VIC 8001
Email: disclosures@deeca.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. 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 $34.50. 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 Act 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, one FOI application was received from a member of the public.

All decisions were made within the statutory timeframe, with access granted in full. The time taken to decide the request was two 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.

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

Availability of other information

We provide free access to a comprehensive range of information at wannonwater.com.au

* Available at wannonwater.com.au

Building Act

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

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

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

Building compliance 2025/26

Number of major works projects undertaken (valued at more than $50,000)	3
Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned	1 building permit 2 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 contract of this value during the reporting period was the Warrnambool STP upgrade.

Contracts started during 2025/26

Two non-major contracts requiring Local Industry Development Plans (LIDPs) were started in the reporting period. The commitments from these projects include:

- An average of 96.31 per cent of the total value.
- An average retention or creation of 4.96 full-time equivalent jobs across the contracts.

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

Contracts completed during 2025/26

There were no non-major contracts completed in the reporting period.

Major contracts

We completed one major contract greater than $20 million during the reporting period in regional Victoria, the Warrnambool Sewage Treatment Plant upgrade at $76 million. The outcomes from the LIDP and Major Project Skills Guarantee were assessed periodically as required.

The outcomes from the LIDP to this major project were assessed by Industry Capability Network and reported via the portal throughout the contract.

Consultancy expenditure

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

We engaged 12 consultancies where the total fees payable was less than $10,000. The total expenditure incurred was $59,085 (excluding GST).

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

There were 29 consultancies where the total fees payable to the consultants was $10,000 or greater. The total expenditure incurred was $2,115,171 (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 recognise that we play a key role in advancing social and sustainable outcomes for Victorians.

Our social procurement commitment is included within our Procurement Strategy. The Victorian Government ABN Wash Tool Assessment reports on our engagement and spend with social benefit suppliers. The table outlines our progress against the over-arching objectives.

Overall social procurement activities	2024/25	2025/26
Number of social benefit suppliers engaged	9	9
Total amount spent with social benefit suppliers ($GST exclusive)	$2,307,798	$2,185,806
Number of Victorian Aboriginal businesses engaged	4	5
Total spend with Victorian Aboriginal businesses ($GST exclusive)	$2,060,680	$1,920,014
Number of Victorian social enterprises and Australian disability enterprises engaged	2	2
Total expenditure with Victorian social enterprises and Australian disability enterprises (GST exclusive)	$15,019	$22,137
Number of Victorian social enterprises engaged	1	1
Total expenditure with Victorian social enterprises (GST exclusive)	$195,613	$229,879
Number of Victorian social enterprises engaged	5	3
Total expenditure with Victorian social enterprises (GST exclusive)	$247,118	$253,665
Number of Victorian Aboriginal businesses engaged	4	5
Total expenditure with Victorian Aboriginal businesses (GST exclusive)	$2,060,680	$1,920,014
Number of tenders completed in the reporting period where current programs and SPF compliance requirements were provided by tenderers	2	4*
Number of tenders completed in the reporting period which included focus area SPF schedules for completion		
Purchasing from Victorian social enterprises and Aboriginal businesses	-	-
Employment of Victorian Aboriginal people	-	-
Employment of Victorian women	-	-
Corporate governance aligning with social procurement – supporting safe and fair workplaces	2	-
Environmental goals – environmentally sustainable business practices	2	-

**During 2025/26, four capital works tenders included the Social Procurement Commitment self-assessment. The assessment sought information about tenderers' existing social and sustainable business practices. Specific purchasing and employment commitments were not included, as the procurement planning process did not identify relevant or proportionate opportunities for these contracts.*

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 expenditure of $22,137 ($9,770 in 2024/25).
- 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 $229,879 ($195,613 in 2024/25).
- We engaged Southwest Pipe Relining, an Aboriginal family-owned business, on several contracts with a spend of $1,747,552 ($2,041,200 in 2024/25).
- Direct expenditure with five Victorian Aboriginal businesses totalled $1.92 million in 2025/26. While expenditure decreased from $2.06 million in 2024/25, reflecting the timing and scale of contracted works, the number of Aboriginal businesses engaged increased from four to five.
- We supported indirect social procurement outcomes through key service contracts. This included a meter-reading contractor that supports Aboriginal businesses through its supply chain, and a cleaning services provider that purchases products and supplies from Wirrpanda Supplies and supports Aboriginal employment and external funding programs.
- We're continuing to work with Victorian Aboriginal corporations and community organisations, including organisations that are not currently represented in the Victorian Government ABN Wash Tool.

We'll continue to identify relevant and proportionate social procurement opportunities during procurement planning. Targeted outcomes will be actively pursued where meaningful opportunities exist, supported by a high-level assessment where opportunities are limited.

Procurement complaints

Under Victorian Government procurement policy, we report formal complaints received through our procurement complaints management process. We did not receive any formal procurement complaints during the year.

Information and communication technology (ICT) expenditure

Our total ICT expenditure was $13,225,444 as detailed below.

Business as usual (BAU) ICT expenditure TOTAL $'000	Non-business as usual (Non-BAU) ICT expenditure		
	Operational expenditure OPEX $'000	Capital expenditure CAPEX $'000	OPEX + CAPEX TOTAL $'000
9,818	1,937	1,470	3,407

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 nine reviews and studies with a total cost of $342,100.

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 Sewage Treatment Plant 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.	280	N/A	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.	27 (DEECA funded)	55 (DEECA funded 95 per cent)	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/gellibrandflows-study
Portland wind turbine noise monitoring	Compliance reporting for regulatory compliance.	Undertake periodic noise testing of the turbine.	Data to inform assessment of noise compliance – third party assessment.	14.2	14.2	N
First Nations cultural audit	To understand First Nations cultural capability and inform an action plan	Assess current capability and develop recommendations to improve it.	Action plan aligned to strategic plan.	12.5	12.5	N

Portland wind turbine battery system feasibility assessment	Undertaken feasibility assessment for battery storage.	Complete an assessment considering installation of battery storage to understand feasibility.	Report detailing feasibility outcomes.	5	5	N
Climate adaptation program scoping	Assist in the development of a climate adaptation program.	Assessment of organisation current state and structured program to achieve a future/desired state.	Independent assessment and support to develop an appropriate works program.	1.4	1.4	N
South Otway Main Pump Station solar feasibility analysis	Undertake feasibility assessment for solar power.	Complete an assessment considering provision of solar power to understand feasibility.	Report detailing feasibility outcomes.	1	1	N
Portland wind turbine compliance reporting	Update existing compliance documentation	Review and update compliance documentation.	Compliance with regulatory requirements.	1	1	N

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

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Comprehensive Operating Statement
for the financial year ended 30 June 2026

	Notes	2026 $'000	2025 $'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	**92,711**	92,404
Government grants and contributions	2.2	**2,502**	292
Other revenue	2.3	**1,842**	2,705
Total revenue and income from transactions		**97,055**	95,401
Expenses from transactions			
Direct operational expenses	3.2	**(16,869)**	(16,201)
Repairs and maintenance expenses		**(5,707)**	(4,687)
Other expenses	3.3	**(17,528)**	(15,809)
Depreciation	4.1.1 ,6.2.1	**(35,023)**	(33,384)
Employee benefits – comprehensive operating statement	3.1.1	**(29,905)**	(28,634)
Environmental contribution		**(3,163)**	(3,163)
Amortisation	4.2	**(75)**	(136)
Total expenses from transactions		**(108,270)**	(102,014)
Finance income		**151**	171
Finance expense		**(6,012)**	(4,678)
Net finance costs	3.4	**(5,861)**	(4,507)
Net result from transactions (net operating balance)		**(17,076)**	(11,120)
Other economic flows included in net result			
Net gain / (loss) on non-financial assets	9.1	**(5,373)**	(1,107)
Impairment of infrastructure, property plant and equipment	9.1	**(2,576)**	-
Net gain / (loss) on financial instruments	9.1	**452**	161
Other gains / (losses) from economic flows	9.1	**98**	9
Total other economic flow included in net result		**(7,399)**	(937)
Net result before income tax		**(24,475)**	(12,057)
Income tax benefit / (expense)	8.1.1	**7,021**	3,606
Net result for the period		**(17,454)**	(8,451)
Other economic flows – other comprehensive income			
Items that will not be reclassified to net result			
Changes in asset revaluation surplus		**683,449**	-
Income tax relating to these items		**(205,035)**	-
Total other economic flows – other comprehensive income		**478,414**	-
Comprehensive result		**460,960**	(8,451)

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

Statement of financial position

as at 30 June 2026

	Notes	2026 $'000	2025 $'000
Assets			
Current assets			
Cash and deposits	6.3	**7,365**	4,984
Receivables and contract assets	5.1	**19,192**	20,018
Inventories		**1,267**	1,019
Other financial assets		**362**	11
Other non-financial assets	5.3	**2,486**	2,902
Total current assets		**30,672**	28,934
Non-current assets			
Receivables	5.1	**816**	1,600
Infrastructure, property, plant and equipment	4.1	**1,763,037**	1,095,149
Intangible assets	4.2	**6,805**	7,220
Right of use assets	6.2.1	**1,609**	1,772
Total non-current assets		**1,772,267**	1,105,741
Total assets		**1,802,939**	1,134,675
Liabilities			
Current liabilities			
Trade, other payables and contract liabilities	5.2	**7,734**	10,199
Lease liabilities	6.1	**104**	100
Interest bearing liabilities	6.1	**11,500**	8,000
Other financial liabilities		**-**	259
Employee benefits provision	3.1.2	**5,581**	5,438
Total current liabilities		**24,919**	23,996
Non-current liabilities			
Interest bearing liabilities	6.1	**109,500**	102,000
Lease liabilities	6.1	**1,667**	1,826
Employee benefits provision	3.1.2	**633**	607
Deferred tax liabilities	8.1.2	**385,016**	187,002
Total non-current liabilities		**496,816**	291,435
Total liabilities		**521,735**	315,431
Net assets		**1,281,204**	819,244
Equity			
Contributed capital		**445,415**	444,415
Reserves		**831,202**	356,905
Accumulated surplus		**4,587**	17,924
Total equity		**1,281,204**	819,244

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 2026

	Contributed capital	Reserves	Accumulated surplus/ (deficit)	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 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
Net result for the year	**-**	**-**	**(17,454)**	**(17,454)**
Capital appropriations	**1,000**	**-**	**-**	**1,000**
Other comprehensive income	**-**	**478,414**	**-**	**478,414**
Transfer (to)/from accumulated funds on disposal	**-**	**(4,117)**	**4,117**	**-**
Closing Balance at 30 June 2026	**445,415**	**831,202**	**4,587**	**1,281,204**

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 2026

	Notes	2026 $'000	2025 $'000
Cash flows from operating activities			
Receipts			
Service and usage charges		**88,276**	84,642
Goods and Services Tax received from the ATO		**7,152**	9,153
Receipts from Government		**2,502**	292
Developer contribution fees		**1,579**	2,405
Other receipts		**3,876**	5,488
Payments			
Payments to suppliers and employees		**(74,219)**	(75,299)
Goods and Services Tax paid to the ATO		**(471)**	(181)
Interest and other costs of finance paid		**(6,002)**	(4,660)
Environmental contribution levy paid		**(3,163)**	(3,163)
Net cash flows from/(used in) operating activities		**19,529**	18,677
Cash flows from investing activities			
Payments for new infrastructure, property, plant and equipment		**(20,954)**	(40,346)
Payments for renewal / upgrade infrastructure, property, plant and equipment		**(8,480)**	(10,659)
Proceeds from sale of infrastructure, property, plant and equipment		**441**	568
Net cash flows from/(used in) investing activities		**(28,993)**	(50,437)
Cash flows from financing activities			
Repayment of borrowings		**(8,000)**	(5,000)
Proceeds from borrowings		**19,000**	31,000
Proceeds from contributions by State in its capacity as owner		**2,000**	3,250
Repayment of contributions to State in its capacity as owner		**(1,000)**	(500)
Principal payment of lease liabilities		**(100)**	(154)
Derivative receipts / (payments)		**(55)**	(18)
Net cash flows from/(used in) financing activities		**11,845**	28,578
Net (decrease) / increase in cash and deposits		**2,381**	(3,182)
Cash and deposits at the beginning of the financial year		**4,984**	8,166
Cash and deposits at the end of the financial year	6.3	**7,365**	4,984

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).

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.

As part of the revaluation of assets this financial year, the Corporation has applied for the first time the amendments to *AASB 13 Fair Value Measurement*, which has been modified in relation to non-financial assets of not-for-profit public sector entities. Refer note 7.3.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are 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

Notes to the financial statements

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	7.1
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.

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	2026 $'000	2025 $'000
Revenue from service, usage and trade waste charges	2.1.1	**87,656**	84,839
Developer contributions	2.1.2	**3,949**	6,403
Other revenue	2.1.3	**1,106**	1,162
Total revenue from contracts with customers		**92,711**	92,404

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

	2026 $'000	2025 $'000
Service charges		
Sewer	**34,061**	32,562
Water	**12,647**	12,348
Total service charges	**46,708**	44,910
Usage charges		
Water	**30,005**	29,446
Trade waste	**10,796**	10,344
Recycled water charges	**147**	139
Total usage charges	**40,948**	39,929
Total revenue from service and usage and trade waste charges	**87,656**	84,839

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

	2026 $'000	2025 $'000
New customer contributions	**1,579**	2,405
Developer contributed assets	**2,370**	3,998
Total developer contributions	**3,949**	6,403

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

2.1.3 Other revenue

	2026 $'000	2025 $'000
Information statements	**448**	383
Connection and inspection fees	**375**	447
Other fees and charges	**283**	332
Total other revenue	**1,106**	1,162

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Information statements	Provided when requested and includes special meter reading and asset location plan. The Corporation uses pricing principles to calculate these charges and these are payable in 14 days.	Revenue is recognised over time as services is provided
Connection and inspection fees	Connection fee provides for the attendance of Corporation personnel to the site to complete connection to the main. This also includes parts and consumables to complete connection. Inspection fee provides for the attendance 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

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
2026									
At a point in time	**-**	**-**	**-**	**10,796**	**-**	**2,370**	**1,579**	**-**	**14,745**
Over time	**12,647**	**30,005**	**34,061**	**-**	**147**	**-**	**-**	**1,106**	**77,966**
Total	**12,647**	**30,005**	**34,061**	**10,796**	**147**	**2,370**	**1,579**	**1,106**	**92,711**
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

2.2 Government grants and contributions

	2026 $'000	2025 $'000
Income recognised as revenue from contract with customers		
Other specific purpose grants	**2,502**	292
Total government grants and contributions	**2,502**	292

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 revenue

	2026 $'000	2025 $'000
Cost recoveries	**558**	633
Miscellaneous	**848**	1,644
Rental income	**436**	428
Total other revenue	**1,842**	2,705

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; receival 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

Operating leases relate to property owned by the Corporation. Current lease agreements have terms between 1 and 25 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.

	2026 $'000	2025 $'000
Non-cancellable operating lease receivables (not recognised on the balance sheet)		
Not longer than one year	**333**	299
Longer than one year but not longer than five years	**74**	93
Longer than five years	**63**	30
Total	**470**	422

3 The cost of delivering services

Introduction

This section provides additional information about how the Corporation's funding is applied in delivering services and outputs 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

	2026 $'000	2025 $'000
Salaries and wages	**23,997**	23,264
Annual leave	**2,059**	1,930
Long service leave	**774**	716
Employer superannuation contributions	**3,038**	2,633
Defined benefit superannuation expense	**37**	91
Total employee benefit costs	**29,905**	28,634

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.

3.1.2 Employee benefits provision - 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.

	2026 $'000	2025 $'000
Current provisions:		
Annual Leave		
Unconditional and expected to settle within 12 months	**1,692**	1,597
Long Service Leave		
Unconditional and expected to settle within 12 months	**604**	545
Unconditional and expected to settle after 12 months	**2,650**	2,690
Provisions for on-costs		
Unconditional and expected to settle within 12 months	**95**	83
Unconditional and expected to settle after 12 months	**416**	409
Other leave		
Unconditional and expected to settle within 12 months	**124**	114
Total current provisions for employee benefits provisions	**5,581**	5,438
Non-current provisions:		
Long service leave - conditional	**547**	527
Long service leave on costs - conditional	**86**	80
Total non-current provisions for employee benefits provision	**633**	607
Aggregate carrying amount of employee benefits provision		
Current	**5,581**	5,438
Non-current	**633**	607
Total provision for employee benefits provision	**6,214**	6,045

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 current LSL 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.

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

	2026 $'000	2025 $'000
Electricity	**5,866**	6,092
Licences	**811**	382
Other goods and services	**1,921**	1,524
Consultancies and contractors	**4,245**	4,313
Chemicals	**1,768**	1,907
Testing and sampling	**1,866**	1,644
Goods and equipment	**392**	339
Total direct operating expenses	**16,869**	16,201

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

3.3 Other operating expenses

	2026 $'000	2025 $'000
Consultancies and contractors	**5,320**	3,180
Information technology	**7,461**	7,212
Other goods and services	**4,323**	4,790
Goods and equipment	**249**	453
Electricity	**175**	174
Total operating expenses	**17,528**	15,809

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.	Recognised in the Comprehensive operating statement as incurred.
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.	Recognised in the Comprehensive operating statement as incurred.
Other goods and services	Generally represents the day to day running costs incurred in normal operations	Recognised in the Comprehensive operating statement as incurred.
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.	Recognised in the Comprehensive operating statement as incurred.
Electricity	Retail and network charges incurred with energy providers to supply electricity to treatment plants, pump station and offices/ depots.	Recognised in the Comprehensive operating statement as incurred.

3.4 Net finance costs

	Notes	2026 $'000	2025 $'000
Interest income under the effective interest method on financial assets measured at FVTPL		**151**	171
Financial liabilities at amortised cost - interest expense	6.1	**(5,189)**	(4,000)
Financial accommodation levy measured at amortised cost	6.1	**(823)**	(678)
Net finance costs recognised in comprehensive operating statement		**(5,861)**	(4,507)

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.

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.

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

2025/26	Land and land improvements $'000	Buildings $'000	Water infrastructure $'000	Sewer infrastructure $'000	Plant and equipment $'000	Capital works in progress $'000	Total $'000
Balance at 1 July 2025							
Gross carrying amount	**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 carrying amount - 1 July 2025	**37,955**	**32,756**	**544,530**	**357,904**	**8,701**	**113,303**	**1,095,149**
Additions	**-**	**-**	**-**	**-**	**2**	**25,524**	**25,526**
Developer contributed assets	**-**	**-**	**967**	**1,398**	**-**	**-**	**2,365**
Revaluations	**(6,358)**	**12,291**	**299,106**	**378,006**	**404**		**683,449**
Impairment	**(2,576)**	**-**	**-**	**-**	**-**	**-**	**(2,576)**
Disposals	**-**	**(595)**	**(1,365)**	**(3,401)**	**(452)**	**-**	**(5,813)**
Transfers between categories - additions	**-**	**121**	**15,073**	**87,827**	**2,995**	**(106,016)**	**-**
Transfers - to intangible assets	**-**	**-**	**-**	**-**	**-**	**(148)**	**(148)**
Transfers - to assets held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Transfers - reclassifications	**-**	**-**	**(228)**	**228**	**-**	**-**	**-**
Depreciation	**(18)**	**(885)**	**(19,260)**	**(12,603)**	**(2,149)**	**-**	**(34,915)**
Closing net book amount	**29,003**	**43,688**	**838,823**	**809,359**	**9,501**	**32,663**	**1,763,037**
Total as at 30 June 2026 represented by:							
Gross book value	**29,057**	**43,729**	**839,543**	**810,588**	**25,242**	**32,663**	**1,780,822**
Accumulated depreciation	**(54)**	**(41)**	**(720)**	**(1,229)**	**(15,741)**	**-**	**(17,785)**
Net book value as at 30 June 2026	**29,003**	**43,688**	**838,823**	**809,359**	**9,501**	**32,663**	**1,763,037**

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.

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 2026.

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

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

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

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

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

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

Revaluation decrements are recognised immediately as an expense 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.

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

Asset class	Estimated useful lives	Asset class	Estimated useful lives
Plant and equipment		**Land, land improvements and buildings**	5 – 150 years
Furniture and fittings	5 – 20 years	Buildings	
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.

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

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:

	2026 $'000	2025 $'000
Net gain/(loss) on disposal		
Buildings	**(596)**	(7)
Infrastructure	**(4,766)**	(1,179)
Motor vehicles	**441**	91
Office equipment	**(452)**	(12)
Total (loss) on disposal	**(5,373)**	(1,107)

4.2 Intangible assets

	2026 $'000	2025 $'000
Classes of intangibles		
Computer software - at cost	**9,063**	9,995
Less: Accumulated amortisation	**(8,928)**	(9,934)
	135	61
Bulk water entitlement-at cost	**4,750**	4,750
Large - scale generation certificates (LGC)	**11**	199
Australian Carbon Credit Units (ACCU)	**889**	925
Native Vegetation Credits	**1,020**	1,285
Total intangibles	**6,805**	7,220

	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 2025						
Cost	**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**
Disposals	**(226)**	**(36)**	**(265)**	**-**	**-**	**(527)**
Transfers between categories	**-**	**-**	**-**	**-**	**-**	**-**
Additions	**38**	**-**	**-**	**149**	**-**	**187**
Amortisation expense	**-**	**-**	**-**	**(75)**	**-**	**(75)**
Closing net book amount at 30 June 2026	**11**	**889**	**1,020**	**135**	**4,750**	**6,805**
Total as at 30 June 2026 represented by:						
Cost	**11**	**889**	**1,020**	**9,063**	**4,750**	**15,733**
Accumulated amortisation	**-**	**-**	**-**	**(8,928)**	**-**	**(8,928)**
Net book value as at 30 June 2026	**11**	**889**	**1,020**	**135**	**4,750**	**6,805**

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.

Permanent water entitlements

Water entitlements are issued by the Minister for Water and registered in the Victorian Water Register, are recognised at cost and are considered to have an indefinite useful life in accordance with FRD 109 – Intangible Assets (FRD 109).

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:

Recognise as an other expense over the term of the service contract	• Fee for use of application software • Customisation costs
Recognise as an other expense as the service is received	• 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.

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

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.

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

	2026 $'000	2025 $'000
Current		
Contractual		
Service and usage charges	**6,532**	6,195
Less: Allowance for expected credit losses	**(665)**	(561)
Other receivables	**1,110**	1,542
Loans to third parties	**815**	1,401
Contract assets	**10,979**	10,439
Schemes / receivables	**39**	39
	18,810	19,055
Statutory		
GST input tax credit recoverable	**382**	963
Total current receivables and contract assets	**19,192**	20,018
Non-current		
Contractual		
Loans to third parties	**755**	1,532
Schemes / receivables	**61**	68
Total non-current receivables	**816**	1,600
Total receivables and contract assets	**20,008**	21,618

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 services and water supplied to customers in the financial year, which the customer has not yet been billed for. The Corporation recognises these as revenue at the time the service or good is provided. The estimation of amounts not billed to the end of financial year for water usage, are based on the average daily water usage from the previous billing periods. For the relevant accrual period, the average usage is adjusted by weightings assigned to each month, recognising that customer water usage fluctuates across the year (i.e. higher usage across the summer months). Service charges are fixed, therefore revenue is calculated based on a daily charge and the days since the last bill was issued. The contract assets are transferred to receivables when the rights become unconditional, which usually occurs when the Corporation issues an invoice to the customer.

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 2026 vary from 0.6% for receivables that are more than 30 days past due to 26.3% for receivables that are more than 120 days past due (2025: 0.7% to 31.2%).

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 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

	2026 $'000	2025 $'000
Current		
Contractual		
Trade creditors and accruals	**2,546**	4,479
Contract retentions	**118**	693
Contract deposits	**557**	771
Other payables	**261**	283
Contract liabilities	**3,751**	2,986
Accrued loan interest	**81**	84
Accrued expenses - employee benefits	**420**	903
Total trade, other payables and contract liabilities	**7,734**	10,199

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

	2026 $'000	2025 $'000
Current		
Prepayments	**2,486**	2,902
Total other non-financial assets	**2,486**	2,902

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.

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

	2026 $'000	2025 $'000
Current - interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	**11,500**	8,000
Lease liabilities	**104**	100
Total current interest-bearing liabilities	**11,604**	8,100
Non-current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	**109,500**	102,000
Lease liabilities	**1,667**	1,826
Total non-current interest-bearing liabilities	**111,167**	103,826
Total interest-bearing liabilities	**122,771**	111,926

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 *Borrowing and Investment Powers Act 1987*.

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

Maturity of borrowings

	Carrying amount $'000	Nominal amount $'000	Less than 1 month $'000	3 months - 1-3 months $'000	3 months - 1 year $'000	1-5 years $'000	5+ years $'000
30 June 2026							
Lease liabilities	**1,771**	**2,392**	**10**	**24**	**70**	**499**	**1,168**
Loans from TCV	**121,000**	**119,576**	**-**	**2,000**	**9,500**	**48,500**	**61,000**
Total	**122,771**	**121,968**	**10**	**2,024**	**9,570**	**48,999**	**62,168**
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

Interest expense

	2026 $'000	2025 $'000
Interest on loans - Treasury Corporation of Victoria (TCV)	**5,122**	3,939
Financial accommodation levy	**823**	678
Interest on lease liability	**67**	61
Total interest expense	**6,012**	4,678

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

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

Financial accommodation levy 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 21 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.

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 at note 6.2.1 and lease liabilities in Note 6.1.1.

6.2.1 Right-of-use assets

	Land $'000	Buildings $'000	Plant and equipment $'000	Total $'000
Balance at 1 July 2025				
Cost	**144**	**1,745**	**65**	**1,954**
Less: Accumulated depreciation	**-**	**(139)**	**(43)**	**(182)**
Net book value at 30 June 2025	**144**	**1,606**	**22**	**1,772**
Additions to right-of-use assets	**-**	**-**	**68**	**68**
Modification adjustments	**13**	**(136)**	**-**	**(123)**
Depreciation expense	**(8)**	**(78)**	**(22)**	**(108)**
Carrying amount at end of year	**149**	**1,392**	**68**	**1,609**
Year ended 30 June 2026				
Cost	**157**	**1,609**	**133**	**1,899**
Less: Accumulated depreciation	**(8)**	**(217)**	**(65)**	**(290)**
Carrying amount at end of year	**149**	**1,392**	**68**	**1,609**

6.2.2 Amounts recognised in the comprehensive operating statement

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

	2026 $'000	2025 $'000
Interest on lease liabilities	**67**	61
Depreciation on ROU assets	**108**	170
Total	**175**	231

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.

	2026 $'000	2025 $'000
Less than one year	**104**	100
One to five years	**499**	431
More than five years	**1,168**	1,395
Total	**1,771**	1,927

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.

	2026 $'000	2025 $'000
Deposits at call	**7,069**	4,728
Cash at bank	**296**	256
Balance as per cash flow statement	**7,365**	4,984

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 2026				
Capital expenditure commitments payable	**9,200**	**165**	**-**	**9,365**
Environmental contribution levy commitments	**3,163**	**3,163**	**-**	**6,326**
Other commitments payable	**15,574**	**11,991**	**-**	**27,565**
Total commitments (inclusive of GST)	**27,937**	**15,319**	**-**	**43,256**
Less GST recoverable				**(3,357)**
Total commitments (exclusive of GST)				**39,899**
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

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 Financial instruments

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: • 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: • 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 Gains or losses are recognised in the comprehensive operating statement as either: • interest income calculated using the effective interest rate; • impairment losses under the expected credit loss model; or • gain or loss on derecognition.
Financial assets and liabilities at fair value through profit and loss • 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 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. Gains or losses include: • Fair value changes either realised or unrealised; • Interest; or • dividends

Financial instrument	Initial measurement	Subsequent measurement
Financial liabilities at amortised cost Financial liabilities include: • payables (excluding statutory payables); • borrowings (including lease liabilities)	Fair value, plus or minus any directly attributable transaction costs to initial recognition	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the comprehensive operating statement, over the period of the interest-bearing liability using the effective interest rate method. Gains or losses are recognised in the comprehensive operating statement as either: • interest expense calculated using the effective interest rate; • impairment losses under the expected credit loss model; or - gain or loss on derecognition.

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.

7.1.1 Financial instruments: Categorisation

2026	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	**7,365**	**-**	**-**	**-**	**7,365**
Receivables and contract assets						
Service and usage charges	5.1	**-**	**-**	**5,867**	**-**	**5,867**
Scheme receivables	5.1	**-**	**-**	**100**	**-**	**100**
Contract assets	5.1	**-**	**-**	**10,979**	**-**	**10,979**
Other receivables	5.1	**-**	**-**	**2,680**	**-**	**2,680**
Investments and other contractual financial assets						
Investments in ZEW		**-**	**-**	**11**	**-**	**11**
Financial assets designated at fair value through profit or loss		**-**	**351**	**-**	**-**	**351**
Total contractual financial assets		**7,365**	**351**	**19,637**	**-**	**27,353**
Payables and contract liabilities						
Trade creditors and accruals	5.2	**-**	**-**	**-**	**3,047**	**3,047**
Contract retentions	5.2	**-**	**-**	**-**	**118**	**118**
Contract deposits	5.2	**-**	**-**	**-**	**557**	**557**
Other payables	5.2	**-**	**-**	**-**	**261**	**261**
Contract liability	5.2	**-**	**-**	**-**	**3,751**	**3,751**
Borrowings						
Loans from TCV	6.1	**-**	**-**	**-**	**121,000**	**121,000**
Derivative financial liabilities						
Financial liabilities designated at fair value through profit or loss		**-**	**-**	**-**	**-**	**-**
Total contractual financial liabilities		**-**	**-**	**-**	**128,734**	**128,734**

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 and contract assets						
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	-	-	4,475	-	4,475
Investments and other contractual financial assets						
Investments in ZEW		-	-	11	-	11
Total contractual financial assets		4,984	-	20,666	-	25,650
Payables and contract liabilities						
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 liability	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

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

	Net holding gain/ (loss) $'000	Total interest income/ (expense) $'000	Fee income/ (expense) $'000	Impairment loss $'000	Total $'000
2026					
Contractual financial assets					
Debt instruments mandatorily measured at fair value through profit / loss	**296**	**-**	**-**	**-**	**296**
Financial assets at amortised cost - other than on derecognition	**-**	**130**	**-**	**(104)**	**26**
Total contractual financial assets	**296**	**130**	**-**	**(104)**	**322**
Contractual financial liabilities					
Financial liabilities at amortised cost	**-**	**(5,945)**	**-**	**-**	**(5,945)**
Financial liabilities designated at fair value through profit / loss	**259**	**-**	**-**	**-**	**259**
Total contractual financial liabilities	**259**	**(5,945)**	**-**	**-**	**(5,686)**
2025					
Contractual financial assets					
Debt instruments mandatorily measured at fair value through profit / loss	-	-	-	-	-
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)

Details regarding the recognition of gains or losses on financial instruments are provided in Section 7.1.

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 any material contingent liabilities at balance date, not recorded or disclosed within 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), which is 30 June 2026 for the Corporation.

Specialised land and buildings

Land was valued by Preston Rowe Paterson on behalf of the VGV as at 30 June 2026. Fair value was determined using the market based direct comparison method. The value is then adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land and it's continued use as a special purpose asset for the fulfilment of community service obligations.

The CSO adjustment is a reflection of the Valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible.

Non-specialised buildings comprising mostly corporate buildings were also valued by Preston Rowe Paterson on behalf of the VGV as at 30 June 2026. Fair value was determined using the depreciated replacement cost (DRC) method. DRC is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Unit rates developed by Rawlinson's Pty Ltd were utilised, where appropriate, by the valuer when valuing the Corporation's building asset base.

Specialised buildings, those directly related to water and sewer infrastructure, were valued by Ernst & Young on behalf of VGV as part of the infrastructure valuation. Fair value was determined using the depreciated replacement cost method adjusted for associated depreciation.

Infrastructure assets

Infrastructure assets were valued by Ernst & Young on behalf of VGV as at 30 June 2026. The valuation methodology used was the depreciated replacement cost approach for assessing costs. This approach is appropriate for highly specialised assets where there is no active market.

Actual cost of construction data from across the Victorian water industry was used to formulate unit rates for various infrastructure asset classes. This work was performed independently by Acumentis Pty. Ltd. and was utilised where appropriate by the valuer when valuing the Corporation's infrastructure asset base. The Corporation verified that Acumentis unit rates were aligned with recent completed capital project costings.

Amendments to *AASB 13 Fair Value Measurement* require fair value measurement of assets to include unobservable inputs such as restoration, disruption and site preparation costs. These costs were included in the development of Acumentis unit rates and are thus inherent within them. The inclusion of these costs within unit rates that form the basis of the Corporations asset revaluation, together with market conditions reflecting significant cost increases in recent years, were key drivers of the significant increase in the Corporation's infrastructure asset valuation. The costs incorporated as a result of the AASB 13 amendments were not separately identified from the overall asset valuations.

Overall, the significant increases in asset values arising from the 30 June 2026 valuations are consistent with recent completed capital project costings and tender prices received by the Corporation, providing further support for the reasonableness of the valuation outcomes.

Data from a variety of information sources that could be applied broadly across the range of assets in each category, including capacity, height, material type, length and depth, was provided to the valuer to assist in applying the correct valuation methodology. Ernst & Young also inspected a sample of assets across the Corporation's region while performing the valuation. These inspections, together with the data provided by the Corporation, assisted Ernst & Young in forming an opinion on asset condition. Ernst & Young relied on data provided by the Corporation, including asset useful lives, and did not independently reassess the useful lives of the assets.

Water and sewer infrastructure assets are valued using the depreciated replacement cost method. This cost represents the replacement cost of the infrastructure/ component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the depreciated replacement cost calculation. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

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

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 and non-financial physical assets in the statement of financial position, as well as the significant unobservable inputs used.

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

Type	Valuation technique	Significant unobservable inputs
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. Depreciated replacement cost. Valuation is based on the replacement of buildings to a 'modern equivalent' standard after applying an appropriate depreciation rate, useful life and adjusting for condition.	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

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.

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.

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.

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.

	2026 $'000	2025 $'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	**(24,475)**	(12,057)
Income tax calculated at 30% (2025: 30%)	**(7,343)**	(3,617)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	**73**	11
Impairment of pre-CGT assets, non-deductible	**249**	-
Income tax as reported in the comprehensive operating statement	**(7,021)**	(3,606)

Uncertainty over income tax treatments - Developer Contributed Assets

The Australian Taxation Office (ATO) has listed 10 water corporations in a Tailored Compliance Engagement letter (TCE) surrounding the tax accounting treatment of Developer Contributed Assets (DCA) and whether they shall cease to be subject to corporate income tax. Previously DCAs have been included as taxable income, however, it is anticipated DCAs will no longer be included as taxable income, and therefore taxable expense is expected to change.

The TCE arrangement is not a public ruling, private ruling, class ruling or any other legally binding ruling issued under the taxation laws. The proposed amendments are intended to be implemented consistently with the facts disclosed to the ATO and on the basis there is no material change in the underlying facts or applicable law, and the valuation assumptions relied upon remain valid.

The adoption of the above treatment does not arise from any change in the taxation legislation or the introduction of a new law. Rather, it reflects a revised application of the existing provisions in section 21A of the ITAA 1936.

Due to the availability of carried-forward tax losses, the proposed amendments to the 2021 to 2025 income tax returns are not expected to give rise to any tax refunds to the Corporation. Accordingly, the proposed amendments do not have any impact on current tax liabilities or current tax expense, including any under or over-provisioning of income tax.

Deferred tax balances are currently recognised in respect of both fixed assets and carried-forward tax losses. The proposed amendments are expected to increase the amount of available tax losses. However, this increase is expected to be offset by a corresponding increase in the taxable temporary differences associated with fixed assets. Accordingly, we do not expect the amendments to result in any material change to the Corporations net deferred tax liability position, nor do we expect any impact on deferred tax expense.

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

	2026 $'000	2025 $'000
Amounts recognised in comprehensive operating statement		
Prior and current tax losses	**10,127**	5,520
Provisions and accrued expenditure not deductible	**2,736**	2,992
	12,863	8,512
Movements:		
Opening balance 1 July	**8,512**	11,274
Increase in prior year tax losses - application of Tailored Compliance Engagement (TCE) Arrangement	**4,968**	-
Prior year tax losses deducted in current year	**(367)**	(2,781)
Other timing differences	**(250)**	19
Closing balance 30 June	**12,863**	8,512

Deferred tax liabilities

	2026 $'000	2025 $'000
Amounts recognised in the comprehensive operating statement		
Depreciation and revaluation	**397,879**	195,514
Movements		
Opening balance 1 July	**195,514**	201,883
Revaluation of assets	**205,035**	-
Depreciation	**(7,693)**	(6,342)
Temporary differences in fixed assets - application of Tailored Compliance Engagement (TCE) Arrangement	**4,968**	-
Other timing differences	**55**	(27)
Closing balance 30 June	**397,879**	195,514
Net deferred tax liabilities		
Deferred tax assets	**12,863**	8,512
Deferred tax liabilities	**397,879**	195,514
Net deferred asset/(liability)	**(385,016)**	(187,002)

Unrecognised deferred liability/tax asset

As at 30 June 2026, there were no deferred tax liability or deferred tax assets not recognised in 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) form 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	2026 $'000	2025 $'000
Net gain/(loss) on non-financial assets			
Net loss on disposal of infrastructure, property plant and equipment (including intangible assets)	4.1.5	**(5,373)**	(1,107)
Impairment of infrastructure, property plant and equipment		**(2,576)**	-
Total net gain/(loss) on non-financial assets		**(7,949)**	(1,107)
Net gain/(loss) on financial instruments			
Impairment of:			
Loans and receivables		**(103)**	(38)
Net gain arising from derivatives for ZEW transactions		**555**	199
Total net gain/(loss) on financial instruments		**452**	161
Other gains/(losses) from economic flows			
Net gain arising from revaluation of long service liability		**98**	9
Total other gains/(losses) from economic flows		**98**	9
Total other (losses) from other economic flows		**(7,399)**	(937)

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.

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance 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	Hon. Gayle Tierney	1 July 2025 - 14 April 2026
Minister for Water	Hon. Harriet Shing	15 April 2026 - 30 June 2026
Chair	Dr Helen Scarborough	1 July 2025 - 30 June 2026
Deputy Chair	Mr Kenneth King	1 July 2025 - 30 September 2025
Director/Deputy Chair	Dr Susan Brumby	1 July 2025 - 30 June 2026
Director	Ms Emma Olivier	1 July 2025 - 30 June 2026
Director	Ms Narelle Allen	1 July 2025 - 30 June 2026
Director	Mr Neil Plummer	1 July 2025 - 30 June 2026
Director	Mr William Millard	1 July 2025 - 30 June 2026
Director	The Hon. Gordon Rich-Phillips	1 July 2025 - 30 June 2026
Director	Ms Rebecca Bartel	1 October 2025 - 30 June 2026
Director	Mr Andrew Morecroft	1 October 2025 - 30 June 2026
Managing Director/Accountable Officer	Mr Andrew Jeffers	1 July 2025 - 17 July 2025
Managing Director/Accountable Officer	Mr Steven Waterhouse	18 July 2025 - 30 June 2026

Remuneration

Remuneration received or receivable by the Responsible Persons in connection with the management of the Corporation during the reporting period was in the range:

	2026 $'000	2025 $'000
$10,000 - $19,000	**1**	-
$20,000 - $29,000	**2**	-
$30,000 - $39,999	**6**	7
$60,000 - $69,999	**1**	1
$270,000 - $279,000	**1**	-
$390,000 - $399,999	**1**	1
Total	**12**	9
Total remuneration	**1,017**	703

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: $1,010,000 - $1,019,999 ($700,000 - $710,000 in 2024-25).

9.4 Remuneration of executives

The number of executive officers, other than Responsible Persons, 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.

	2026 $'000	2025 $'000
Short-term employee benefits	**1,311**	1,222
Post-employment benefits	**143**	139
Other long-term benefits	**31**	30
Total remuneration	**1,485**	1,391
Total number of executives	**6**	5
Total annualised employee equivalents	**4.83**	4.86

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 management 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 9.3 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 are set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the State's Annual Financial Report.

	2026 $'000	2025 $'000
Short-term employee benefits	**2,014**	1,850
Post-employment benefits	**207**	205
Other long-term benefits	**40**	39
Termination benefits	**241**	-
Total remuneration	**2,502**	2,094

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	2026 $'000	2025 $'000
Government related entity-receipts			
Department of Energy, Environment and Climate Action (DEECA)	Circular economy	**-**	20
Department of Energy, Environment and Climate Action (DEECA)	Quality Water for Wannon	**-**	1,750
Department of Energy, Environment and Climate Action (DEECA)	Blue green algae testing	**50**	-
Department of Energy, Environment and Climate Action (DEECA)	Gellibrand River Restoration	**525**	-
Department of Energy, Environment and Climate Action (DEECA)	Integrated water management resourcing support	**50**	-
Department of Energy, Environment and Climate Action (DEECA)	Gellibrand River Restoration and Supply	**2,000**	-
Department of Premier & Cabinet	Framlingham wastewater upgrade	**3,164**	-
Department of Families, Fairness and Housing	Customer concession rebates	**3,972**	4,281
Department of Families, Fairness and Housing	New customer contributions	**68**	22
Parks Victoria	Operations and maintenance 12 Apostles site	**108**	100
State Revenue Office (SRO)	Not for profit rebate	**297**	296
Treasury Corporation of Victoria (TCV)	Net borrowings during the year	**11,000**	26,000
Glenelg Hopkins Catchment Management Authority	Hamilton Office Co-location	**-**	30
South West Healthcare	Hider Street water main diversion	**25**	663
South West Healthcare	Communications lease	**5**	-
Development Victoria	Port Campbell hydraulic system review	**2**	31
Country Fire Authority	Communications lease	**2**	-
Coliban Water	Temporary assignment of 400 ML of bulk water entitlements	**80**	-
Corangamite Catchment Management Authority	Integrated water management resourcing support	**11**	-
Glenelg Hopkins Catchment Management Authority	Integrated water management resourcing support	**11**	-
Southern Rural Water	Communications lease	**2**	-
Victorian Infrastructure Delivery Authority	Sale of biodiversity offset credits	**76**	-
Zero Emissions Water	Admin, fees and large scale generation	**31**	-
Government-related entity receivables			
Department of Energy, Environment and Climate Action (DEECA)	Gellibrand River Restoration	**-**	500
Corangamite Catchment Management Authority	Australian Carbon Credit Unit Loan	**29**	29

Yarra Valley Water	Australian Carbon Credit Unit Loan	**202**	202
Glenelg Hopkins Catchment Management Authority	Integrated water management resourcing support	**12**	-
Parks Victoria	Operations and maintenance 12 Apostles site	**19**	-
Government-related entity payments			
Department of Energy, Environment and Climate Action (DEECA)	Environmental contribution levy	**3,163**	3,163
Department of Energy, Environment and Climate Action (DEECA)	Capital Repatriation	**1,000**	500
Department of Energy, Environment and Climate Action (DEECA)	Monitoring Costs	**39**	37
Department of Energy, Environment and Climate Action (DEECA)	Other	**9**	10
Department Health and Human Services (DHHS)	Safe drinking water administration levy	**27**	27
Department Treasury and Finance (DTF)	Financial accommodation levy	**810**	630
Department Treasury and Finance (DTF)	Cost Recovery Contribution	**-**	60
Environment Protection Authority (EPA)	Licences	**89**	186
Essential Services Commission (ESC)	Water regulation cost recovery contribution	**60**	-
GWM Water (GWM)	Water service and supply charges	**430**	363
Southern Rural Water (SRW)	Licences	**86**	84
State Revenue Office (SRO)	Payroll tax	**568**	454
Treasury Corporation of Victoria (TCV)	Borrowing costs	**5,125**	3,949
Yarra Valley Water	Water Smart Program	**93**	18
Vic Roads	Vehicle registration fees	**92**	166
Victorian Auditor Generals Office (VAGO)	Audit fees	**53**	92
Zero Emissions - Power Purchase Agreement (ZEW)	Admin. fees and large scale generation certificates	**56**	10
Department of Transport & Planning	Rental valuation assessments	**31**	-
Department of Transport & Planning	Three year imagery capture project	**39**	-
Government-related entity payables			
Department Treasury and Finance (DTF)	Financial accommodation levy	**210**	197
Treasury Corporation of Victoria (TCV)	Borrowing costs	**81**	84
Victorian Auditor Generals Office (VAGO)	Audit fees	**77**	53

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

	2026 $'000	2025 $'000
Victorian Auditor-General's Office		
Audit or review of the financial statements	**77**	74
Total remuneration of auditors	**77**	74

9.7 Ex-gratia expense

	2026 $'000	2025 $'000
Forgiveness or waiver of debt	**152**	94
Total ex-gratia expenses	**152**	94

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.

9.8 Changes in accounting policies

No change in accounting policies impacted the Corporation for the year ending 30 June 2026.

9.9 Australian Accounting Standards issued that are not yet effective

A number of new and amended Australian Accounting Standards and Interpretations have been issued by the Australian Accounting Standards Board ("AASB") but are not yet effective for the financial year ended 30 June 2026.

These Standards and Interpretations are required to be applied in future reporting periods and have not been early adopted by the Corporation.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 replaces AASB 101 *Presentation of Financial Statements* to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss.

The key presentation and disclosure requirements established by AASB 18 are the presentation of newly defined subtotals in the statement of profit or loss.

AASB 18 requires an entity to:

- classify income and expenses into operating, investing, financing, income taxes and discontinued operations categories in the statement of profit or loss; and
- present two newly defined subtotals – operating profit and profit before financing and income taxes.

The standard is applicable for annual reporting periods beginning on 1 January 2027.

Based on information currently available, the Corporation is still in the process of assessing the impact of the new accounting standard, particularly with respect to the structure of the Corporation's financial statements.

In addition to the new standards above, the AASB has issued a number of other amending standards that are not effective for the 2025/26 reporting period. These standards are not expected to have any significant impact on the Corporation and thus have not been included.

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 2026.

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.

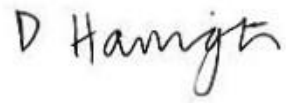
We authorise the attached financial statements for issue on 1 September 2026.



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 1st day of September 2026

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Wannon Region Water Corporation

Opinion	I have audited the financial report of Wannon Region Water Corporation (the corporation) which comprises the: • statement of financial position as at 30 June 2026 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cashflow 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. In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and Australian Accounting Standards - Simplified Disclosures.
Basis for opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's responsibilities for the audit of the financial report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the corporation 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 financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the *Financial Management Act 1994,* and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error. 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.

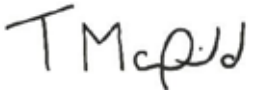
Auditor's responsibilities for the audit of the financial report

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 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 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
7 September 2026

Timothy Maxfield
as delegate for the Auditor-General of Victoria

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The 2025/26 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.

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Detailed water consumption statistics

Urban water consumption

Total drinking and non-drinking water consumption 2025/26

	Residential customers		Non-residential customers		Rural customers		Total consumption		5-year average annual consumption
City/Town	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)	(ML)
Drinking water	39,594	5,460	4,763	4,542	1,214	903	45,571	10,905	10,415
Non-drinking water	19	3	4	1,385	621	566	644	1,954	1,745
Totals	**39,613**	**5,463**	**4,767**	**5,927**	**1,835**	**1,469**	**46,215**	**12,859**	**12,160**

Water consumption by system (megalitres)

System	2025/26 volume (ML)	Change	2024/25 volume (ML)	Change	2023/24 volume (ML)	Change	2022/23 volume (ML)	Change	2021/22 volume (ML)	Change
East Dilwyn	301	-20%	374	29%	291	21%	241	-6%	256	14%
Grampians	1,278	-9%	1,412	13%	1,246	15%	1,085	-11%	1,225	10%
Other	202	2%	199	15%	172	15%	150	-10%	166	24%
Otway	8,637	1%	8,543	9%	7,814	4%	7,546	-2%	7,731	6%
Tullich	319	-12%	361	17%	309	21%	256	-17%	309	10%
West Dilwyn	2,122	-1%	2,137	2%	2,102	4%	2,023	2%	1,992	3%
Totals	**12,859**	**-1%**	**13,026**	**9%**	**11,934**	**6%**	**11,302**	**-3%**	**11,679**	**6%**

Detailed water consumption statistics

Water consumption by town/city 2025/26

Location	Residential customers		Non residential customers		Rural customers		Total consumption		5 year average annual consumption
	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)	No.	Volume (ML)	
Allansford	332	50.5	41	75.6	9	20.6	382	146.6	153
Balmoral	106	16.2	29	6	17	10.5	152	32.7	31.5
Balmoral Pipeline*	-	-	-	-	3	3.9	3	3.9	4.4
Camperdown	1,714	241.7	219	89	-	-	1,933	330.7	351.7
Camperdown Rural	-	-	1	27.2	412	420.2	413	447.4	441
Caramut	57	10.5	10	6.2	7	4	74	20.7	18.4
Caramut Pipeline*	-	-	-	0	11	3.1	11	3.1	3.3
Casterton	831	96.1	143	57.7	24	11.7	998	165.6	163.3
Cavendish	79	8.4	20	5	4	1.6	103	15	12.8
Cobden Rural	-	-	-	-	19	19.9	19	19.9	21
Cobden Urban	755	102.9	106	438.1	88	67.4	949	608.4	641.9
Coleraine	530	60.3	79	25.2	17	7.4	626	92.9	88.7
Coleraine Pipeline*	-	-	-	-	4	1.8	4	1.8	2
Darlington*	19	2.8	3	0.1	-	-	22	2.9	2.1
Dartmoor	138	18.5	20	2.7	-	-	158	21.2	18.4
Dunkeld	341	62.5	50	25.1	30	12.8	421	100.4	97
Glenthompson	101	8.2	23	1.4	8	0.7	132	10.3	10.8
Hamilton	4,927	744.3	650	259.7	45	24.1	5,622	1,028.20	1,018.20
Hamilton Pipeline*	-	-	-	-	37	16.6	37	16.6	15.9
Heywood	672	86.6	101	33.6	3	0.1	776	120.3	117.8
Konongwootong Pipeline*	-	-	-	-	70	95.2	70	95.2	78.9
Koroit	850	124.8	63	280.8	5	1	918	406.5	396.8
Lismore and Derrinallum	366	42.5	73	22.6	82	46.9	521	112	101.8
Macarthur	139	13.6	35	4.2	2	0.1	176	17.9	17
Merino	131	16.5	20	4	36	18.4	187	38.8	37.2
Mortlake	602	85.4	94	72.1	5	9.7	701	167.2	163.2
Noorat and Glenormiston	162	30.8	19	14.9	77	50.2	258	95.9	92.5
North Otway Pipeline*	-	-	1	1,384.60	460	409.4	461	1,794.00	1,614.20
Penshurst	274	38.4	48	23.3	2	-	324	61.7	58

Peterborough	363	24.7	16	12.8	11	15.8	390	53.3	50.2
Port Campbell	285	27.3	44	44.4	-	-	329	71.7	66.6
Port Fairy	2,245	277.9	228	259.9	4	0.4	2,477	538.2	536.4
Portland	5,472	704	687	736.9	6	1.4	6,165	1,442.30	1,402.30
Purnim	-	-	1	0.1	108	16.6	109	16.8	23.2
Sandford	60	9.3	4	0.4	28	9.2	92	18.9	18.1
Simpson	79	10	18	12.2	10	16.8	107	39	39.7
Tarrington	149	28.9	6	2.8	16	4.6	171	36.3	36.1
Terang	967	140.5	144	51	1	8.6	1,112	200.1	192.6
Timboon	471	59.6	84	45.7	117	70.5	672	175.8	175.8
Tullich Pipeline*	-	-	-	-	7	1.3	7	1.3	1.6
Warrnambool	16,396	2,319.50	1,687	1,901.10	21	31.8	18,104	4,252.30	3,821.70
Willaura Pipeline*	-	-	-	-	29	35	29	35	22.6
Total	**39,613**	**5,463**	**4,767**	**5,927**	**1,835**	**1,469**	**46,215**	**12,859**	**12,160**

* Non-drinking water districts

Sewerage services

City / Town	No. connected sewerage customers 2025/26
Allansford	307
Camperdown	1,788
Camperdown Rural	2
Casterton	823
Cobden Urban	788
Coleraine	560
Dunkeld	301
Hamilton	5,011
Heywood	714
Koroit	868
Mortlake	615
Noorat and Glenormiston	3
Peterborough	332
Port Campbell	287
Port Fairy	2,277
Portland	5,898
Simpson	81
Terang	1,016
Timboon	460
Warrnambool	17,553
Total	39,684

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

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