

Annual Report

2020



WESTERNPORT
WATER

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Vision

Westernport Water leads through collaboration and innovation to deliver sustainable water and wastewater services that improve the health and liveability of our community.



Westernport Water seeks to realise its vision through the following strategic focus areas:

Our customers

Provide products and services that meet our customers' expectations for quality, accessibility and affordability



Our people

Be an innovative organisation with a reputation that is valued by current and prospective employees



Our assets

Enable the sustainable delivery of products and services to our customers



Our community

Be a valued member of the community we serve



Our environment

Maintain the integrity and value of our business through sound governance and financial management



Our business

Maintain the integrity and value of our business through sound governance and financial management



About us

Westernport Region Water Corporation (the Corporation), trading as Westernport Water, is a regional water corporation whose core functions are to provide drinking water, recycled water and wastewater services to properties and communities throughout its district in accordance with the standards listed in the Westernport Water Customer Charter 2018-23 or by agreement.

We acknowledge that Westernport Water provides services on the traditional lands of the Bunurong Peoples, who have managed the natural resources over thousands of years. We pay our respects to the Traditional Custodians and their Elders past, present and future as we continue to manage these resources today.

Westernport Water is responsible for water and wastewater performance, servicing 21,567 customers from 27 townships, across an area covering 300 square kilometres, encompassing Millowl (Phillip Island) and mainland communities from The Gurdies to Archies Creek.

The region has one of the highest ratios of visitors to residents of any destination in Australia. During peak

periods, especially December to January, there can be approximately 120 visitors to every resident.

Westernport Water sources water from Tennent Creek, the Corporation's main water supply source, and supplements this with water from the Bass River or the Melbourne Supply System. During periods of low rainfall, groundwater from Corinella Aquifer may also be accessed.

Drinking water is produced at Ian Bartlett Water Purification Plant (IBWPP) at Candowie Reservoir in Almurta, then pumped to waterline communities on the Eastern side of Western Port and the San Remo Basin for distribution to customers.

Westernport Water operates two wastewater treatment plants and 99 pump stations to supply wastewater services for approximately 90 per cent of properties that receive drinking water. Effluent collected from the townships of Kilcunda and Dalyston is treated under an agreement with South Gippsland Water at its Wonthaggi Wastewater Treatment Plant.

Source	Volume available (ML)	Type
Tennent Creek	2,911	Surface water
Bass River	3,000	Surface water
Corinella Aquifer	490	Groundwater
Melbourne Supply System	1,000	Melbourne Supply System
Total	7,401	

Westernport Water provides the following value add services:

- delivery of Class-A recycled water for residential, recreational, commercial and agricultural purposes in specific areas of Phillip Island
- removal of commercial trade waste
- a liquid waste disposal facility
- supply of reticulated gas in specific areas of San Remo
- specialist advice on infrastructure and facility design for new developments
- biosolids for agricultural purposes
- catchment programs aimed at improving raw water quality.

Manner of establishment

Westernport Region Water Authority was constituted under a Ministerial Order in section 98(2)(a) of the *Water Act 1989* (as amended) on 22 December 1994 by the then Victorian Minister for Natural Resources and published in the Victorian Government Gazette No. S102.

From 1 July 2007, the *Water Industry (Governance) Act 2006* took effect to amend the *Water Act 1989*. As a consequence, the Authority's name was changed to Westernport Region Water Corporation (referred to in this report as Westernport Water or the Corporation) under section 85(1) of the *Water Act 1989* (as amended). In accordance with section 95(1), members are appointed to the Board of Westernport Water by the responsible Minister.

Objectives, functions, powers and duties

We are a water corporation established under the *Water Act 1989*. Sections 92, 123 and 124 of the *Water Act 1989* (as amended) provide Westernport Water with the necessary powers to perform its functions. The powers derived by the *Water Act 1989* can only be exercised to perform functions given to Westernport Water by an Act of Parliament.

The responsible Victorian Minister for the reporting period from 1 July 2019 to 30 June 2020 was the Hon. Lisa Neville MP, Minister for Water.

The activities of our corporation are governed by the *Water Act 1989* and the Statement of Obligations (SoO) issued by the Victorian Minister for Water under Section 41(2) of the *Water Industry Act 1994*. The purpose of the SoO is to clarify the obligations of Westernport Water in relation to the performance of its functions, provision of its services and the exercising of its powers.

A board of directors is responsible for the strategic planning of Westernport Water and the management of its affairs under the *Water Act 1989*. Such planning needs to take into consideration the obligations set out in the SoO and Letter of Expectations (LoE). These responsibilities are executed through corporate and business plans.

The LoE was issued by the Victorian Minister for Water on 26 February 2019 in accordance with section 247 of the *Water Act 1989* (as amended). The LoE outlines the Victorian Government's priority policy areas for the water sector and water corporations to focus on. Westernport Water is required to report on its progress towards meeting its obligations set out in its Corporate Plan and identified priority policy areas.

Our Corporation is also governed by other Acts including the *Safe Drinking Water Act 2003*, *Catchment and Land Protection Act 1994*, *Public Administration Act 2004*, the *Food Act 1984* and the *Environment Protection Act 1970*.

The Environment Protection Authority Victoria (EPA Victoria) and the Victorian Department of Health and Human Services (DHHS) oversee our recycled water quality and drinking water quality respectively.

The Essential Services Commission (ESC) is our economic regulator. Every five years we are required to submit a price submission which sets out the services and service standards we propose to deliver to customers, and the proposed prices customers will pay for these.

Our values

We continue to work collaboratively to drive a positive workplace culture with common goals and values. Our core values are important to everyone at Westernport Water. They are the foundation of our workplace, essential to our success and serve as the lens through which we make decisions that impact our people, our business and our community.



Care to make a difference

because our actions show that we care about who we are, what we do, and each other.



Courage to step forward

because we can achieve great things when we are prepared to step forward.



Commitment to do great work

because we all want to do the best we can, together.

Year in review

A message from the Chair and Managing Director

At Westernport Water, we are passionate about the role we play in building a better future for our people, our planet and our customers. Our achievements throughout such a unique year, demonstrate the various ways that we have shown leadership through collaboration to deliver a more inclusive, resilient and liveable community.

Leading employer

For the second year running, Westernport Water was a finalist in the 'Leading Employer' category at the Institute of Public Administration Australia's (IPAA) Leadership Awards in February 2020 after winning the award in 2019. The awards celebrate excellence and the innovation of organisations in the Victorian public sector. The achievement provides recognition for the commitment and care that our diverse workforce demonstrates every day. Underlying this commitment is a strong belief that we can meet customer expectations for quality water and wastewater services whilst creating an even greater place to work.

Safety first

Our ongoing focus on safety was reflected in a Total Recordable Incident Frequency Rate of zero during the reporting period with no reportable injuries or WorkCover claims. Over the last 12 months, the Corporation implemented Year Two of the Workplace Health and Safety Improvement Plan, which included the consolidation and simplification of our WHS support documentation. The initiative followed extensive consultation across all levels of the organisation and culminated in the development of our 'Safety Rules to Live By' campaign to ensure every worker goes home safe and well, every day.

Strong performance

Despite such a dynamic and changing environment throughout the year, Westernport Water continued to deliver strong performance in the areas that matter most to customers. Eleven out of fourteen customer targets were met and year-on-year improvements were recorded in the majority of areas (79 per cent). Highlights included reduced water interruptions, a significant fall in water quality complaints, and a drop in sewer blockages. The strong performance shows the benefits of preventative maintenance and continuous improvement programs.

Working together

At Westernport Water, we believe that we can achieve better outcomes for our community by collaborating with local community organisations and stakeholders. The Bass Coast Reconciliation Network (BCRN) is a unique case study in collaborative leadership, designed to champion reconciliation and recognition with Aboriginal and Torres Strait Islander Peoples. Whilst Westernport Water

continues to progress a shared-path for reconciliation through our own Draft Innovate Reconciliation Action Plan, the goals and outcomes are broadened through the advocacy and shared opportunities that the BCRN provides and its network of members.

Supporting our customers

Westernport Water recognises that our customers may have experienced financial difficulties this year arising out of impacts from coronavirus (COVID-19). Like others in the Victorian water sector, we took proactive steps to provide targeted relief to those customers, residential or business, that were doing it tough. In addition to extending full payment flexibility and suspending all debt recovery efforts, we delivered a record number of hardship grants to customers (107, up from 30 last year). We also recorded a seven per cent increase in the total value of assistance provided to our community.

Planning for the future

Whilst this year could be typified by our response to a changing environment, it has not stopped us from making significant planning decisions that will leave a legacy for future generations. Significant adjoining land purchases were made at both wastewater treatment plants that will provide additional capacity to accommodate growth in our service area and deliver improved environmental outcomes.

COVID-19

What is happening in Australia and around the world as a result of the coronavirus (COVID-19) is challenging us all and we know it is a difficult time for many people and businesses. The interests and wellbeing of Victorians will continue to be Westernport Water's highest priority in its decision-making. For further information about Victoria's response to coronavirus please visit www.coronavirus.vic.gov.au.

Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, we are pleased to present Westernport Water's Annual Report for the year ending 30 June 2020.



Phil Clark
Chair
Westernport Water

5 November 2020



Peter Quigley
Managing Director
Westernport Water

5 November 2020

Impacts of coronavirus (COVID-19)

During the second half of the financial year, the Corporation enacted its pandemic plan and a range of business continuity plans to safeguard our business and community against the impacts of the coronavirus (COVID-19).

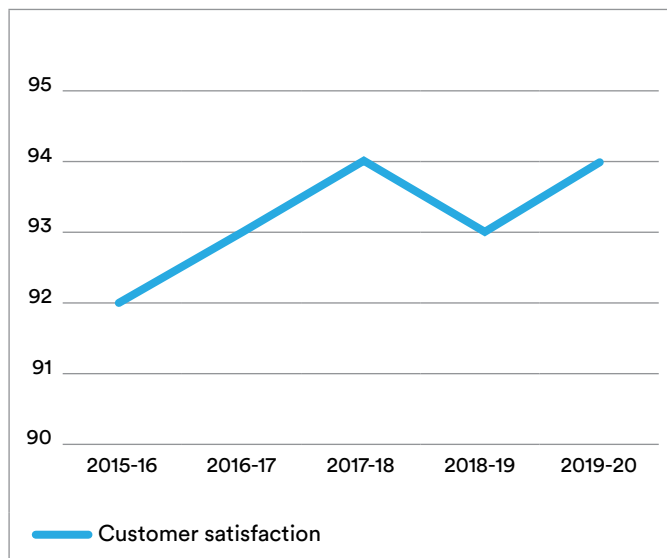
We have implemented many actions to protect our staff, including shifting to a mobile workplace. To do so, we up-skilled our staff to work with new technology from home-based offices. We have also made changes within our Network Operations and Treatment Plant Teams, implementing a split workforce arrangement approach to ensure that in the event of an employee needing to be quarantined for a period, any resourcing impacts across our wider team will be minimised.

We also established a virtual customer service centre for the first time that enabled our staff to receive customer calls remotely. This allowed our customers to get timely access to the products and services that they required, despite the closure of our face-to-face customer service centre to limit physical interactions and protect the health and safety of our community. Westernport Water also extended hardship support and flexible payment options to all customers, while suspending debt recovery activity.

We are extremely proud of our operational performance throughout this period. It has been through the commitment of our staff and the quality of our planning that we have been able to maintain our strong service levels. Some initiatives have been impacted by COVID-19 during the reporting period. In most cases, this has been due to the necessary reprioritisation of resources or complexities arising from restrictions. However, all essential, time-critical activities and works were delivered.

It is difficult to identify the full effects that COVID-19 will have on the Corporation's finances in the future. Our team has considered the impact on the 30 June 2020 financial statements in line with guidance from DTF and have not identified any material or quantitative financial impact that requires disclosure. We will continue to assist our customers facing financial hardship during these unprecedented times, and closely monitor our financial performance to ensure the sustainability of the corporation and our community we support.

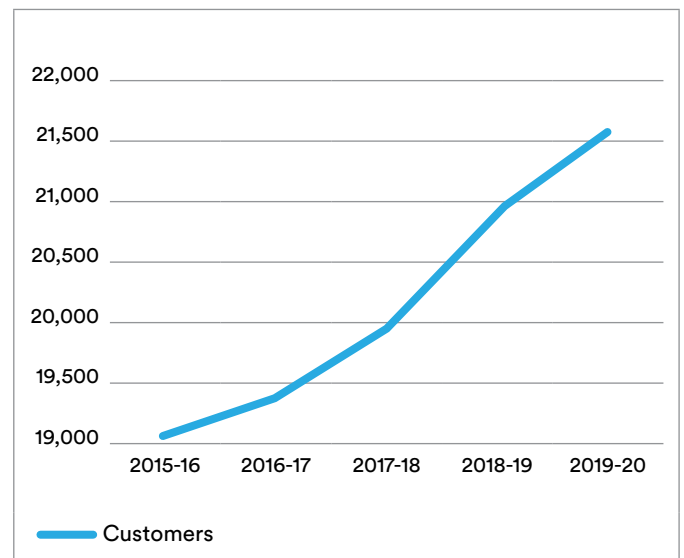
Overall customer satisfaction level (%) for the services provided



Note

1. Customer satisfaction results are obtained from a random sample of 400 customers using a telephone survey method.

Number of Victorians serviced by the Corporation ('000)



Note

1. Customer numbers have steadily increased over the past four years.

Customer commitments

Westernport Water's Price Submission for the period 2018-23, outlines how Westernport Water will demonstrate value for money for customers. It sets out four clear customer outcomes that provide Westernport Water with strategic direction. Our commitments to customers and our performance against those commitments is explained in the following section.

Reliable water and wastewater services



We will maintain the water network to ensure water and wastewater services are reliable for all customers by minimising interruptions, bursts, leaks and spills.

Overall performance for the regulatory period so far:

Output	Notes	2019-20	2018-19	Target	
Number of water supply interruptions – unplanned and planned per 100km	1	17.9	27.3	<46	😊
Number of sewer main blockages per 100km	2	3.8	6.1	<4.1	😊
Average total customer minutes off water supply – unplanned and planned	3	83.1	112.7	<103	😊

Notes

1. Providing a temporary water supply for planned and unplanned interruptions has resulted in fewer water supply interruptions and a reduction in total customer minutes off supply.
2. The introduction of CCTV asset condition assessment from 2019-20 has assisted in reducing the number of sewer main blockages.
3. Customers have received fewer water supply interruptions and a reduction in total customer minutes off due to the provision of a temporary water supply whenever possible for planned and unplanned interruptions.

Achievements

- Water main renewal in Ventnor will improve service reliability and water quality, reduce maintenance and repair costs and reduce potential property damage if the water main were to fail.
- Over the past two years, Westernport Water has replaced \$0.7M ageing asbestos cement pipes with steel pipes across the Cowes and Ventnor areas, with three years of work remaining of a five year program.

Projects updates

- CWWTP Upgrade design is complete with construction to commence in February 2021, and further improvements programmed for 2023 and beyond. The \$3.4M project will provide additional treatment capacity.
- The Water Pressure Management Program targeting areas of high water pressure has commenced, and is expected to reduce water leakage and bursts to water pipes.
- Replaced 1,000 ageing water meters as part of the Asset Renewal Program, to ensure the reliability of meter readings are maintained.
- Over the next three years, Westernport Water will replace ageing asbestos cement pipes with steel pipes across the service area, investing approximately a further \$1.2M.
- San Remo Basin to Cowes Pipeline Renewal Project is currently at the planning stage. This project is designed to proactively replace existing critical valves and fittings in order to maintain the water supply to Phillip Island.



Better tasting water

We will consistently deliver safe drinking water to customers in accordance with regulatory obligations, while always looking to improve taste and odour to meet customer expectations.

Overall performance for the regulatory period so far:

Output	Notes	2019-20	2018-19	Target	
Customers (%) satisfied with drinking water via annual telephone survey	1	69	64	>70	☹️
Number of Safe Drinking Water Act non-compliance (water sampling, audit)	–	0	0	0	😊
Number of water quality complaints per 100 customers	2	0.08	0.22	<0.22	😊

Notes

1. Customer satisfaction with drinking water improved significantly this year but remained below the 5-year average target. This improvement was supported by a reduction in water quality complaints and no non-compliance events.
2. These results represent positive outcomes from Westernport Water's Water Quality Improvement Program.

Achievements

- Real-time water quality monitoring of Grantville water storage was introduced to address taste and reliability of water supplied.
- The Powder Activated Carbon Upgrade further removed organics and helped to improve the taste of water.
- Delivery of the Backflow Prevention Program to prevent potential contaminants from entering the drinking water network from the reverse flow of water.
- Water main cleaning to improve the quality of water supply by air scouring water pipes and removing any biofilm or build up.

Future projects

- Distribution system maintenance, to improve management of repairs and adopt the industry best practice principles to managing water hygiene. 5C's Clean pipes, Clearance, Chlorination, Cleanliness and Clothing.
- Research to build upon our knowledge of raw water supply in Candowie Reservoir, which enables employees to respond to changes early.
- Air scouring water pipes, which cleans the water mains and removes biofilm or build up, providing better tasting water.

Affordable and responsive services

Our services will remain affordable for all customers, including those experiencing financial hardship. Our people will be accessible and responsive to customer enquiries and requests for assistance.



Overall performance for the regulatory period so far:

Output	Notes	2019-20	2018-19	Target	
Average time (min) to attend to water bursts and leaks – priority 1	1	0	2	<30	😊
Average time (min) to attend to water bursts and leaks – priority 2	1	30.6	40.4	<35	😊
Average time (min) to attend to water bursts and leaks – priority 3	1	45.6	43.4	<300	😊
Telephone calls answered within 30 seconds (%)	2	97.0	97.3	>97	😊
Number of hardship grants approved	3	107	30	>25	😊

Notes

1. Westernport Water's attendance times have remained consistent throughout this year, providing customers with confidence that bursts and leaks will be responded to in a timely manner.
2. Remote working arrangements stemming from COVID-19 restrictions placed pressure on our Customer Service Team, however the performance goal was met through enhancements to telephony, allowing our agents to remain available to incoming enquiries regardless of where they were located.
3. Westernport Water increased its hardship support arrangements in response to the changing financial circumstances of our customers. Funding was re-prioritised to hardship from debt recovery efforts.

Achievements

- Commenced construction of a \$2.7M treated water storage tank. It will reduce water supply interruptions from planned and unplanned works as it will supply water to customers if the water main is shut down for repair.
- Provided \$996,223 assistance to customers in financial hardship through concession rebates, utility relief grants, hardship grants and water efficiency household audits.

Future projects

- \$1M Sewer pump station electrical switchboard upgrade to maintain the sewer network.



A more sustainable community

We will work closely with our customers and community to promote sustainable water practices and reduce environmental impacts.

Overall performance for the regulatory period so far:

Output	Notes	2019-20	2018-19	Target	
Number of community educational engagements	1	23	23	>22	😊
Net Greenhouse Gas Emissions (CO ₂ -e tonnes) produced	2	6,460	6,920	<5,974	😐
Effluent reuse (%)	3	14%	23.5%	>25%	😞

Notes

1. Education engagement targets were met. With the implications associated with COVID-19, many planned events and engagements were cancelled or postponed, however traditional face-to-face engagements transitioned online, demonstrating the flexibility of our approach in this area and the strength of our relationships within the community.
2. Westernport Water has achieved reductions in Greenhouse Gas Emissions (GGE) compared to last year due to a reduction in electricity consumption at its water purification plant. This is attributable to the use of Melbourne Supply System, optimising the use of the aerator within Candowie Reservoir and reduced waste disposal. However, fugitive emissions (direct scope 1 emissions) from wastewater treatment increased by 23% from last year due to an increase in inflow to both wastewater treatment plants. Westernport Water will respond with a comprehensive Inflow and Infiltration Program, targeting known stormwater inflow 'hotspots'.
3. The 2022-23 effluent reuse target of 25% was not met in 2019-20. This can be attributed to a significant increase in inflows at both wastewater treatment plants, largely from stormwater ingress to sewerage networks and a dramatically reduced irrigation demand due to above average summer rainfall.

Achievements

- 202 solar panels were installed at Westernport Water sites, which will generate 108,300 kWh electricity annually.
- Installed two water refill stations under the Community Hydration Program.
- 14,000 trees were irrigated with recycled wastewater.
- 247 ML or 14 per cent of treated effluent was reused in the community.
- Progressed Year Two of the Class-B Recycled Water Trial in an effort to increase treated effluent reuse and reduce water sent to ocean outfall.

Future projects

- Deliver Year Two of the Environmental Management System Improvement Plan (2019-20).
- Explore carbon offset options for irrigation.
- Expand irrigation at the Corporation's wastewater treatment plants.
- Install 99Kw solar panels at CWWTP next financial year.

Performance highlights and key achievements

The following summarises Westernport Water's performance against key priority areas outlined in the Minister's Letter of Expectations (LOE) and the directions set out in Water for Victoria.

Water for Victoria

Victoria has a long and proud history of effectively managing its water resources. With the achievement of Westernport Water's Corporate Plan priorities, we have continued to manage water and wastewater systems that are modern, efficient, innovative, future focused and affordable.

The information that follows shows alignment of Westernport Water's Strategic Focus Areas and Key Initiatives with Water for Victoria's priority policy areas. Where applicable, some initiatives cover multiple Water for Victoria policy areas.

Climate Change

Undertake a set of activities that mitigate climate change and adapt to climate change and variability.

KPI	KPI – Measure	Definition	Comment
E2 Emission reductions	Demonstrate reasonable progress toward achievement of the entity's emissions reduction target specified in the SoO Total net emissions greenhouse gases in tonnes of CO ₂ equivalent	– Scope 1 and 2 emissions only for the whole business and its activities, as specified under the National Greenhouse and Energy Reporting Scheme	<ul style="list-style-type: none"> – Stage 1 of emissions reduction completed in 2019-20. Includes installation of solar arrays at three sites. This will contribute 24% of emissions reduction to target, equivalent to 116 tonnes of CO₂ – Stage 2 of emissions reduction will begin in 2020-21 with the installation of another solar array. This will contribute a further 31% towards target, equivalent to 150 tonnes of CO₂ – Further information on pg 46
E3 Adaptation to climate change and variability	E3 a. Develop low flow contingency plans that include an appropriate range of climate scenarios	–	– Implemented Climate Change Adaptation Plan actions including water and climate resilience planning
	E3 b. Integrate climate change adaptation into decision-making across the business	–	– Implemented Climate Change Adaptation Plan actions
	E3 c. Contribute to development of the DELWP Water Sector Climate Change Adaptation Plan that commenced in July 2019	–	<ul style="list-style-type: none"> – Participated in the review of MRD 06 – Received updates from the Water Sector Climate Change Mitigation and Adaptation Team at DELWP.

Customer and Community Outcomes

All aspects of service delivery will be customer and community centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.

KPI	KPI – Measure	Definition	Comment and/or reference
C1 Customer Satisfaction	C1 (u) Customer Satisfaction	– As per ESC definition	<ul style="list-style-type: none"> – Customer Satisfaction was 94% refer to pg. 7, 9, 42 – Overall customer satisfaction has been gradually improving over the past 5 years
	(a) CR1 Water quality complaints	– Number of water quality complaints per 1,000 customers	<ul style="list-style-type: none"> – Water quality complaints have decreased on the previous year with 0.81 complaints per 1,000 customers – Refer to the Performance Report pg. 56
	(b) CR4 Number of billing payment issues	– Billing/payment issues complaints per 1,000 customers year on year	<ul style="list-style-type: none"> – Number of billing and payment issue complaints per 1,000 customers is 0.05, well below our target of 1 – Refer Performance Report pg. 56, 57
C2 Customer & community engagement	C2 Develop and delivery of an engagement strategy/ plan/policy or equivalent explanation (via website)	–	<ul style="list-style-type: none"> – Successfully delivered the Corporate Social Responsibility Strategy – Refer to pg. 11, 18, 42 for further information – Completed installation of two water refill stations as part of the Community Hydration Program through local partnerships and established a plan to install four more. – Implemented a stakeholder strategy focused on regional partnerships. – Developed a Community Engagement Strategy to be adopted in September 2020. – Developed a Reconciliation Action Plan detailing commitment to engage.

Water for Aboriginal Cultural, Spiritual and Economic Values

Recognise and support Aboriginal cultural values and economic inclusion in the water sector.

KPI	Measure	Definition	Comment
AC1 Engagement of Aboriginal communities	AC1.1 A strategy that demonstrates how the water corporation will build capability and understanding of procurement processes to address barriers for Aboriginal enterprises to supply goods/services to water corporations	– Explore and develop opportunities for business arrangements with Traditional Owners and Aboriginal enterprises to deliver value for money catchment and water services	<ul style="list-style-type: none"> – Achieved conditional endorsement for our 'Innovate' Reconciliation Action Plan (RAP) 2020-22 while continuing to deliver on commitments from our initial Reflect RAP – Further developed our Social Procurement Strategy
	AC1.2 Number/explanation of sponsorships of Aboriginal people in relevant study and training courses, including scholarships, education and traineeships	– Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal Victorians	<ul style="list-style-type: none"> – Employed an Aboriginal person as an Environment and Sustainability trainee – Supported an Aboriginal employee to undertake a Leadership development program – Further information refer to pg. 28, 41
	AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (By relevant Traditional Owner – last 5 years)	–	<ul style="list-style-type: none"> – All staff have undertaken cultural awareness training. We provide options for training of new employees and refresher training as required – Further information refer to pg. 28
AC2 Engagement of Traditional Owners	AC2.1 Number of engagements with Traditional Owners in water planning and management and report on outcomes	– Inform Traditional Owners of opportunities. Incorporate Traditional Ecological Knowledge into water planning and management	<ul style="list-style-type: none"> – Commenced an Environmental Flows Project that aims to recognise Aboriginal Traditional Owners' connection to land and water by considering cultural values within Tennent Creek
AC3 Reconciliation Action Plan	AC3 Development of either an Aboriginal Inclusion Plan or a Reconciliation Action Plan, reflecting measures AC1.1, AC1.2, AC1.3 and AC2.1	–	<ul style="list-style-type: none"> – Achieved conditional endorsement for our 'Innovate' RAP (2020-22) which includes a number of initiatives that recognise and support inclusion in water management – For further information refer to pg. 18, 41

Resilient and Liveable Cities and Towns

Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.

KPI	Measure	Definition	Comment
L1 Integrate Water Management	L1 a. Participation in, or establishment of IWM forums in our region	– Facilitating regional stakeholder collaboration (including local government and Traditional Owners)	– Continue to work with Western Port Integrated Water Management (IWM) Program partners to plan and deliver Catchment and Regional IWM Plans
	L1 b. Contribution to development and implementation of Strategic Direction Statements	–	–
	L1 c. Implementation of priority IWM projects and plans as applicable delivering IWM outcomes	–	–
L2 Water Efficiency	Continue to collaborate on the Victorian Water Efficiency Strategy by L2 a	– Working together to develop statewide initiatives	– Continued to promote Target Your Water Use, Community Rebate Program and Choose Tap Campaigns
	L2 b. reporting the number of customers in need of assisted by Community Rebate Program	– Program provides funding to water corporations to assist vulnerable and hardship customers	– Customer and community value attributed to the Community Rebate Program was \$2,807 – Further information can be found on pg. 44
L3 Water bills	Total residential bill based on L3 a. average consumption	– Comparison with national median for relevant utility sized groupings	– Total residential bill based on average consumption for 2019-20 was \$1,141
	L3 b. 200kl consumption	– Comparison with national median for relevant utility sized groupings	– In comparison, larger water users paid \$1,399 based on 200 KL of consumption
L4 Payment management of hardship	L4 a. Number of instalment plans at the end of the reporting period	– As per ESC (UPP1) and (UPP6)	– 802 customer instalment payments, includes 289 direct debit customers. This is up 2.4% on the previous period
	L4 b. Number of customers awarded hardship grants	–	– 107 hardship grants awarded to customers, total value of \$4,850.

Recognise Recreational Values

Support the wellbeing of rural and regional communities by considering recreational values in water management.

KPI	Measure	Definition	Comment
Rec 1 Recreational values	1. Number of site based projects delivered	– Explicit consideration of opportunities to support recreational values objectives through delivery of function areas	– Westernport Water has one water storage which is not accessible to public for recreation.
	2 a. Efforts around – number of engagement processes that identified and considered recreational objectives relating to waterways management	–	– Engaged with community on preferred locations for the installation of water refill stations that support wellbeing and recreation
	2 b. Number of upgrades to online information	–	– NA
	2c. Collaboration with other organisations and government agencies to explore and progress opportunities to support recreational objectives	–	– Continued to support the Phillip Island Community Orchard, providing land and access to recycled water – Refer to pg. 42 for a case study
	3. Number of accessible water storages with land and recreation management plans in place		– Westernport Water has one water storage which is not accessible to public for recreation

Leadership and Culture

Westernport Water reflects the needs of our diverse communities and develops strategies and goals that will improve gender and cultural diversity in the workforce. We also establish diversity and inclusion in executive leadership.

KPI	Measure	Definition	Comment
G1 Diversity and inclusion	G1.1. Develop and delivery of a Diversity and Inclusion Plan	–	– Delivered year two of the Organisational Development Strategy (2018-21) designed to support our people and maintain a positive workplace culture High level narrative can be found on pg. 27
	G1.2. Number of females occupying senior executive positions over projected five-year period	–	– Seven out of 15 leadership positions are occupied by females – Information available on pg. 33
	G1.3. Adopt a 1% target for Aboriginal people employed and work to a stretch target of 3% by 2020	–	– Achieved 4.4% Aboriginal people employed, including one Board Director
	G1.4. Actions taken to improve participation by Traditional Owners in Board committees and other organisations	–	– Our Board Deputy Chair Rueben Berg is a Traditional Owner, Commissioner for the Victorian Environmental Water Holder and a member of the Heritage Council of Victoria – RAP Working Group is also comprised of Traditional Owners – Further information can be found on pg. 27
	G1.5. Number of Respondents to the Victorian Public Sector Commission (VPSC) survey	– Staff participation in the VPSC People Matter Survey	– Further information can be found on pg. 27
G3 Health and Safety	G3. Performance indicators adopted to monitor OHS in line with FRD 22H, section 6.10	–	– Delivered year two of the Workplace Health & Safety Improvement Plan (2019-20) designed to encourage a positive safety culture – There were no Lost Time Injuries for 2019-20 resulting in the Total Recordable Injury Frequency Rate (TRIFR) steadily declining from a high of 36.84 to zero – Further information can be found on pg. 17, 28, 29.

Financial Sustainability

Delivering safe and cost-effective water and wastewater services in a sustainable way.

KPI	Measure	Definition	Comment
F1-F8 Financial Indicators	F1 interest cover	–	– Refer Performance Report Pg. 56
	F2 gearing ratio		
	F3 internal financial ratio		
	F4 current ratio		
	F5 return on assets		
	F6 return on equity		
	F7 EBITDA margin		

Key initiatives and projects

Since 1 July 2019, Westernport Water has initiated a number of programs and initiatives in line with our Corporate Plan, to deliver efficient and effective products and services.



New water refill stations as part of the Community Hydration Program

Our customers

Delivered Year Four of the Water Quality Continuous Improvement Plan (2016-21)

Year four actions from the Water Quality Continuous Improvement Plan continue to focus on improvements to raw and treated water quality. Key projects include upgrading the powder activated carbon (PAC) facility at our water treatment plant to provide stand-by dosing capacity and additional storage. The project design phase has been completed and construction will commence in the second half of 2020. The upgrade to the PAC facility will allow more consistent production of consistent batching to maintain high-quality water.

The second key component is the commencement of a three stage backflow prevention program to prevent potential contaminants from entering the network from the reverse flow of water. The first stage of the project involved identifying high risk agricultural properties and facilitating the installation of approved backflow prevention devices.

During 2019-20, we invested \$201,000 in water quality improvements and expect to deliver a further \$342,000 in water quality improvements by 2022.

The 2019-20 program continues to focus on operational improvements in water quality. This will be primarily through the maintenance of our distribution system and building upon our knowledge of the raw water supply in Candowie Reservoir. Understanding raw water changes will enable our team to be more responsive and reactive, which will ultimately result in improved water quality.

Deliver Year Two of the Customer Service Strategy (2018-21)

Our Customer Service Strategy aims to deliver customer service excellence in every interaction, whilst driving improved accountability and efficiency. Our team should be commended on the tremendous effort to shift all customer service operations to remote working environments. Putting customers at the forefront of everything we do has been a continued focus of the team and the success this year.

Year two of the Customer Service Strategy included many initiatives that will deliver improvements to the customer experience and the Corporation's understanding of the diverse needs of our customers. Initiatives completed during the year consist of telephony improvements, the introduction of a quality assurance framework for customer service officers, and a trial of SMS customer notifications. The customer journey mapping has been postponed until the implementation of a new billing system occurs.

Release first Annual Watermark to customers

The introduction of an Annual Watermark has been well received by customers, informing them about our performance and progress towards meeting our customer commitments. The Annual Watermark reported against each outcome and output measure detailed in our Price Submission 1 (PS1) and was provided to every customer during quarter two as a bill insert. It was also made available to customers at community engagement events and on the Corporation's website.

Our people

Delivered Year two of the Organisational Development (OD) Strategy (2018-21)

The OD Strategy is a roadmap for developing our organisation and positioning us for long term sustainability and success. The strategy focuses on four key commitments as we strive to be a great place to work: our people go home safe and well; our people are confident to lead and coach; our people are set up to succeed; and our people are diverse and capable. Year two of the strategy delivered key projects under each of these commitments.

Year two of the Workplace Health & Safety (WHS) Improvement Plan was successfully delivered (see below for further details).

Year two of the Leadership Program was also completed with a suite of leadership development opportunities and programs suitable for all employees. This included an internal leadership program delivered in conjunction with Swinburne University; development of a leadership competency; participation in the Gippsland Community Leadership Program; and one on one leadership coaching for two of our people leaders.

The goal of creating fit for purpose human resources (HR) systems for Westernport Water staff was met with the deployment of the SAP Success Factors HR Information System as part of the Business Transformation Program. This system will provide a comprehensive solution for managing our HR processes across: employee information; recruitment and onboarding; performance management; learning and development; succession planning; and career development. Design and development works were completed on time for go live on 6 July 2020.

During the 2019-20 reporting period, the Corporation invested \$32,579 to deliver year two of the OD Strategy.

Further information on our Diversity & Inclusion Plan 2016-20 and performance can be found on pages 27-28.

Develop and delivered Year Two of the Workplace Health & Safety Improvement Plan (2018-20)

The WHS Improvement Plan provides a clear pathway for change to embed a safety culture throughout the organisation. Year two of the plan has included a program of 30 action items covering: contractor management investigations; measurement and assessment; reporting; reward and recognition; risk assessments; strategy; training; vehicle safety; wellbeing; leadership; WHS Committee; PPE requirements; and communications.

28 of the 30 actions in the Plan were completed. The two remaining actions were rescheduled for 2020-21 as a result of COVID-19 restrictions.

During the 2019-20 reporting period, the Corporation invested \$124,357 to deliver year two of the WHS Improvement Plan.

Our assets

Delivered Year Two of the Phillip Island Water Supply Security Project (2018-21)

The Phillip Island Water Supply Security Project involves the construction of a water storage tank in the Cowes water supply zone, providing service reliability to our customers and operational flexibility. Year two of the Phillip Island Water Supply Security Project included the commencement of the construction phase.

This project is on schedule to be completed in November 2020. Foundation works, including the tank's ring beam, pump station slab and underground pipe works, have been completed. The steel tank has been fabricated off-site and is planned to be delivered to the site at the end of August. The installation of the tank has been delayed due to travel restrictions and border closures arising from COVID-19.

During 2019-20, the Corporation invested \$0.8M, and we will spend another \$1.8M in 2020-21, on this project to improve water reliability for customers on Phillip Island.

Deliver Year One of the CWWTP Upgrade, Stage 2 (2018-22)

Stage two of the CWWTP Upgrade commenced in 2019-20 with further improvements programmed for 2023 and beyond. The major upgrades for this project include the construction of a new 24m diameter clarifier, refurbishments of the existing clarifiers and associated works. Clarifiers are settling tanks built with mechanical means for continuous removal of solids being deposited by sedimentation. The clarifier will improve the removal of solid particulates or suspended solids from the effluent. Year two of CWWTP Upgrade included EPA works approval, completion of functional design and detailed designs.

During 2019-20, the Corporation invested \$186,712 to develop the functional designs, detailed designs and tender specifications. Over the next two years, we will spend another \$3.3M on this project to meet our wastewater compliance requirements and accommodate future growth in our service area.

Year Two of Asbestos Cement (AC) pipe renewal program

In 2019-20, the Corporation invested \$407,206 under the AC main replacement program to replace 879m of aging AC mains in Ventnor. Three more water mains are currently under construction, and over the next three years, we will spend \$1.2M to renew our aging water mains with steel water mains that will provide more reliable services and reduce the likelihood of bursts.



Community attending the Bass Coast Reconciliation Network ceremony to commemorate Tunnerminerwait and Maulboyheener in January 2020

Our community

Design Mobile Community Education Trailer

Westernport Water designed and constructed a purpose-built enclosed trailer to enable our people to more effectively and efficiently carry out community education and engagement activities across our service region. The trailer will help to promote our products and services and key behavioural change campaigns in the Victorian water sector, including 'Choose Tap' and 'Stop It Don't Block It'.

The investment during the reporting period totalled \$23,061. Future developments will involve engagement with industry stakeholders to customise communications and tailor education material to support the delivery of the 2020-25 Corporate Plan.

Delivered year two of our Reconciliation Action Plan (RAP)

Westernport Water is committed to building resilient, liveable and healthy communities that recognise and respect Aboriginal and Torres Strait Islander cultures, histories and achievements. This year's engagement efforts focused on strengthening relationships and empowering the community to co-design its second RAP. Westernport Water's Innovate RAP received conditional endorsement in June 2020 from Reconciliation Australia after a year of engagement with the working group, local Aboriginal and Torres Strait Islander Peoples, community groups and organisations as well as the Registered Aboriginal Party.

Under Reconciliation Australia's RAP Framework an Innovate RAP is stage two of four stages that focuses on developing and strengthening relationships with Aboriginal and Torres Strait Islander peoples, engaging staff and stakeholders in reconciliation, developing and piloting innovative strategies to empower Aboriginal and Torres Strait Islander peoples.

Westernport Water's Innovate RAP will commence in August 2020 and be delivered over two years to August 2022. During the reporting period, \$24,380 was invested in delivering reconciliation and recognition outcomes.

Delivery of the Community Hydration Program

The Community Hydration Program is designed to provide for the installation of publically accessible water refill stations which are a better alternative to bottled water for the community, both environmentally and financially.

Westernport Water worked with key partners, Phillip Island Nature Parks and Bass Coast Shire Council, as well as community groups, to identify preferred locations for the installation of permanent refill stations across our service area.

During the year, two refill stations were installed, one in the Rhyll Township and one at the Visitor Information Centre in Newhaven. Additional to this program, the Phillip Island Nature Parks also installed three refill stations at the Penguin Parade.

As a result of the impacts associated with coronavirus, program partners decided to postpone the remainder of installations until a more suitable time. As a result, the remainder of the fountains have been stored and will be installed late in 2020.

During the reporting period, \$28,678 was invested to advance the program. The expenses were directly associated with the purchase of the water refill stations. Costs associated with the installation of the remaining units will be attributed to program partners in 2020-21. The remaining balance of \$11,500 will be carried forward to 2020-21 to enable the purchase of a further two units.

Our environment

Delivered on Climate Change Strategy Actions (2017-23)

The Corporation adopted an Emissions Reduction Pledge in 2017-18. The pledge establishes measures to achieve net-zero emissions by 2050, in accordance with the Victorian Government's Water Plan and the Take2 Pledge.

Implementation of year two of the Emissions Reductions Pledge included the installation of solar panels at the Corporation's Newhaven Office, King Road Wastewater Treatment Plant, and Church Street Sewer Pump Station. The total project spend for these installations was \$140,068 with a total expected annual solar generation of 108,300 kWh reducing energy and emissions. The next stage of the Emissions Reduction Pledge program is the installation of a 99kW solar array at the Cowes Wastewater Treatment Plant. The project was approved via a Business Case to the Board in 2019-20 with implementation during 2020-21. Associated budget for the next stage is \$285,000.

Total investment in the Emissions Reductions Pledge Program over the five years to 30 June 2023 is estimated at \$411,000.

Continue to work with Western Port Region Integrated Water Management (IWM) Program partners to plan and deliver Catchment and Regional IWM Plans

Westernport Water continued our collaborative approach to water planning with our stakeholders who have an interest in all aspects of the water cycle. In 2019-20 we participated in the IWM Western Port Region Forum and identified and contributed to priority projects that maximise water cycle opportunities and improve our region's resilience and liveability. Furthermore we contributed to the Regional Integrated Water Management Plan which identified high priority regional IWM opportunities. As example, the Pioneer Bay Road and Drainage Upgrade Project – this Bass Coast Council lead project will have a positive environmental impact for Westernport Water by reducing stormwater inflow and infiltration into our sewer network.

Continue Water Resilience Planning, including an assessment of the benefits of the connection to the Melbourne Water Supply System

Westernport Water developed an Urban Water Strategy (UWS) in 2017, which identified management actions towards sustainable water use for our region. These include the optimum mix of supply options and demand reduction measures. These actions will provide a balance between the demand for water and the water resources available to preserve and enhance our communities.



Travelling irrigator at KRWWTTP

In 2019-20, Westernport Water commissioned the connection to the Melbourne Water Supply System and began a project to assess the supply options to maintain service levels to our customers. An optimisation plan was developed, assessing the supply options under a variety of scenarios. The optimisation was based on three factors: maximise yield in a drying climate, continue to meet customer service levels and reduce impact on the environment through reduction in greenhouse gas emissions. Implementation of the optimisation plan into operations will occur in 2020-21. The optimisation plan will support the update of the Urban Water Strategy in 2022-23.

Deliver Year One of the Environmental Management System Improvement Plan (2019-21)

In 2018-19 Westernport Water developed an Environmental Management System (EMS) Improvement Plan. The Improvement Plan reviewed the EMS and assessed against the most recent standard – ISO14001:2015. The assessment resulted in two sets of actions that have been prioritised to be completed over a two year period. The actions relate to:

- The ongoing continuous improvement of the EMS by Westernport Water staff; and
- Updates to the specific documents in the EMS.

In 2019-20, Westernport addressed the 18 Priority One actions in the Improvement Plan. In 2020-21, the remaining Priority Two (51 actions) and Priority Three (26 actions) will be completed.

Our business

Deliver Improved Value through the Gippsland Regional Water Alliance

Westernport Water has been a long term member of the Gippsland Regional Water Alliance (GRWA), which is a unique partnership between Gippsland, South Gippsland, East Gippsland, and Southern Rural Water to deliver shared-efficiencies and business improvements.

The partnership aims to drive business improvements and efficiencies that deliver improvement opportunities through collaboration that ultimately benefit staff, customers and the Gippsland community.

In 2019-20, the GRWA continued to deliver long-term collaborative initiatives, such as the annual customer satisfaction survey, which is now in its sixth year and has proven to be incredibly successful in benchmarking customer perception data across the region.

Further to ongoing collaborative work, the GRWA commenced the ICT Shared Benefits Project in February 2020. This project sought to: identify areas of alignment and the opportunity for shared procurement or service provision; build recommendations to deliver shared ICT benefits across the GRWA; and review ICT challenges and short to medium term plans to invest in building system and service capability across each organisation. The project is scheduled to conclude in August 2020 with final recommendations presented to Managing Directors for consideration. The report is anticipated to be a key input into the GRWA strategic planning cycle.

Deliver Phase One of the Corporate System Replacement

Westernport Water is addressing key risks associated with its existing corporate systems through the replacement of finance, payroll and HR information systems. Renewed systems will meet the business requirements of employees and the evolving expectations of our stakeholders for timely, consistent and accurate information and services. This project is reportable through the Department of Premier and Cabinet as its total value exceeds \$1M.

Westernport Water has aligned itself with the Victorian Government Statement of Directions for Finance and HR Information Systems. It is also implementing an integration platform as a core component of the integrated solution and a key foundation of its ICT Strategy.

The implementation of all three new systems was originally anticipated for July 2020. An independent program review was undertaken in January 2020 focussing on project resourcing and governance with a suite of recommendations accepted and adopted. Due to resourcing constraints and pressures, in part arising from COVID-19, the implementation schedule has been staggered to reduce the challenge on employees of testing, training and adopting new corporate processes in a remote working environment. The HR Information System is on-track to go-live to staff in July 2020 as initially planned. The new payroll system will follow later in the year, while the critical path for the new finance system is currently under review.

Budget for 2019-20 was \$2,640,828 with an expenditure of \$1,705,525. The remaining budget for BTP is \$935,303.



Cowes Waste Water Treatment Plant

5 year financial summary

Profit and loss – summary	2019-20 \$ 000	2018-19 \$ 000	2017-18 \$ 000	2016-17 \$ 000	2015-16 \$ 000
Core revenue	22,227	21,790	20,420	20,086	19,454
Developer contributions and gifted assets	6,408	2,866	1,574	1,261	1,151
Other revenue ¹	898	831	811	806	593
Total revenue	29,533	25,487	22,805	22,153	21,198
Operating expenditure	10,906	10,284	9,063	8,383	8,484
Depreciation ²	6,667	6,242	6,089	6,518	6,118
Finance costs	263	285	347	350	431
Other	6,947	6,869	6,128	5,957	6,370
Total expenditure	24,783	23,680	21,627	21,208	21,403
Net profit before tax	4,750	1,807	1,178	945	(205)

Notes

1. Other revenue is derived from non service and non usage revenue. The variance to previous year is due to an increase in miscellaneous revenue relating to non asset related development income compared to previous years.
2. Depreciation includes impairment and amortisation.

Net profit

Net profit / (loss) before tax for the year was \$4.8M which was ahead of budget expectations. The key drivers of the improved result were higher than budgeted Capital revenue income and consistent and strong cost control over the financial year.

Revenue

Total revenue for the year was \$29.5M, an increase of \$4.1M on the prior year. The increase in non-cash revenue is attributed to a growth in Capital new developments across the service area which exceeded budget expectations and outperformed previous year amounts.

The underlying tariffs were increased in line with Essential Services Commission (ESC) approved guidelines of 1.33 per cent. Water consumption remained slightly above forecast levels leading to an increase in revenue compared to the prior year.

Expenditure

Expenditure levels were carefully managed throughout the year with a continuing strong focus on cost management and provision of high quality service to customers and the community. Realised benefits from capital

expenditure projects over the previous years, combined with high quality raw water collection has allowed for the containment of cost whilst increasing water output quality.

Depreciation levels have remained consistent with prior years, with a well planned capital works program driving steady depreciation charges. The maintenance of the AA credit rating has resulted in lower borrowing costs.

Financial position – balance sheet

The balance sheet remains in a healthy and strong position. The Corporation has good quality fixed assets designed to meet peak customer demand. A formal annual revaluation process completed in the 2015-16 year and subsequent managerial revaluation performed as at 30 June 2019 has confirmed the asset quality and expected useful life. Debt levels remain low, consistent with the approach to funds management undertaken in prior years. Accounts receivable levels are in line with prior year levels, inclusive of conservative provisioning for doubtful debts. Management of accounts payable is undertaken to ensure strong supplier relationships are maintained whilst also preserving cash flows.

Balance Sheet – summary	2019-20 \$ 000	2018-19 \$ 000	2017-18 \$ 000	2016-17 \$ 000	2015-16 \$ 000
Current assets	7,433	9,876	9,075	6,681	4,907
Non-current assets	214,312	208,486	206,413	207,331	207,811
Total assets	221,745	218,362	215,488	214,012	212,718
Current liabilities	9,320	8,911	7,695	6,941	6,754
Non-current liabilities	35,917	39,266	40,370	40,410	40,237
Total liabilities	45,237	48,177	48,002	47,351	46,991
Net assets	176,508	170,185	167,486	166,661	165,727

Cash flows

The cyclical nature of operations is reflected in the cash flows throughout the year, with strong cash inflows following the tourist season. The capital program payments are aligned to support the expected cashflow profile and is based on the achievement of project milestones. Cash flow has been strong throughout the year in line with the business objectives to maintain the AA credit rating.

Significant changes or factors affecting performance

There were no major changes or factors affecting performance during the reporting period.

Capital projects/asset investment programs

The capital expenditure program for the year was \$6.7M against a target spend of \$8.3M and is in line with year one of the five year ESC approved Pricing Submission capital initiatives. Key projects for the year are described in more detail in later pages of the report with a highlight being the commencement of the Phillip Island Water Supply Security Project, a further enhancement in the provision of reliable, safe and high quality water to our customers.

Information on the new and existing capital projects for Westernport Water and the broader Victorian public sector is contained in the most recent Budget Paper No.4 State Capital Program (BP4). This is available on the Department of Treasury and Finance website. There were no capital projects completed during the 2019-20 financial year that had a total capital value (TEI) in excess of \$10M.

Prior year adjustments

No prior year adjustments have been required for the 2019-20 accounts however, a National Tax Equivalent Regime (NTER) tax rate change as per AASB 108 was applied as at 1 July 2019, (refer note 8.1.1 of the Financial Statements).

Disclosure of grants and transfer of payments

Nil grants were received or paid during the 2019-20 financial year.

Subsequent events

There were no events occurring after the balance date that would significantly affect Westernport Water's reported financial position for 2019-20 financial year.

Governance and organisational structure

Corporate governance arrangements

The Minister for Water

The Hon. Lisa Neville MP was the Minister for Water from 1 July 2019 to 30 June 2020. The Minister for Water is responsible for delivering Victoria's strategic plan for the management of our water resources.

Corporate governance

The Corporation operates on a three divisional structure. The divisions are Customer and Community, Corporate and People, and Assets and Operations.

Executive Team

The Executive Team is responsible for implementing our strategic direction, while leading change, managing risk and responding to emerging operational issues. Executive Team members are:

- Peter Quigley – Managing Director
- Gareth Kennedy – General Manager Customer and Community
- Lisa Caldwell – General Manager Corporate and People
- Paul Donohue – General Manager Assets and Operations

Structural changes

There were no structural changes during the reporting period.

Governing Board

As at 30 June 2020, the Board of Directors consisted of eight members appointed by the Victorian Government whose key functions include:

- setting the strategic direction and policy framework by adopting, implementing and resourcing the Corporate Plan 2020-25
- ensuring compliance with legislative and regulatory obligations
- setting service standards and monitoring achievements
- establishing measurable goals and objectives
- establishing Board and Committee charters
- evaluating Board and Executive performance to ensure integrity of corporate governance practice and ethical conduct.

In October 2019, the Hon. Lisa Neville MP, Minister for Water, appointed new directors to the Westernport Water Board as others completed their tenure. The following is the complete list of Board members that represented Westernport Water for the 2019-20 reporting period.

From 1 July 2019 – 30 September 2019

Philip Clark (Chair), Rueben Berg (Deputy Chair), Joanne Pearson, Dr. Emma Connell, Yvonne Dickson, Christopher Edwards, Christopher Newton and Peter Quigley (Managing Director).

From 1 October 2019 – 30 June 2020

Philip Clark (Chair), Rueben Berg (Deputy Chair), Joanne Pearson, Yvonne Dickson, Christopher Newton, Tanya Ha, Leigh Berrell, Annabelle Roxon and Peter Quigley (Managing Director).

Philip Clark (Chair) was appointed Chair of Westernport Water from 1 October 2017 until 30 September 2021. He was formally a director at City West Water and African Energy Resources Limited and is a current director at ATEC Australia-International Limited, a social enterprise providing bio-digesters in rural Cambodia, and Inverloch and District Financial Enterprises Limited (Inverloch Bendigo Bank). He is Deputy Chair of the Australasian Institute of Mining & Metallurgy, Melbourne Branch. Phil was Chair of Engineers Without Borders Australia from 2011 to 2016. His earlier mining, engineering and executive management career with BHP, spans almost four decades, including extensive international experience. He holds a Bachelor of Engineering, a Master of Business Administration and is a Graduate of the Australian Institute of Company Directors.

Rueben Berg (Deputy Chair) was reappointed to the Board from 1 October 2019 until 30 September 2023. Rueben is a Gunditjmara man and the founder and Managing Director of RJHB Consulting. Rueben is a member of the First Peoples' Assembly of Victoria, a Commissioner for the Victorian Environmental Water Holder and a member of the Heritage Council of Victoria. In addition, Rueben is a founder of Indigenous Architecture and Design Victoria and a member of the Melbourne Sustainable Society Institute Advisory Board. He is also a founder and director of the Indigenous Ultimate Association and the Chair of the Ultimate Rules Sub-committee for the World Flying Disc Federation. He has a Bachelor of Architecture.

Peter Quigley (Managing Director) has significant leadership and management experience across complex environments such as government, utilities and health. Peter has held senior positions with several organisations, including Gippsland Primary Health Network, Latrobe City Council, Gippsland Water and the Department of Human Services. His qualifications and professional associations include a Master of Business Administration, a Graduate Diploma in Business Administration, a Graduate of the Australian Institute of Company Directors, Associate Fellow of the Australian Institute of Leadership and Management and a graduate of the Gippsland Community Leadership Program and Williamson Community Leadership Program. Peter also currently sits on the Board for Vic Water.

Yvonne Dickson was appointed to the Board on 1 October 2017 until 30 September 2021. She is the Managing Director for Australia and Papua New Guinea of Société Générale de Surveillance (SGS), a global testing, inspection and certification company. Yvonne has a Bachelor of Science in Chemistry (Hons) and is also a graduate of the Australian Institute of Company Directors. She has a Certificate IV in Frontline Management and was part of the Executive Women's Leadership Program, where she remains a member of the Women on Boards organisation. She is a mentor for the Aspire Foundation, which looks to inspire and empower women working in not for profits, charities and social enterprises to make the world a better place.

Joanne Pearson was appointed to the Board on 1 October 2017 until 30 September 2021, and is the Chair of Westernport Water's Audit and Risk Committee. She is also a Board Director at Taswater. Joanne was the Chief Financial Officer of Jemena, a large energy infrastructure company, until August 2017. She is an independent member of the ActewAGL Safety, Audit and Risk Committee and also a member of the Audit Committee for the Uniting Church of Australia, Synod of Victoria and Tasmania. Joanne has held senior roles in multiple electricity companies over the past 15 years. She has a Master of Business Administration and a Bachelor of Business in Accounting. She is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors.

Christopher Newton was appointed to the Board on 1 October 2017 until 30 September 2021. He is the Executive Director in the responsible investment area of IFM Investors. IFM Investors is a leading global provider of investment services across infrastructure, debt investments, listed equities and private equity. He has worked for several years at senior levels in public, private and government organisations. Chris has a Bachelor of Commerce with a major in Marketing and Management and minor in Asian Studies. He has a Graduate Diploma in Applied Finance, a Master of Business Administration as well as a Graduate Certificate in International Development.

Tanya Ha was appointed to the Board of Westernport Water on 1 October 2019 until 30 September 2023. She is an award-winning science journalist, best-selling author and environmental advocate. She is currently Director of Engagement at the specialist science communication agency Science in Public. Tanya currently serves on the board of Diversity Council Australia and the leadership team of Science & Technology Australia. She is also on the advisory groups of the ARC Centre of Excellence in Exciton Science, the Wave Energy Research Centre, and Science Gallery Melbourne. She has served on the boards of Sustainability Victoria and Keep Australia Beautiful. Tanya has a Bachelor of Science (Chemistry) and a Master of Environment. She is best known for her popular environmental guidebooks *Greeniology* and *Green Stuff for Kids*, and her media work, including reporting for ABC's *Catalyst*. In 2010, she won a UN Association of Australia media award for environmental reporting.

Leigh Berrell was appointed to the Board of Westernport Water on 1 October 2019 until 30 September 2023. He is Chief information Officer of ActewAGL, a multi-utility joint venture providing electricity and gas in the ACT. Leigh previously served for six years as Chief Information Officer of Yarra Valley Water, as Program Director for Icon Water in Canberra, and has more than 25 years of executive technology experience across a range of industries including utilities, aerospace, transportation and logistics, peacekeeping, retail and workforce staffing services. Leigh holds an MBA, an Honours Degree in Computer Science, a Graduate Certificate in Business and Technology, is an alumnus of the Darden Executive Program, and is a Graduate of the Australian Institute of Company Directors.

Annabelle Roxon was appointed to the Board of Westernport Water on 1 October 2019 until 30 September 2023. She is a management consultant with an MBA who advises on strategy and outcomes management to a diverse range of clients including social purpose organisations and government. With over 12 years' experience as a lawyer she has advised in procurement, sales and marketing, disputes and litigation, and mergers and acquisitions. In addition to the MBA, she holds a Bachelor of Laws (Hons), a Bachelor of Arts and is a non-executive director at Box Hill Institute and a member of the Audit, Finance and Risk Committee. Annabelle formerly served on the Board of TAFE Gippsland.

Board committees

Westernport Water currently operates three Board committees:

- Audit and Risk
- Safety, Sustainability and Innovation
- People, Diversity and Community.

Details for each of these committees are provided in the following section.

Audit and Risk Committee (ARC)

The ARC's responsibilities are set out in Standing Direction 3.2.1.1. Key responsibilities are to:

- review and report independently to the Board on the annual report and all other financial information published by Westernport Water
- assist the Board in reviewing the effectiveness of Westernport Water's internal control environment covering: effectiveness and efficiency of operations; reliability of financial reporting and compliance with applicable laws and regulations
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors
- maintain effective communication with external auditors, consider recommendations made by internal and external auditors and review the implementation of actions to resolve matters raised
- oversee the effective operation of the Risk Management Framework.

Members are appointed by the Board, usually for a three year term and are subject to the Committee's terms of reference.

Meetings are held quarterly and at any other time on request of a committee member or the internal or external auditor.

In 2019-20, the committee met five times. Attendance of committee members is detailed in the following section. The current ARC membership is as follows:

- Joanne Pearson (Chair)
- Leigh Berrell
- Reuben Berg
- Christopher Newton
- Annabelle Roxon

Safety, Sustainability and Innovation Committee (SSIC)

The purpose of the SSIC is to assist the Board to oversee its responsibilities and to meet its governance requirements in regards to workplace health and safety, sustainability, innovation and environmental management.

The SSIC meets approximately three times per financial year and at least three members must be in attendance for a meeting to be held. The current membership of the SSIC is as follows:

- Rueben Berg (Chair)
- Tanya Ha
- Annabelle Roxon
- Philip Clark
- Leigh Berrell
- Yvonne Dickson

People, Diversity and Community Committee (PDCC)

The purpose of the PDCC is to assist the Board to oversee its responsibilities and duties in regards to human resources, remuneration, organisational development, diversity and inclusion and community engagement functions.

The PDCC meets approximately two times per financial year and at least three members must be in attendance for a meeting to be held. The current membership of the PDCC is as follows:

- Yvonne Dickson (Chair)
- Tanya Ha
- Christopher Newton
- Joanne Pearson
- Phil Clark

Board / Committee attendance

The following tables indicate Board and Committee meetings held and Director attendance.

Board and Committee attendance and meetings held from 1 July 2019 – 30 June 2020

Board Members	Board ¹	ARC	SSIC	PDCC
Phil Clark (Chairperson)	9/9	5/5	2/2	2/2
Peter Quigley (Managing Director)	8/9	N/A	N/A	N/A
Chris Newton (Director)	8/9	5/5	2/2	1/1
Joanne Pearson (Director)	9/9	5/5	2/2	2/2
Rueben Berg (Director)	8/9	4/4	1/2	1/1
Yvonne Dickson (Director)	9/9	N/A	2/2	2/2
Leigh Berrell (Director)	7/7	4/4	2/2	N/A
Tanya Ha (Director)	7/7	N/A	1/2	1/1
Annabelle Roxon (Director)	7/7	4/4	2/2	N/A
Christopher Edwards (Director)	2/2	1/1	N/A	N/A

Notes

- Eight regular Board Meetings held, one additional Special Board Meeting held 27th March 2020.
- Due to a change in directors within the 2019-20 financial year, attendance is based on how many meetings were possible for Directors to attend during their tenure.

Organisational structure



Our people

Determined to build a culture of excellence, the Corporation entered the first stage of delivery of the Organisational Development (OD) Strategy in 2018. Continuous improvement in human resource management practices and organisational development has supported the Corporation's key strategic goals and a workplace culture our people are proud of.

Organisational development

Westernport Water recognises the need to support its people to thrive, lead and achieve. During the reporting period, the Corporation continued implementation of the OD Strategy 2018-21, delivering on four key commitments as we strive to be a great place to work:

- Our people go home safe and well
- Our people are confident to lead and coach
- Our people are set up to succeed
- Our people are diverse and capable.

The strategy has seen a cultural shift in our approach to safety, introduced new employee support mechanisms and a strong suite of health and wellbeing initiatives, built capability by cultivating and encouraging leadership across all levels, provided fit-for purpose systems and processes in an open and trusting environment, and embedded diversity in all that we do.

Diversity

At Westernport Water we recognise the benefits of a diverse, inclusive and healthy workforce. Our Diversity and Inclusion Policy sets out guidelines that reflect our commitment to an inclusive work environment where all employees are treated with respect.

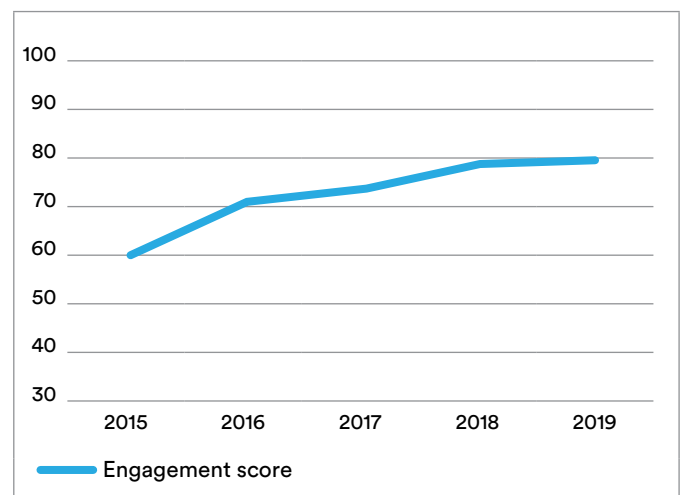
The Diversity and Inclusion Plan 2016-20 committed to 81 actions. These actions were designed to realise our vision to be an innovative employer of choice, with an actively diverse workforce that enhances our business and the lives of our people and stakeholders. The plan is now complete with all actions delivered. A new three year strategy will be developed in 2020-21 to continue our commitment to an inclusive and diverse workplace.

Great place to work

We are committed to ensuring that Westernport Water is and will continue to be, a great place to work. We continue to invest significantly in our people and building a culture we can all be proud of.

For the second year running, Westernport Water was named as a finalist in the 'Leading Employer' category at the Institute of Public Administration Australia's (IPAA) Leadership Awards in Melbourne during February 2020 after winning Leading Employer in 2019.

People Matter Survey engagement scores 2015 to 2019 (%)



Notes:

1. The VPSC postponed the 2020 PMS so we don't have any results for 2020.

Our target is to meet or exceed the industry benchmark for employee engagement annually and strive to continuously improve on our results year on year.

Celebration of employee's abilities, qualities, achievements and years of service regularly takes place. In 2019-20, Westernport Water congratulated nine staff members who reached an outstanding 10, 15, 20 or 35 years of valuable service to the Corporation.

Public sector values and conduct

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness, capability, and advocate for public sector professionalism and integrity. Westernport Water's employment policies and practices are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. Westernport Water advises its employees on the VPSC code of conduct, how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct, via its Employee Handbook, all staff 'Governance Matters' training and regular communications.

Employment and conduct principles

Employment merit and equity principles are proud commitments of Westernport Water upheld throughout the employment lifecycle. Our selection processes ensure applicants are assessed, evaluated and selected fairly and equitably, and are based on key selection criteria as well as other accountabilities, without discrimination. During the year, recruitment procedures were refined to ensure merit and equity, with a focus on improving diversity and inclusion. An Employee Handbook was developed to assist employees' understanding of processes and guiding recruitment principles.

Governance training

The Governance Matters training program was delivered to all staff. The program featured subject matter experts from within the business providing updates to staff on ICT governance, fraud and corruption awareness and prevention, public interest disclosures and conflict of interest. The program is designed to ensure that our policies and procedures are accessible to staff and our obligations are well understood.

Industrial relations

Historically, Westernport Water has enjoyed a good bargaining relationship with staff and unions and reached mutually agreeable outcomes, avoiding any form of industrial action. A 12-month rollover agreement was successfully negotiated for 2019-20, and no lost time from industrial action occurred this year.

Employee development

A robust program of learning and development continued to be a focus for Westernport Water in 2019-20. The Corporation conducted a broad range of training programs, with a strong theme of diversity and leadership.

During the year:

- two employees completed higher education funded by Westernport Water
- all employees attended the three mandatory 'Governance Matters' training as a commitment to uphold the improved compliance culture
- a wide range of WHS training was provided that covered off on both mandatory requirements and refresher and upskilling training
- a range of diversity training was conducted including targeted leadership training for female staff, Family Violence - MATE Bystander training and cultural awareness training
- one employee participated in the Gippsland Community Leadership Program and two people leaders received coaching to enhance leadership skills
- a catalogue of leadership development opportunities was provided to all employees including options for external programs and internal programs developed in conjunction with Swinburne University. The internal Leadership Programs included 'Think on your feet', 'Being change adaptable' and 'Being bold at work' (women only)
- a range of business skill training was conducted including advanced Excel, conflict resolution, governance essentials, and time management
- one of our Directors and one member of the Executive Team completed the Australian Institute of Company Directors course
- a member of the Executive Team was selected to participate in DELWP's inaugural Insight Executive Leadership for Women in Water Program.

Workplace health and safety (WHS) matters

Westernport Water's WHS approach is to ensure **all staff go home safe and well, every day**. Significant investment in safety culture has continued in 2019-20, with the delivery of year two of the WHS Improvement Plan. This has included a program of 30 action items, covering contractor management investigations, measurement and assessment, reporting, reward and recognition, risk assessments, strategy, training, vehicle safety, wellbeing, leadership, WHS Committee, PPE requirements, as well as communications.

Case Study – Our Safety Focus

Everyone home safe and well, every day.

Westernport Water's commitment to everyone going home safe and well every day, is reflected in the significant decline in the Total Recordable Incident Frequency Rate (TRIFR) during the reporting period from a high of 36.84 to 0.00 with no reportable injuries or WorkCover claims. This is a direct result of the actions undertaken as part of Year two of the WHS Improvement Plan.

The highlight of the plan for 2019-20 was the consolidation and simplification of our WHS documentation. Consultation across all levels of the organisation informed the development of our 'Safety Rules to Live By' campaign.

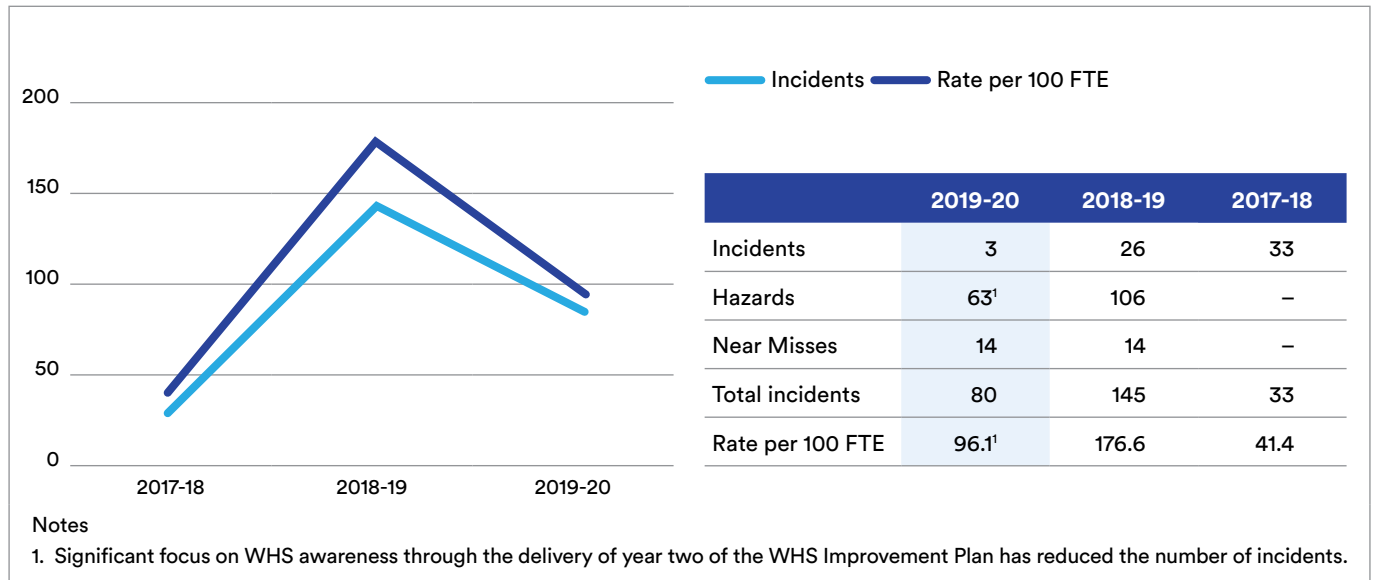
This campaign outlines the top nine high-risk activities in our workplace and provides our staff with some easy to use reference materials that assist them in keeping safety top of mind as they go about their daily tasks. The collateral developed included a 'Safety Rules to Live By' booklet with accompanying quick reference cards, and some 'Take 5' notebooks for completion of risk assessments in the field.



Incident management

In addition to the reported number of incidents, hazards and near misses there were another 12 incidents reported which related to property damage, security breaches or potentially having an environmental impact. Two High Potential Near Misses were recorded and Incident Cause Analysis Method (ICAM) investigations were conducted to ascertain and address the root causes to ensure that appropriate corrective actions were applied. During the period there were no reportable incidents or worker's compensation claims.

Figure 1: Total number of incidents / hazards / near misses and rate per 100 FTE



WorkCover

In the 2019-20 period there were no worker's compensation claims lodged. This can be attributed to the progress made in increasing safety awareness when conducting high risk activities and the care taken by staff when undertaking these duties. The newly introduced 'Safety Rules to Live By' will further embed this positive change in safety culture and maturity.

Figure 2: No. of standard claims and rate per 100 FTE

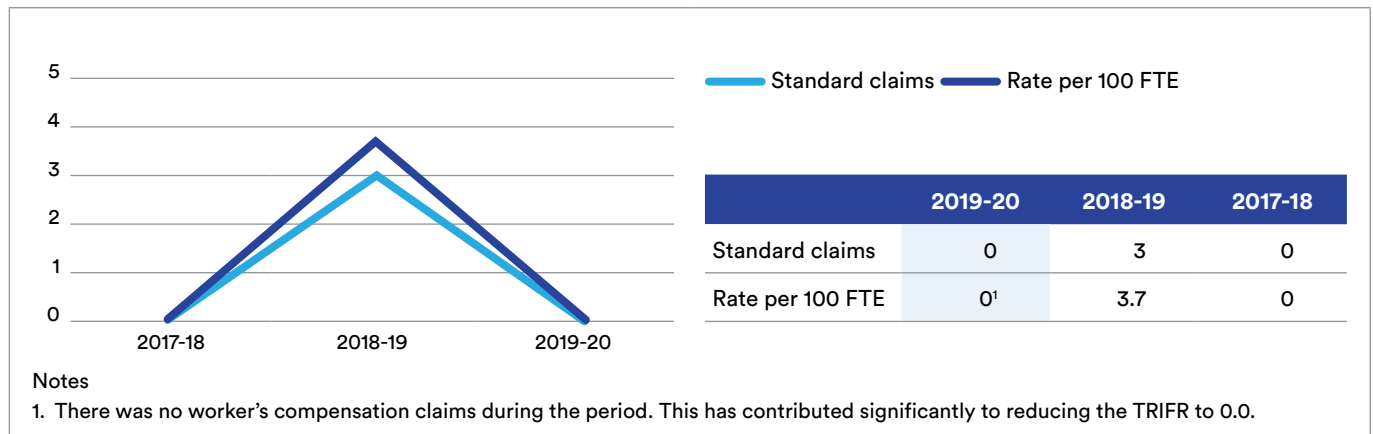


Figure 3: Lost time standard claims and rate per 100 FTE

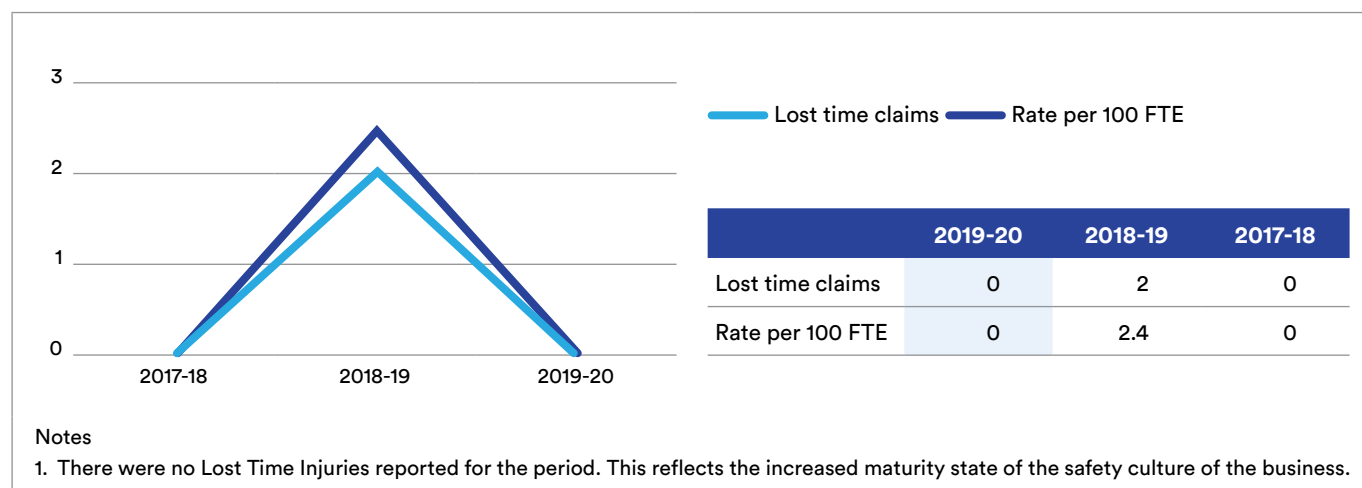
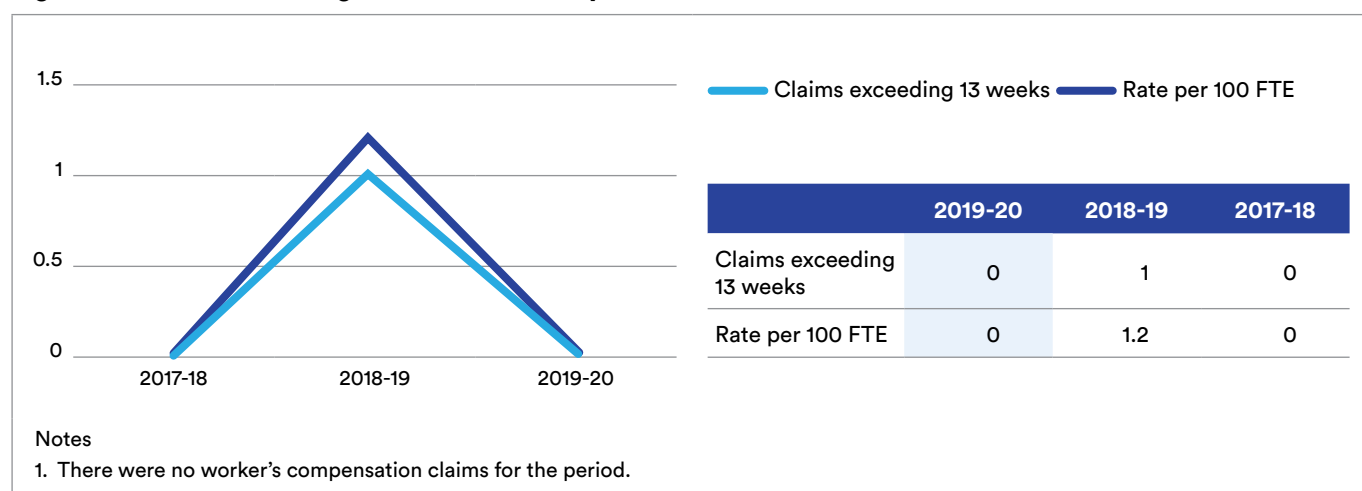


Figure 4: Claims exceeding 13 weeks and rate per 100 FTE



 **2019 Global Safety Index Safety Culture Survey**

Safety Culture Index Achieved highest score of nine participating water corporations

71.8

Safety as a priority Reflects high performance and clear alignment throughout the organisation

91.4

 **TRIFR**
Total Recordable Injury Frequency Rate

2019-20 0

0 Lost time injury, significant injuries, days lost to injury, work cover claims



Westernport Water's performance against WH&S management measures

Measure	KPI	2019-20	2018-19	2017-18
Incidents	No. of Incidents / hazards / near misses ¹	80	145	33
	Rate per 100 FTE	96.1	176.6	41.4
Claims	No. of standard claims ²	0	3	0
	Rate per 100 FTE	0	3.7	0
	No. of lost time claims ²	0	2	0
	Rate per 100 FTE	0	2.4	0
	No. of claims exceeding 13 weeks ²	0	1	0
	Rate per 100 FTE	0	1.2	0
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim ²	\$0	\$41,033	\$0
Return to work (RTW)	Percentage of claims with RTW plan <30 days ²	0	33%	0
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS and OHS plans (signed by Managing Director or equivalent)	completed	completed	completed
	Evidence of OHS criteria(s) in purchasing guidelines (including goods, services and personnel)	completed	completed	completed
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs) and issue resolution procedures (IRPs)	completed	completed	completed
	Compliance with agreed structure on DWGs, HSRs and IRPs	completed	completed	completed
	Number of WHS Committee meetings ³	13	12	n/a
Risk Management	Percentage of internal audits/inspections conducted as planned ⁴	100%	57%	100%
	Percentage of reported incidents investigated ⁵	100%	100%	n/a
	Percentage of issues identified arising from:			
	– internal audits	100%	100%	100%
	– HSR provisional improvement notices (PINs)	–	–	–
Training	Percentage of managers and employees that have received OHS training:			
	– induction	100%	100%	100%
	– management training	100%	100%	–
	– contractors, temps, visitors	100%	–	–
	Percentage of HSR's trained:			
	– acceptance of role ⁶	25%	100%	86%
	– re-training (refresher)	–	–	–

Notes

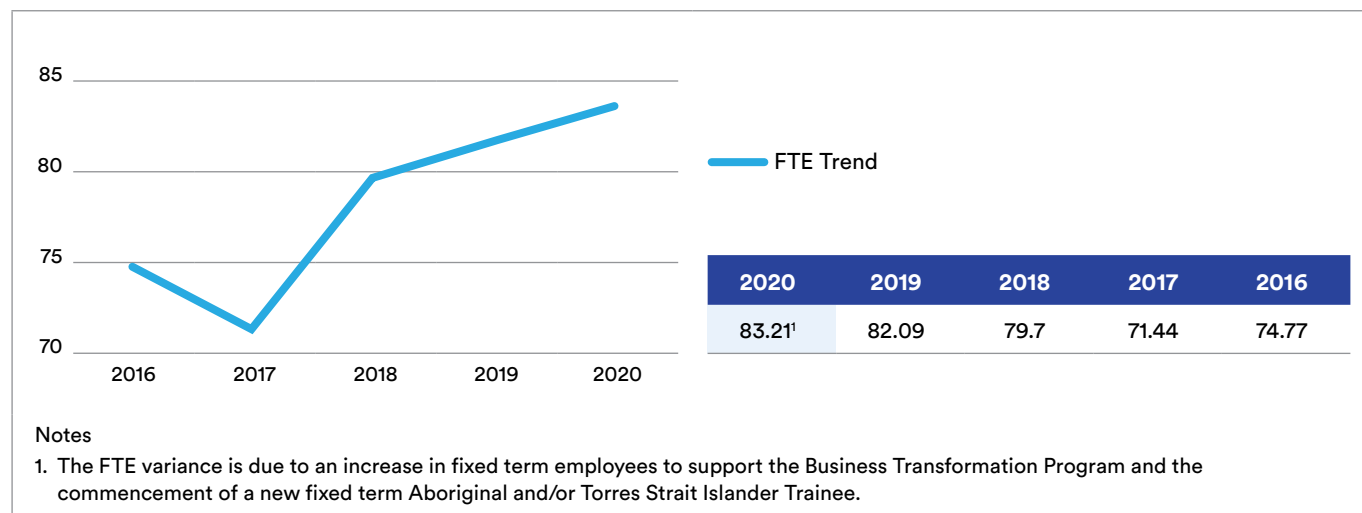
1. Significant focus on WHS awareness through the delivery of Year Two of the WHS Improvement Plan has reduced the number of incidents.
2. There were no Lost Time Injuries or WorkCover claims for 2019-20.
3. An additional WHS Committee meeting was held to approve new WHS documentation.
4. WHS inspection schedule included Leadership Safety Conversations undertaken by Leadership Group.
5. Our Rapid Global contractor and visitor management system includes an induction for all contractors, temps and visitors on arrival.
6. Four new HSRs commenced in 2019-20. Only one chose to complete training on acceptance of the role.

Workforce data collections

Westernport Water experienced an increase in full-time-equivalent (FTE) employees as a result of significant organisational improvements in the shape of the Business Transformation Program and measures to improve the diversity and inclusiveness of our workplace.

The following tables disclose the workforce breakdown as at 30 June 2020. Employees have been correctly classified in workforce data collections.

Comparative workforce data – FTE employee trends for 2016-20



Classification	2019-20 ¹		2018-19	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive ²	4	4	4	4
Senior managers ³	13 ⁶	11	11	10.74
Administration staff ⁴	48 ⁷	42.58	45	39.32
Field staff ⁵	25 ⁸	25.63	29	28.03
Total	90	83.21	89	82.09
Male	53 ⁹	51.63	55	53.77
Female	37 ⁹	31.58	34	28.32
Total	90	83.21	89	82.09

Notes

- All figures reflect employment levels during the last full pay period in June of each year, excluding employees on long term leave without pay, external contractors/consultants and temporary staff employed by employment agencies.
- Executive – Executive staff employed under the Public Entity Executive Remuneration Policy.
- Senior managers – Senior Executive Officers ongoing or under contract.
- Administration staff – Employees with administration tasks as primary responsibility of position.
- Field staff – Employees with field tasks as primary responsibility of position.
- Two senior managers were appointed to existing vacant positions early in the 2019-20 financial year resulting in a minor adjustment to this figure.
- Two temporary administration based roles were created to support current projects and a new temporary trainee was appointed resulting in a minor adjustment to this figure.
- Two field staff vacancies currently exist, with recruitment expected to occur in the first half on the 2019-20 financial year. A casual employee also resigned during the year resulting in a minor adjustment to this figure.
- The minor adjustment to this figure is due to the additional administration positions and vacant field positions.

Gender categories – June 2020

Gender	All employees			Ongoing		Fixed term and casual ¹	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
Women	37	31.58	18	11	6.91	8	6.67
Men	53	51.63	44	2	1.37	7	6.26
Self-described	0	0	0	0	0	0	0

Gender equity

As part of our commitment to an inclusive and diverse workplace, we are working towards creating a balanced working environment that provides equal opportunity and advancement for women in the workplace. By actively promoting women in water and integrating gender equity into recruitment practices, we met our gender balance target, with a senior leadership team made up of 47 per cent female employees¹. As part of the Diversity and Inclusion Plan, Westernport Water has a target of increasing the percentage of women in senior leadership roles to 50 per cent by 2020².

The following table outlines Westernport Water's actual progress against the target in 2019-20 and 2018-19.

Workforce inclusion policy initiative	Target	Progress in 2019-20	Progress in 2018-19
Gender equity	By June 2020, 50% of senior leadership positions ² will be held by women	47% ¹ of senior leadership positions held by women	47% of senior leadership positions held by women

Notes

1. This meets the target given the uneven number (15) of senior leadership positions
2. Senior leadership positions include those holding an executive or manager title.

37 of all employees are women.



4.4%
Aboriginal and/or Torres Strait Islander people employed



47% of senior leadership positions held by women

Details of employment in June 2019 and 2020

	June 2020			June 2019		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender						
Male	53 ⁵	45.37	6.26	47	46.37	7.40
Female	37 ⁶	24.91	6.67	26	22.95	5.37
Age						
Under 25	2	2.00	2.00	2	2.00	3.00
25-34	9	7.13	3.00	10	8.45	1.00
35-44	21	19.84	4.04	18	17.32	4.06
45-54	19	18.26	3.26	20	18.97	3.26
55-64	22	21.31	0.63	21	20.84	1.45
Over 64	2	1.74	0	2	1.74	0
Classification¹						
Broadband 1	0	0	1.00	0	0	1.00
Broadband 2	14	12.86	2.63	15	14.24	1.63
Broadband 3	12	10.79	2.26	12	10.24	2.05
Broadband 4	11	10.31	3.42	11	10.84	3.26
Broadband 5	16	14.58	2.60	15	14.26	3.82
Broadband 6	6	6.00	0	6	6.00	0
SEO ²	12 ⁷	11.74	1.00	10	9.74	1.00
Executive ³	4	4.00	0	4	4.00	0
Other ⁴	0	0	0	0	0	0

Notes

1. Employees are classified as a band 1 to 6 under the Westernport Water EA.
2. SEO – Senior Executive Officers full time or under contract.
3. Executive – Executive staff employed under the Public Entity Executive Remuneration Policy.
4. Other – Traineeships outside of banding system in June 2020.
5. Data shows a decrease in ongoing male employees due to vacant field positions.
6. Increase in ongoing female employees due to the recruitment of a new female senior manager, the return of an existing employee from an external secondment and the return of another employee from extended leave.
7. Two senior managers were appointed to existing vacant positions early in the 2019-20 financial year resulting in a minor adjustment to this figure.

Executive officer (EO) data

The following tables disclose the EO data of Westernport Water for 30 June 2020:

- Table 1 – discloses the total numbers of EOs with remuneration over \$100,000
- Table 2 – provides a reconciliation of executive numbers per division
- Table 3 – provides the annualised total salary range for non-executive.

Table 1: Reconciliation of executive numbers

		2019-20	2018-19	2017-18
	Executives with total remuneration over \$100,000	4	4	4
<i>Add</i>	Vacancies	0	0	0
	Executives employed with total remuneration below \$100,000	0	0	0
	Accountable Officer (Secretary)	0	0	0
<i>Less</i>	Separations	0	0	0
	Total executive numbers at 30 June	4	4	4

Table 2: Executive officers by division and gender

Divisional breakdown	Total		Women		Men		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Corporate & People	1	(0)	1	(0)	0	(0)	0	(0)
Customer & Community	1	(0)	0	(0)	1	(0)	0	(0)
Assets & Operations	1	(0)	0	(0)	1	(0)	0	(0)
Executive Office	1	(0)	0	(0)	1	(0)	0	(0)
Total	4	(0)	1	(0)	3	(0)	0	(0)

Table 3: Annualised total salary for executives and other senior non-executive staff

Income band (salary)	Executives	SEO
<\$160,000	–	13
\$160,000 – \$179,000	–	–
\$180,000 – \$199,000	3	–
\$200,000 – \$219,000	–	–
\$220,000 – \$239,000	–	–
\$240,000 – \$259,000	–	–
\$260,000 – \$279,000	1	–
Total	4	13

Water consumption and drought response



New staff inductions at Candowie Reservoir – September 2019

Westernport Water's service area is unique, with a large proportion of non-permanent residents and a seasonal tourism economy of national significance. This influences water consumption, making it very difficult to compare data with other water corporations.

Per capita drinking water consumption in 2019-20 was 144 litres per day, a decrease of 83 litres due to vacancies in non-permanent residents as well as the dramatic decrease of tourism as a result of COVID-19 restrictions.

The average residential household bills in 2019-20 were \$1,141, based on 72 KL of consumption. In comparison, larger water users paid \$1,399 based on 200 KL of consumption. To support customers experiencing financial difficulties, a range of grants, concessions and rebates are available to customers to ensure bills remain affordable.

Average annual consumption (ML)

2015-16	2016-17	2017-18	2018-19	2019-20
1,852	2,015	1,888	1,989	1,974

Household drinking water consumption (KL) – Residential

Quarter 1	319,642
Quarter 2	412,732
Quarter 3	337,134
Quarter 4 ¹	70,105
Total annual residential consumption	1,139,613

Notes

1. Meters are read monthly across three areas and billed quarterly, water consumption for quarter four is incomplete as meter reads for this period extended beyond June 2020.

Water quality is determined by undertaking a sampling and analysis program against a set of targets. These targets are derived from the Safe Drinking Water Regulations 2015 and administered under the *Safe Drinking Water Act 2003*. Targets have been met for the last five consecutive years. The monitoring program to address compliance with the regulations included analysis from Candowie Reservoir, all treated water storages, 75 customer taps in five separate localities and numerous strategic test points in the distribution system. Water quality indicators were fully compliant with targets quoted in the table below.

Major non-residential users are defined as 'a non-residential customer consuming greater than 100 ML'. During the reporting period, no non-residential customers consumed greater than 100 ML.

Water consumption report

Water Consumption										
District Name	Residential Customers					Non-residential customers				
	Number (1)	Recycled Water Customer No. (2)	Potable water volume (ML) (3)	Recycled waste water volume (ML) (4)	Recycled stormwater volume (ML) (5)	Number (6)	Potable water volume (ML) (7)	Recycled waste water volume (ML) (8)	Recycled stormwater volume (ML) (9)	Total number of customers (10)
WPW district 2019-20	16,169	694	1,414	22	–	1,087	633 ¹	69	–	17,256
WPW district 2018-19	15,911	631	1,421	21	–	1,037	811	105	–	16,948

Water Consumption										
District Name						Non-revenue water				
	Total potable water (2)+(6) (10)	Total recycled waste water volume (3)+(4)+(7)+(8) (11)	Total consumption (10)+(11) (12)	Ave annual consumption (13)	Leakage (14)	Firefighting (15)	Other (16)	Total non-revenue water (13)+(14)+(15) (17)	Total water (all sources) (12)+(16) (18)	
WPW district 2019-20	2,047 ²	91 ³	2,138	1,974	1	0	123	124	2,262	
WPW district 2018-19	2,232	126	2,358	1,989	2.8	0.2	125	128	2,486	

Notes

1. The reduction on non-residential use could be attributed to businesses requiring to shut due to COVID-19 impacts.
2. The lower usage is attributed to travel restrictions impacting people's ability to visit their holiday homes as well as the reduction in overseas tourists and short stay visitors.
3. A wet spring and autumn reduced the need for irrigation using alternative water sources.

Water quality performance against target 2019-20

Water quality indicator	2019-20 Actual %	2019-20 Target %	Target met	2018-19 %	2017-18 %	2016-17 %	2015-16 %
E. coli (% samples containing zero organisms per 100ML)	100	100 ¹	Yes	100	100	100	100
Turbidity (Nephelometric Turbidity Units, NTU)	100	100 ²	Yes	100	100	100	100
Trihalomethanes (ug/L)	100	100 ³	Yes	100	100	100	100

Notes

1. Target is derived from the Safe Drinking Water Regulations 2015, which states "all samples of drinking water collected are found to contain no Escherichia Coli per 100 milliliters of drinking water, with the exception of any false positive sample".
2. Target is derived from the Safe Drinking Water Regulations 2015, which states "95th percentile of results for samples in any 12 month period must be less than or equal to 5.0 Nephelometric Turbidity Units".
3. Target is derived from the Safe Drinking Water Regulations 2015, which states "less than or equal to 0.25 milligrams per litre of drinking water".

Drought response report

The Drought Preparedness Plan is a component of Westernport Water's Urban Water Strategy, which was approved in 2016-17. The Plan sets out management actions for the various water sources available and responses to maintain the balance between the demand for water and the availability of water. The Drought Preparedness Plan was not enacted in 2019-20, as the reservoir level remained above the drought response trigger.

Seasonal challenges

Challenges to water quality are generally related to naturally occurring algal blooms, especially blue-green algae that can lead to distinctive taste and odour issues. Process improvements, coupled with a focus on treatment plant management resulted in no disruptions to the water supply or taste and odour issues associated with algae during the reporting period. However, algal blooms are an ever present risk and remain a constant challenge because of the shallow nature of the reservoir.

Corporate water consumption

Water consumption at the Newhaven Office and the depot decreased by 3.4 per cent from the previous year. With the facilities upgrade under the Building Asset Management Plan, new water efficient appliances were installed that contributed to the reduction. Additionally, the office was largely vacated for a period of three months from mid-March to the end of June as working from home arrangements were introduced.

We also monitored our water use through the VicFacilities online tool. The portal identifies anomalies and sends alerts to site managers, providing early detection of water leaks.

Implementation of the Recycled Water Strategy

The use of recycled water for non-drinking purposes reduces the demand on potable water and is therefore an important water conservation initiative. In addition, by increasing recycled water use we directly reduce the volumes of treated effluent discharged to Bass Strait.

The Recycled Water Strategy adopted in 2018 includes targets for increasing the reuse of wastewater (as a percentage of total wastewater received) from a baseline of 19 per cent to 35 per cent by 2025 and 50 per cent by 2050. The strategy sets out a range of initiatives to meet these targets, including the trial of Class B recycled water for irrigation on a neighbouring farm and expanding irrigation at Westernport Water's two wastewater treatment plants.

In June 2020, Westernport Water completed a two year trial to supply Class B recycled water from the CWWTP to a neighbouring farm. A total of 28.8 ML was supplied over the 2018-19 and 2019-20 summer irrigation periods. A very wet summer in 2019-20 saw usage drop from 21.9 ML in year one to 6.9 ML in year two. Recycled water usage from the trial contributed 13 per cent of total reuse at CWWTP in year one, and seven per cent in year two.

During 2019-20 Westernport Water purchased additional land adjacent to the KWWTP and CWWTP, allowing for irrigation to be expanded across both sites in order to meet 2025 reuse targets.

Indicator	2019-20	2018-19	2017-18	2016-17
W1. Total water consumption (kilolitres)	473	490	559	500
W2. Units of office water used per FTE (kilolitres/FTE)	5.6	6	7	7
W3. Units of office water used per office area (kilolitres/m2)	0.4	0.5	0.6	0.5

Bulk water entitlements

The standard reporting template for Westernport Water's three Bulk Entitlement's (BE's) for Westernport Tennent Creek, Bass River, and the Greater Yarra System – Thomson River Pool, collectively referred to as Melbourne Supply System throughout this document, is shown in the next table.



Candowie Reservoir and Ian Bartlett Water Purification Plant

Westernport Tennent Creek Bulk Entitlement conditions and requirements were complied with by Westernport Water during the reporting period, according to the BE and the operating arrangements in place between Westernport Water and the waterway manager, Melbourne Water.

Candowie Reservoir reached full capacity on 19 August 2019 and spilled for 44 days. The reservoir reached full capacity again on 23 May 2020 and continues to spill after 30 June 2020.

In accordance with the environmental flow conditions of the BE, 534 ML was released during the reporting period. This was 58 ML more than the previous year. The environmental flow enhances the downstream creek environment, assisting the flora and fauna to remain healthy.

Bass River Bulk Entitlement was used in 2019-20 for 20 days in July 2019. The level in Candowie Reservoir triggered the decision to run the Bass River pumps to ensure no further reduction in the source water supply. The pumps were installed and recalibrated for the river flows at the gauging station at Glen Forbes South and used, topping up the reservoir by 243 ML.

Greater Yarra System – Thomson River Pool Bulk Entitlement was used during 2019-20. We complied with all conditions and requirements for this BE and received a water allocation every month from the water resource manager, Melbourne Water, who also provided an update on any carryover water and spills from the Melbourne system storages.

In 2019-20, South East Water and Westernport Water undertook reciprocal trades of 184.3 ML of water allocation. This is part of an ongoing administrative process to enable Westernport Water to continue to access, by substitution, its water from the Melbourne surface water system via its offtake on the transfer pipeline while the transfer pipeline is pumping desalinated water from the Victorian Desalination Plant to Cardinia Reservoir. South East Water trades the required volume of desalinated water allocation to Westernport Water and Westernport Water trades the same volume of Melbourne surface water allocation (under its Greater Yarra System – Thomson River Pool bulk entitlement) back to South East Water resulting in a net 0 ML trade. This is required because Westernport Water does not hold an entitlement to desalinated water. This ongoing administrative process was agreed between South East Water, South Gippsland Water, Melbourne Water, Westernport Water and DELWP.

Westernport Water extracted 0.7 ML of water from the Greater Yarra System whilst the Victorian Desalination Plant was off during June 2019. This allowed for Westernport Water to finalise commission of the connection to the pipeline. A total of 185 ML was extracted from the Greater Yarra System in 2019-20.

The latest information from the resource manager is that Westernport Water has a water allocation of 669 ML, a carryover of 3,251 ML, and a balance of available water of 3,921 ML (equivalent to 21 months demand). Westernport Water contributes to the formulation of the system management rules and the operating arrangements to manage the BE. Westernport Water has been negotiating a Bulk Water Supply Agreement with Melbourne Water for this water supply and the agreement is in the process of being signed by both parties.

A water extraction bore licence enables Westernport Water to take and use 490 ML of groundwater from the Corinella Aquifer for urban water supply. The groundwater licence is granted until 30 June 2031. Under the revised Urban Water Strategy, the long term strategy for this groundwater source has been revised and this source will only be used during low rainfall periods after other sources have been fully utilised.

No water was extracted from this source during the reporting period.

Bulk entitlements, transfer of waste entitlements, allocations, licences and irrigation water usage

BE (Westernport) Conversion ³ Order 1997			14.1(a)	14.1(ab)	14.1(b)	14.1(c)	14.1(ca)	14.1(d)
System	Storages	Bulk entitlement ML/year	Max. rate of extraction ML/day	Daily flow to environment ML/day	Water storages ML ¹	Amount taken ML/y	Annual environment flow ML ⁴	Amendment of programs
Tennent Creek	Candowie Reservoir	2,911	13.2	5.0 winter 0.1, summer 7.5 fresh	4,463	1,739	534	Nil
			14.1(e)	14.1(f)	14.1(g)	14.1(h)	14.1(i)	14.1(j)
			Entitlement transfer from	Entitlement transfer to	Entitlement amendment	New entitlement	Failure to comply	Difficulties and remedial actions
			Nil	Nil	Nil	Nil	Nil	Nil

BE (Westernport – Bass River) 2009 ³			11.1(a)	11.1(b)	11.1(c)	11.1(d)	11.1(e)	11.1(f)
		Bulk entitlement ML/year	Amount of water taken daily ML/day	Daily flow in waterway ²	Amendment of programs	Amount taken ML/y	Entitlement transfer from	Entitlement transfer to
Bass River		3,000	12	Yes	Nil	243	Nil	Nil
			11.1(g)	11.1(h)	11.1(i)	11.1(j)		
			Entitlement amendment	New entitlement	Failure to comply	Difficulties and remedial actions		
			Nil	Nil	Nil	Nil		

BE (Greater Yarra system – Thomson River Pool – Westernport Water) Order 2014 ³			13.1(a)	13.1(b)	13.1(c)	13.1(d)	13.1(e)	13.1(f)
		Bulk entitlement ML/year	Amount taken ML/y	Water allocation and carryover ML	Entitlement volume compliance	Entitlement transfer	Amendment of metering program	Entitlement amendment
Greater Yarra System – Thomson River Pool		1,000	185	3,921	Yes	Yes ⁵	Nil	Nil
			13.1(g)	13.1(h)	13.1(i)			
			New entitlement	Failure to comply	Difficulties and remedial actions			
			Nil	Nil	Nil			

Notes

1. Water storage level at 30 June 2020.
2. Daily flow in waterway must exceeded 40 ML/d during any extraction periods.
3. All BE's service the entire region.
4. Environmental flow released though the environmental flow pipeline.
5. Reciprocal trade with South East Water of 184.3 ML, further details on page 39.

Environment and social sustainability

Our RAP Working Group

Westernport Water's RAP Working Group (RWG) is considered the governing body of the RAP. The RWG is ultimately responsible for the development, implementation and reporting phases of its RAP. This working group was established in 2017 to develop the Corporations Reflect RAP which concluded in May 2019.

The working group is comprised of Aboriginal and Torres Strait Island employees, community members and representatives from community groups, Traditional Custodians, senior management as well as reconciliation champions from various business units.

Over the past year, engagement efforts have focused on strengthening relationships and empowering the community to co-design Westernport Water's Innovate RAP which received conditional endorsement in June 2020 from Reconciliation Australia.

Under Reconciliation Australia's RAP Framework an Innovate RAP is stage two of four stages that focuses on developing and strengthening relationships with Aboriginal and Torres Strait Islander peoples, engaging staff and stakeholders in reconciliation, developing and piloting innovative strategies to empower Aboriginal and Torres Strait Islander peoples.

Recognising and managing for Aboriginal values

Under the Environmental Flows Project, Westernport Water is seeking to recognise Aboriginal Traditional Owners' connection to land and water. This project will provide a forum for Traditional Owners to identify their cultural values within Tennent Creek and inform Westernport Water how to better manage the timing of environmental flows from May to November with greater consideration of local cultural values.

This project will also support the Victorian Government's commitment to recognise and manage for Aboriginal values as outlined in Water for Victoria.

Cultural heritage

During the reporting period, Westernport Water undertook a desktop study to better understand the registered Aboriginal cultural heritage places within the service area. This information was compiled by Heritage Advisor Adam Magennis and a high-level report was provided in July 2019 describing the archaeological site types, density, and cultural heritage sensitivity. Understanding this was the first step in the development of a cultural heritage compliance framework, which will be developed in consultation with the Registered Aboriginal Party.

Case Study

Bass Coast Reconciliation Network

Working together in a joint approach for reconciliation and recognition, the Bass Coast Reconciliation Network (BCRN) share in a collective vision and champion reconciliation and recognition with Aboriginal and Torres Strait Islander Peoples.

BCRN members focus on outcomes to respectfully move forward to achieve wider goals for reconciliation and recognition across the Bass Coast. Coming together they share their time and resources to develop meaningful and direct action that gives the community confidence and consistency in one cohesive regional body.

Network members have worked together for around one and a half years now and help one another to build trust, build pride and turn good intentions into real outcomes for the community. The group leads positive social change by advocating for reconciliation and recognition, host combined community events, support the local community, and generate employment and leadership opportunities for Aboriginal and Torres Strait Islander people.

The BCRN is comprised of members of the Phillip Island Nature Parks, Westernport Water, Bass Coast Shire Council and Bass Coast Health as auspicing and funding bodies and includes the Bunurong Land Council Aboriginal Corporation, the Yowengarra Bun Wurrung Balug Clans Aboriginal Corporation, Aboriginal and Torres Strait Islander community members and community groups such as the Bass Coast/South Gippsland Reconciliation Group as well as other organisations on a project basis.



Community engagement

During the year, community engagements included water taste tests, community events, and workshops, both in-person and online, as well as attendance at community meetings, representation on various stakeholder committees and participation in industry-wide customer satisfaction surveys.

Since 2014, the Corporation has conducted an annual telephone-based Customer Satisfaction Survey in conjunction with Gippsland water corporations. By coming together, each organisation has realised savings and information obtained has enabled benchmarking of results and the identification of opportunities for collaboration.

Integrated water management

Westernport Water continued its participation in the Integrated Water Management (IWM) Program, including contributing to the Catchment Scale IWM Plan led by DELWP and the Regional IWM Plan led by Bass Coast Shire Council (BCSC). Westernport Water participated in workshops and forums held by DELWP and BCSC. The regional IWM Plan has been approved by the BCSC. Westernport Water will continue to work with BCSC to realise regional IWM benefits.

The Victorian Water Efficiency Strategy (VWES)

adopted in 2017 remained in place during the year to enhance the water efficiency for all customers, using innovative and collaborative practices between water corporations to help deliver on the vision for water management. The strategy encourages a collaborative approach to deliver water efficiency initiatives, including state-wide initiatives.

The VWES complements Westernport Water's strategic plans such as the Urban Water Strategy, Corporate Social Responsibility Strategy and Corporate Plan. Identified within the VWES is the Target Your Water Use campaign (TYWU), a regional Victorian water efficiency program that highlights common programs across Victoria.

The program provides useful information to regional Victorians and encourages them to save and use water wisely. TYWU is an overarching program for all regional Victorians to access water efficiency information, products and services.

Residential programs and initiatives common across Victoria in 2019-20 were:

- Community Water Rebate Program; Permanent Water Saving Rules; School Education Programs; National Water Week; Community Water Refill Station Program; Smart Approved WaterMark website and resources; standardised website messaging; comparative consumption data – on bills and website; hardship programs and the Choose Tap campaign.

Schools Water Efficiency Program (SWEP) provides data loggers linked to an online portal to schools, providing students, teachers, and maintenance staff access to real-time data, helping them to identify unexpected leaks and faulty appliances. The program also provides a tailored curriculum program, allowing students to use the school's water data within various subjects. We are proud to report, 100 per cent of schools in the service area continue to benefit from the program. During 2019-20, schools in our service area saved 12,075,184 litres of water at a cost of \$17,595.35. Since 2012, schools have saved a total of 31,524,296 litres of water at a retail cost of \$49,091.30. The savings were assessed at eight registered schools.

Permanent Water Saving Rules (PWSR) encourage common-sense water use even when water restrictions are not in place. The rules guide the efficient use of drinking water and were in effect for the entire 2019-20 reporting period.

Water restrictions promote the efficient use and conservation of drinking water. Water Restriction By-law 105, sets out the four stages of restrictions and the rules that apply to each stage. During the reporting period, no restrictions were imposed.

Despite not having evoked water restrictions, our customers and visitors were encouraged to be mindful of their water consumption and adopt voluntary water efficiency behaviours.

Recognising recreational value

During the reporting period, the Corporation supported the delivery of several social and recreational activities in partnership with key local organisations and government agencies, including the BCSC and Phillip Island Nature Parks (PINP). Some of the activities and initiatives provided through the strategic partnerships included:

- reconciliation activities and initiatives
- delivery of combined community events
- installation of community water refill stations
- funding to support the use of alternative water sources the Corinella Community Garden
- funding and support for the Phillip Island Community Orchard as a showcase for recycled water
- provision of eucalypt leaves to PINP to support koalas impacted by the Victorian Bushfires.

Case Study

Phillip Island Community Orchard

PICO is a community-run initiative that shares, inspires, educates, engages and re-skills the local community and its visitors on how to grow local and use renewable resources to increase food production.

First established in 2013 through a partnership with Westernport Water, the orchard has been instrumental in engaging the local community and its visitors on the sustainable and safe use of recycled water for growing fruit and vegetables.

The relationship between PICO and Westernport Water has grown in strength as we've worked towards common goals, and it has enabled the creation of strong community partnerships and communal activities that help people to create social connections.

Over the years, this community lead initiative has evolved, providing educational opportunities, workshops and events that inspire healthy living through active involvement in gardening. The orchard showcases the positive outcomes that can be achieved when organisations and community members come together to enhance community wellbeing and healthy living through active participation.



Sustainable and resilient water sensitive systems

Class-A recycled water provides an alternative, reliable and fit-for-purpose water source that can be used for non-drinking purposes such as toilet flushing, garden use and irrigation. On Phillip Island, recycled water provides commercial customers with a guaranteed water supply that is not subject to permanent water saving rules. Increasing recycled water use has the added benefit of minimising nutrient loads discharged to the receiving environment.

Since 1 July 2019, 69 ML of water was transferred through the Class-A recycled water network to residential properties, commercial customers, and for irrigation of community sport and recreation reserves. Of this water, 27 per cent was topped up with drinking water from the backup tank at Wimbledon Heights during periods when the recycled water treatment plant was offline.

Class-B recycled water offers a lower class of recycled water suitable for pasture irrigation and livestock care on farms. Westernport Water completed a two-year trial using Class B recycled water on neighbouring farmland to assess operational factors and the potential for an expanded Class B network, in line with its Recycled Water Strategy.

Overall, across Westernport Water's two wastewater treatment plants, 237 ML of treated effluent was reused. This equates to 14 per cent reuse of treated effluent in 2019-20, a decrease from 23.5 per cent reuse achieved in 2018-19. This reduction was due to five times more (>400%) rainfall received during the January to April 2020 period, compared to the same period the previous year. This higher rainfall increased inflows to wastewater treatment plants by 17 per cent compared to the five year average and decreased the demand for irrigation water by commercial customers during the 2019-20 summer and the Corporation's ability to irrigate its own land.

Recycled Water Grant Program

In March 2019, the Executive agreed to use unspent funds from this program to support the PINP to connect recycled water to two toilet blocks and garden hoses as part of the construction of new offices and a depot at the Koala Centre on Phillip Island. This connection was installed in 2019-20 and provides the potential for further expansion at the site.

Planning for the future

Increasing the irrigation capacity at the KRWWTW was made possible through the purchase of 16.7 ha of land at Lot 4 King Road, Corinella adjacent to the Treatment Plant. This purchase was funded by bringing forward the PS1 capital budget allocated to the Sustainable Water Reuse and Land Management Program.

Westernport Water also purchased 32.6 ha of land at Lot 1, Pyramid Rock Road, Cowes which adjoins the southern boundary of the Corporations CWWTP. This purchase was funded by increasing the PS1 Capital Program budget under the Sustainable Water Reuse and Land Management Program through obtaining borrowings from the Treasury Corporation Victoria.

These purchases will assist by providing additional irrigation areas to meet our EPA license requirements and meet reuse targets.

In October 2019, a species trial was established at the CWWTP to identify tree species that perform best at the site under normal irrigation conditions. Under the trial, nine potential firewood species were planted within the existing Sugar Gum plantation. Results from the trial will be reported in the coming years and provide the Corporation with useful information on which species can potentially be used for future irrigated tree crops.

Hardship

Customer assistance programs are available to help customers in need to find solutions to their individual circumstances. Assistance can include payment plans,

alternative payment arrangements, helping customers with paperwork, applying for government concessions, financial assistance programs including hardship grants, utility relief grants, water rebates and exchange programs. During the COVID-19 pandemic, debt collection activity and restriction activities were ceased. In addition to existing support provisions, customers were provided with the option of payment extensions of up to three months and 107 hardship grants were awarded an increase of 77 from the previous year.

Community rebate program was available for eligible customers during the reporting period to receive a free water efficiency audit and financial support to assist in reducing their water use by upgrading or replacing inefficient water use devices. During the reporting period, six customers were assisted before the program was put on hold due to the impacts associated with coronavirus. There is \$9,417 remaining in the program for 2020-21.

Utility relief grants are available to low-income customers or customers experiencing unexpected hardship. The grant provides help to pay an electricity, gas, or water bill that is overdue due to a temporary financial crisis.

Customers who **experienced unexpected high water usage** were provided with support and options under the Victorian Water Industry's Guideline for Unexplained High Usage and Undetected Leak Program, during the financial year \$28,733 of payments were granted to customers under the scheme.

Value of community service obligation provided

Performance indicator	2019-20 (\$)	2018-19 (\$)	2017-18 (\$)	2016-17 (\$)	2015-16 (\$)
Concession rebates to customers	867,493 ¹	803,965	743,114	751,328	707,344
Rebates for not-for-profit organisations under the water and sewerage rebate scheme	27,889	28,470	28,660	28,695	28,748
Utility relief grant scheme payments	28,733 ²	21,154	16,280	16,743	18,720
Hardship grants	\$4,850 ⁵	\$4,800	\$3,825	\$3,360	\$9,471
Water concession for life-support machines	0	0	0	0	0
Community Rebate Program	2,807 ³	16,523	18,063	0	3,400
Industry and community sponsorship and donations, including in-kind support – real value to the community	64,451 ⁴	57,171	61,230	63,247	39,167
Total community service obligation provided	996,223	932,083	871,172	863,373	827,079

Notes

1. There was an increase in concession rebates during the reporting period due to COVID-19.
2. The increase can be attributed to more people experiencing hardship due to impacts associated with COVID-19.
3. Customers may participate in the Community Rebate Program once every two years. The decline in 2019-20 reflects the significant uptake that had already occurred in previous years as well as placing the program on hold due to COVID-19.
4. Total value in real terms was \$51,331, plus the provision of goods and services to the value of \$10,100 to equal total valued of \$62,431.
5. Value of hardship grants has now been included in this table.



Supporting Cleanup Australia Day 2 March 2020

Sponsorship and community support was provided to 41 recipients during the 2019-20 period, supporting engagement and educational outcomes in our community. We also delivered 23 educational engagements, 28 community events and 29 community stakeholder engagements. During the reporting year, Westernport Water supported community-based activities and initiatives to the value of \$64,451, additionally \$28,678 was invested in community water refill stations.

Sponsorship was provided both financially and in-kind through the provision of goods and services. Applications that demonstrated alignment with the Corporation's strategic direction and demonstrated relevance to water, wastewater, health, environment, and conservation were considered in line with the policy. Sponsorship applications that meet one or more of the following criteria:

- contributes to the advancement of Victorian whole-of-government priorities
- supports the agency's goals and objectives
- increases effectiveness of the agency's strategic programs
- communicates key messages to target audiences
- engages or builds relationships with key stakeholders.

Unfortunately, support for pre-booked events in 2020 was either postponed or cancelled due to coronavirus as the events could not take place. During this time, the team facilitated the transition to online engagement and supported activities hosted in the virtual environment.

Education programs and campaigns were designed to improve community awareness of our products and services. Activities were delivered in-line with the Corporation's Education Plan, focusing on strengthening stakeholder partnerships and driving positive social change.

During the reporting period, 23 educational engagements were delivered despite working from home and the cancellation of engagement events between March and July.

Three initiatives that remained a key focus were the continuation of the "Choose Tap" and "Stop it. Don't block it" campaigns, as well as our National Water Week activities. In addition to these ongoing programs, Westernport Water was involved in the following education activities:

- continuation of the Choose Tap – Grade Prep water bottle initiative in all local schools
- sponsorship of Plastic Free Phillip Island and San Remo's community campaign against single-use plastic
- continuation of the Choose Tap Hospitality Program
- leading a change in direction of the South Coast Water Partnership to align with Choose Tap
- delivery of incursions, excursions and tours with local and visiting schools and community groups.

Telephone interpreter services

Westernport Water offers this free service to ensure we can effectively assist non-English speaking customers with their water and wastewater product and service inquiries.

Learning opportunities for the community

Westernport Water hosted two local job seekers with a disability as part of Access Ability Day 2019; one in our Information and Communication Technology Team and the other in the Communications and Engagement Team. One Undergraduate Engineer experienced seven weeks of paid vacation employment. The organisation is currently supporting an employee through a traineeship in Environment and Sustainability and working on a plan to provide employment for job seekers with a disability in 2020-21.

Greenhouse gas and energy

Climate change adaptation

Under the *Climate Change Act 2017* the water sector has been chosen to pilot climate change adaptation plans. DELWP is completing a sector-wide pilot plan but each utility is also expected to have their own adaptation plan. Water for Victoria Chapter 2 and the Water Minister's LoE highlight the need for water corporations to take the lead on climate adaptation.

Climate change adaptation is a priority area within the LoE, requiring water corporations to integrate climate change adaptation into decision-making across all sources of water and wastewater, including source water and demand, built assets, natural environment, people and workplace, interdependencies as well as customer and product delivery.

In response to the LoE, Westernport Water developed its first Climate Change Adaptation Plan in 2018-19. The overall objective of the Adaptation Plan is to prepare Westernport Water for the impacts of climate change on assets, supply and demand forecasting, people and the environment, now and into the future. The ultimate goal is to ensure we can continue to provide reliable services and meet customer expectations under a changing climate, whilst balancing the impacts on the Corporation's financial sustainability and water services costs.

The Climate Change Adaptation Plan is comprised of a number of prioritised adaptation actions split into six focus programs that align with Westernport Water's strategic framework. In 2019-20, Westernport Water underwent adaptation actions in the Plan to:

- strengthen asset management and operational processes
- foster collaboration and partnerships with other Water Corporations and service providers
- ensure workforce capability and capacity to respond and adapt to climatic impacts
- promote awareness and influence behavioural change amongst customers and the community.

Greenhouse Gas Emissions (GGE) and net energy consumption are generated from a number of different activities and sources, these are:

- wastewater treatment plants and remote pumping stations, 75 per cent
- water treatment plant, 18 per cent
- office facilities and other activity such as waste disposal, 3.4 per cent
- transport 3.6 per cent.

GGE during 2019-20 reduced overall by 460 t CO₂-e, or seven per cent from 2018-19 emissions. This is due to a 21 per cent reduction in electricity consumption from last financial year at IBWPP attributed to sourcing water from the Melbourne Supply System, reducing production at IBWPP and the optimisation of aeration in Candowie Reservoir. There was no disposal of alum sludge saving in 2019-20, saving 369 t CO₂-e in waste in comparison to last financial year. There was a slight increase in renewable energy use from 0.2 per cent to 0.93 per cent as a result of the solar installations at three sites in 2019-20.

In 2019-20, there was a 23 per cent increase in fugitive emissions from wastewater management (direct scope 1 emissions which increased by 484 t CO₂-e from last financial year). A result of increased inflow to wastewater treatment plants largely due to stormwater inflow and infiltration from wet weather events.



Installation of solar panels at KRWWTP

Breakdown of GHG Emissions

Performance Indicator	Greenhouse gas emissions (t CO ₂ -e)				Variance	Commentary
	2019-20 projected emissions	2019-20 result				
		Scope 1	Scope 2	Total emissions		
Water treatment & supply		n/a	1,197.0	1,197.0		
Sewerage collection, treatment & recycling		2,638.4	2,333.3	4,971.7		
Transport		240.6	n/a	240.6		
Other		80.0	142.7	222.7		
Total Emissions (a)		2,959.0	3,501.3	6,631.9		
Self-generated offsets retired (b)			2.2	2.2		
Net Emissions (a-b)	5,974	2,959.0	3,499.1	6,629.7	8.1%	1

Notes

1. The variation in projected emissions to the actual emissions of 11 per cent is due in part to the fact that the solar installations for this pricing period were not complete, and installations this financial year were commissioned in November for the Church St SPS and March for KRWWTWP and Newhaven sites. In addition, there has been significant variation in scope 1 (direct fugitive) emissions from wastewater treatment due to exceptionally higher inflow volumes to the wastewater treatment plants (additional 193 ML at CWWTP and 45 ML at KRWWTWP compared to last year, resulting in an increase of 484 t CO₂-e). Inflow volumes are largely a result of storm water infiltration into sewer networks.

Climate Change Strategy and Emissions Reduction Pledge

Underpinning the Climate Change Adaptation Plan is Westernport Water's Climate Change Strategy 2017-23 and Emissions Reduction Pledge. The strategy has been developed to reduce our GHG footprint and change the way we work to ensure the physical impacts of climate change are managed effectively. The strategy and pledge commits the Corporation to an eight per cent reduction in GGE by 2025, compared with our baseline emissions from 2011-16. The strategy's approach to climate change is supported by four key principles:

- a business wide approach
- maintaining a customer focus
- acknowledge that mitigation and adaptation go hand in hand
- establishing the foundation through building knowledge and capability.

In 2019-20, the Corporation delivered the following actions outlined in the strategy:

- Implementation of year two of the Emissions Reductions Pledge which included installation of solar panels at three Westernport Water Sites: Church St Sewer Pump Station (3 kilowatts); Newhaven Office (33 kilowatts); and KRWWTWP (39.7 kilowatts).

Closed a number of actions within the Climate Change Adaptation Plan including:

- the community education program, designed to improve customer and community awareness of their impacts on sewerage treatment and improve waste management behaviour
- improvements to management of raw water quality in Candowie Reservoir through installation of continuous monitoring, to better understand raw water quality changes and impacts from surrounding agricultural properties
- revision of the Urban Water Strategy - specifically the Drought Preparedness Plan within the Strategy to determine optimisation of supply from a climate resilience perspective with the ability to extract drinking water from the Melbourne Supply System
- developing workforce capability in the context of climate change via targeted training
- participating in the sustainability working group with strategic partners, BCSC and PINP, with a shared vision for increased renewable energy production on Phillip Island
- continued research into carbon sequestration and offsetting opportunities on Corporation owned land.

Energy consumption and renewable energy production

During 2019-20, the Corporation generated 0.93 per cent of its total energy from renewable energy. For the period there were no large scale generation certificates generated by Westernport Water, or sold or surrendered.

B1. Total electricity consumption reporting

Total electricity use	2018-19 result (MWh)	2019-20 result (MWh)	Commentary
Water treatment and supply	1,411.3	1,118.7	1
Sewerage treatment and management	2,257.1	2,180.7	2
Other (office, workshops, depots)	144.9	133.4	3
Total	3,813.3	3,432.7	

Notes

1. Reduced energy consumption in water treatment and supply is due to sourcing water from the Melbourne Supply System, reducing production at IBWPP and the optimisation of aeration in Candowie Reservoir.
2. Slight reduction in energy consumption in wastewater management is due to reduced production of Class A recycled water and irrigation pumping as a result of low demand for reuse from higher than average rainfall.
3. Reduced electricity consumption at 'other' sites is attributed to changes in site use resulting from COVID-19 restrictions, and changes to operations.

B2. Renewable electricity reporting

Total electricity use	2018-19 result (MWh)	2019-20 result (MWh)	Commentary
1. Solar	7.7	32.1	1
2. Hydroelectric	–	–	
3. Wind	–	–	
4. Biogas	–	–	
5. Green power	–	–	
6. Other (retirement of RECs)	–	–	
Total (b)	7.7	32.1	
% renewable electricity=(b)/(a)*100	0.20	0.93	

Notes

1. Increased renewable energy in 2019-20 was due to solar installations at three sites that were commissioned in November 2019 and March 2020. Greater performance in renewable energy is anticipated next financial year.

Other disclosures

Local jobs first

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) Policy and the Major Project Skills Guarantee Policy which were previously administered separately.

Westernport Water is required to apply the Local Jobs First Policy in all projects valued at \$1 million or more for projects in regional Victoria.

During 2019-20, Westernport Water commenced one Local Jobs First contract totalling \$1.8 million. This project was located in metropolitan Melbourne and in the Bass Coast Shire and had an average commitment of 87.01 per cent local content.

The outcome expected from the implementation of the Local Jobs First Policy, to these projects where information was provided are as follows:

- a 87.01 per cent local commitment was made with 51 SME's, representing 66 per cent of all suppliers engaged on this project
- a total of six (6.22) standard employees were retained.

Competitive neutrality

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 is 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.

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

In 2019-20, there were fourteen consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. Total expenditure incurred during 2019-20 in relation to these consultancies was \$60,531.67 (excl. GST).

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

In 2019-20, there were four consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies was \$419,764 (excl. GST). Details of individual consultancies can be found on the Westernport Water website and are outlined in the following table:

Consultancies awarded 01 July 2019 to 30 June 2020

Consultant	Purpose	Start Date	Finish Date	Total Approved Project Fee \$ (ex GST)	Expenditure (\$) 2019-20 (ex GST)	Future Expenditure (\$)
DWF (Australia)	Workplace investigations and advice	Dec 2020	May 2020	49,384	49,384	0
East Gippsland Water	2019 Customer Satisfaction Survey	July 2019	Nov 2019	26,000	15,494 ¹	0
Price Waterhouse Coopers	Annual Tax advisory Services	July 2019	June 2020	45,000	47,215	0
GISSA International Pty Ltd	Oracle Harmonisation	Sept 2019	May 2020	12,900	12,900	0
CMP Consulting Group Pty Ltd	Detailed Design Services	Oct 2019	June 2020	240,000	153,410 ²	84,572
Triplex Acies Consulting	Emergency Management / Business Continuity	Dec 2020	June 2020	30,000	25,620	0
Mott MacDonald Australia Pty Ltd	Review of Biological Nutrient remover	May 2020	June 2020	16,480	16,480	0

Notes

1. Saving attributed to savings by coming together under the GRWA, annual investment will be approximately \$16,000.
2. This consultancy contract is spanned over two financial years and expected to be completed by October 2020.

Government advertising expenditure

In 2019-20, there were no advertising campaigns with total media spend of \$100,000 or greater (excl. GST).

Disclosure of major contracts

Westernport Water did not award any major contracts greater than \$10 M during 2019-20.

Contracts awarded over \$1 M in 2019-20

Westernport Water awarded one contract over \$1 M in 2019-20, including:

- the Phillip Island Water Supply Security (PIWSS) D&C Project, that commenced in 2019-20 and will amount to a cost of \$1.8 M over a two year period.

Information and Communication Technology expenditure

The Corporation undertook one ICT project or initiative during 2019-20 that met the criteria of the “ICT Reporting Standard for the Victorian Public Service” issued September 2015. Details of this project can be found on pg. 20.

For 2019 20, total ICT expenditure of \$3,410,079, with the details shown below excluding direct employee costs.

All operational ICT expenditure Business As Usual (BAU) ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
	Non Business As Usual (non BAU) ICT expenditure	Operational expenditure (OPEX) ¹	Capital expenditure CAPEX
(Total)	(Total = Operational expenditure and Capital Expenditure)	(\$156,160) ¹	(\$1,583,105) ²
\$1,671	\$1,739,265	\$156,160	\$1,583,105 ²

Notes

1. Increase in Operational Expenditure relating to projects is attributable to costs relating to a number of projects including the Business Transformation Project that cannot be capitalised.
2. Non BAU capital expenditure increases are attributable to the Business Transformation Project – Part 1 – transition to new Human Resources Information System, Finance System and Payroll systems.

Compliance with *Building Act 1993*

Westernport Water owns and operates one regional office on Phillip Island and three remote offices within its service area.

Westernport Water complies with the *Building Act 1993*, the Building Regulations 2006 and associated statutory requirements and amendments. Either an occupancy permit or a certificate of final inspection is obtained for new facilities or for upgrades to existing facilities endorsed by a Municipal Building Surveyor or a Registered Building Surveyor Practitioner.

Westernport Water conducts mandatory testing of emergency and exit lighting in accordance with relevant standards. Monthly, quarterly and bi-annual inspection and preventative maintenance routine of mechanical services and monthly annual fire service audits are conducted. These inspections then inform the works program which is delivered annually through existing maintenance contracts.

Westernport Water was issued with zero emergency orders in relation to buildings in 2019-20.

Freedom of Information (FOI)

The *Freedom of Information Act 1982* (the Act) allows the public a right of access to documents held by Westernport Water. 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 held by Westernport Water. This comprises documents both created by Westernport Water, or supplied to Westernport Water, by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by Westernport Water is available on Westernport Water's website under its Part II Information Statement.

The Act allows Westernport Water to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: cabinet documents; 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 Westernport Water in-confidence.

From 1 September 2017, the Act has been amended to reduce the Freedom of Information (FOI) processing time for requests received from 45 to 30 days. However, when external consultation is required under s29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time 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 timeframe for deciding a request.

If an applicant is not satisfied by a decision made by Westernport Water, 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:

FoI requests can be lodged online at www.foi.vic.gov.au. An application fee of \$29.60 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to Westernport Water's Freedom of Information Team, as detailed in s17 of the Act.

When making a FoI request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of Westernport Water should be addressed to:

Freedom of Information Team
Westernport Water
2 Boys Home Road
Newhaven VIC 3925

FOI statistics/timelines

During 2019-20, Westernport Water received one FOI application. This request was from the general public.

Westernport Water made one FOI decision during the 12 months ended 30 June 2020.

This decision was made in greater than 90 days after mandatory extensions had been applied or agreed upon by the applicant. The average time taken to finalise requests in 2019-20 was 134 days. Of requests finalised, the average number of days (over or under the statutory time period to decide the request) was 44 days (over).

Further information

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

Additional Information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below have been retained by Westernport Water and are available on request, subject to the provisions of the *Freedom of Information Act 1982*.

- (a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers of the Department;

The information is available on request from:
Westernport Water,
Strategy Performance and Governance Team
Phone: 1300 720 711
Email: westport@westernportwater.com.au

Carers Recognition Act

The *Carers Recognition Act 2012* came into effect on 1 July 2012 and provides support to customers or employees in a care relationship. The Act defines a career as someone who provides care to another person in a 'care relationship', including carers aged less than 18 years. Care relationships also include those situations where a person is being cared for in a foster, kinship or permanent care arrangement. Carers can provide care for a person who has a disability, mental illness, ongoing medical condition or is an older person with care needs.

Westernport Water respects and supports its customers and employees in care relationships by:

- promoting the principles of the Act to people in care relationships who receive its services and to the wider community by providing links to state government resource materials online
- ensuring employees have an awareness and understanding of the care relationship principles set out in the Act through training
- providing flexible working arrangements and leave provisions to ensure that the Corporation complies with the statement of principles in the Act.

Energy and Water Ombudsman Victoria

This Ombudsman provides a dispute resolution service for energy and water consumers and has the power to investigate and resolve disputes between Victorian consumers and their water company. During the year, Westernport Water has observed a decrease in complaints. The Energy and Water Ombudsman Victoria (EWOV) received only seven complaints (0.32 complaints per 1,000 customers) three of these complaints were unassisted referrals and resolved by EWOV. The remaining four related to disputes over vacant land charges.

EWOV Contact Details

Free Call 1800 500 509 | Email: ewovinfo@ewov.com.au
GPO Box 469 Melbourne 3001 | www.ewov.com.au

Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosure Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures and establishes a system for matters disclosed to be investigated and rectifying action to be taken.

Westernport Water does not tolerate improper conduct by employees, nor the taking of reprisals against those who come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

Westernport Water will take all reasonable steps to protect people who make such disclosures from any detrimental action in reprisal for making the disclosure. It will also afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

Reporting procedures

Disclosures of improper conduct or detrimental action by Westernport Water or any of its employees may be made to any of the following departmental personnel:

- Protected Disclosure Coordinator – General Manager Corporate & People
- Protected Disclosure Officer – Manager Strategy, Performance & Governance
- manager or supervisor of the disclosure
- manager or supervisor of the person who is the subject of the disclosure; or
- a person acting in any of the above roles.

Alternatively, disclosures may also be made directly to the Independent Broad-based Anti-corruption Commission:

IBAC Victoria

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.

Phone: 1300 735 135

Internet: ibac.vic.gov.au

Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

Further information

The Protected Disclosure Policy and Procedures, which outline the system for reporting disclosures of improper conduct or detrimental action by Westernport Water or any of its employees and/or officers, are available on Westernport Water's website.

Disability Act

In accordance with the *Disability Act 2006*, Westernport Water has developed a Disability Action Plan which sits within the Diversity and Inclusion Plan and seeks to address the inequity that people with disability experience in the workplace and the community by:

- providing reasonable adjustments for all people throughout the recruitment phase and the employee lifecycle
- updating our building and facilities to remove any possible barriers that may affect our employees or customers with a disability or special need
- becoming an inclusive workplace where people feel valued and respected, have access to opportunities and participate fully regardless of their individual differences
- acknowledging our customer needs and incorporating them into the delivery of our services.

DataVic Access Policy

Westernport Water will be reviewing categories of data sets under the DataVic Access Policy that will be made available for 2019-20.

Disclosures under the *Public Interest Disclosure Act 2012*

	2019-20 number	2018-19 number
The number of disclosures made by an individual to Westernport Water and notified to the Independent Broad based Anti corruption Commission	0	0
Assessable disclosures	0	n/a

Other statutory obligations

The Port Phillip & Western Port Regional Catchment Management Strategy objective is to maintain and enhance the environmental values of waterways and wetlands. This is indicated by the health and resilience of fish, frogs, platypus, birds, macroinvertebrates, vegetation and amenity.

Westernport Water participates in catchment management activities as part of the management of water resources as required under the *Safe Drinking Water Act 2003*. The Act requires Westernport Water to prepare and implement risk management plans from a 'catchment to tap' perspective.

During 2019-20, Westernport Water:

- continued funding of 0.2 FTE Candowie Catchment Facilitator to promote opportunities for private landholders in Candowie Catchment to fund on-ground works for farm, land and waterway improvements. This included five Melbourne Water (Healthy Waterways) funded projects which delivered 2.26 kilometres of fencing, 20.5 hectares of weed control and planting of 4,000 trees over five properties along sections of Tennent and Tozer Creek's
- developed a Catchment Condition & Rehabilitation Plan for the Candowie Catchment
- undertook Willow and general weed control and planted 800 trees on land managed by the Corporation adjacent to Candowie Reservoir
- delivered a Melbourne Water project to plant 800 trees below the Candowie Dam wall
- installed 400m of fencing and off-creek drinking troughs, to exclude cattle from entering Guys Creek in newly acquired land adjacent to KRWWTTP
- identified future program works within the region and land managed by the Corporation to ensure it is contributing to the priorities within the strategy.

The Victorian Biodiversity Strategy was released by the Victorian Government in 1997. It provides direction for biodiversity conservation and management in Victoria. The strategy complements national strategies and the *Victorian Flora and Fauna Guarantee Act 1988*.

Activities during 2019-20 to support biodiversity management included:

- continued programs to control target weed and pest animal (rabbit, hare and fox) species on land managed by the Corporation
- revegetation works at KRWWTTP and adjacent to Candowie Reservoir to create buffers and improve biodiversity outcomes

- provision of support to key catchment partners, Bass Coast Landcare Network (BCLN) and Melbourne Water, to identify and promote works in high risk riparian sites on private land.

Through its partnership with BCLN, Westernport Water implemented an ongoing eradication program for pest animals and noxious weeds. This covers threats such as rabbits, foxes, bridal creeper, asparagus fern, hawthorn, pittosporum, mirror bush, gorse, kikuyu, thistles, boxthorn, blackberry, inkweed and control of willow regrowth. The 2019-20 program had a strong focus on rabbit control around the San Remo Basin.

In 2020, BCLN secured a Victorian Gorse Taskforce grant, which subsidises 50 per cent of gorse control, up to \$1,000. Through the grant an additional \$1,000 worth of gorse control was done, on top of annual works, to control gorse in newly acquired land south of the CWWTP.

Sustainable Water Strategy (SWS). The Sustainable Water Strategies are one of the main statutory processes for state-wide water resource planning in Victoria. They are regionally focussed, and are used to manage threats to the supply and quality of water resources to environmental, economic, cultural and recreational values. Sustainable water strategies are used to improve the tools that entitlement holders have to manage their own risks, and to identify the potential to improve waterway health.

The current Central Region SWS guides Westernport Water on a wide range of actions that aim to protect rivers and aquifers, while securing water supplies for cities, towns and farms in the central region of Victoria. During 2019-20, Westernport Water continued to monitor the approved Urban Water Strategy to determine future water supply demand and incorporated demand for alternative supplies, such as Class A residential water supply.

The Central Region SWS guides Westernport Water on a wide range of actions that aim to protect rivers and aquifers, while securing water supplies for cities, towns and farms in the central region of Victoria.

In 2019-20, a new SWS bringing together the existing Central and Gippsland SWS regions, commenced in October 2019. The amalgamated SWS identifies actions to address the findings of the Long Term Water Resource Assessment (LTWRA), and to improve water security across all basins within the region. DELWP have engaged consultants to undertake a resource outlook under the LTWRA for the new amalgamated SWS with workshops being held in 2020-21.

Victorian Waterway Management Strategy and Regional Waterway Strategy are in place to protect and improve the health of the region's rivers and river ecosystems. The marine ecosystem within Western Port is of regional, national and international importance and includes a Ramsar listed site, with a range of habitats and associated mangrove, salt marsh, sea grass, reef and soft seabed communities.

The Western Port and Mornington Peninsula Region Healthy Waterways Strategy (October 2018) identifies Guys Creek, which runs through the Corporation's KRWWTTP as a high priority for establishing and/or maintaining vegetation buffers. A 400m section of Guys Creek within newly purchased land was fenced to exclude stock and create a 10m wide vegetated buffer consistent with Melbourne Water advice. Future revegetation and associated works on Guys Creek will depend on funding from Melbourne Water.

In 2019-20, Westernport Water continued to invest in works on land adjacent to the Candowie Reservoir as part of the annual Landcare Land Management Plan and developed a Catchment Condition Plan for lands upstream of the Candowie Reservoir. This will inform work with private landholders in the future.

State Environment Protection Policy (Waters) (SEPP Waters) commenced in October 2018. This new policy, replaces two existing policies and ensures Victoria has a contemporary statutory policy for the protection and management of surface water and groundwater in Victoria. SEPP Waters provides a single instrument to guide water quality management in Victoria and improve the protection of our waterways, bays, coastal waters and groundwater. It provides environmental quality objectives that better reflect conditions of our water environments and is based on extensive monitoring data, the latest scientific understanding and relevant national standards. It also more clearly identifies rules for decision makers and obligations on industry to guide the protection and management of water quality, taking into account the identified beneficial uses of waters in Victoria.

Following the successful completion of the Cowes Wastewater Treatment Plant upgrade in 2017-18, plus the addition of a mixing zone condition in the Corporation's EPA licence to discharge to Bass Strait, Westernport Water has been compliant with the SEPP Waters based on its current monitoring plan and information.

An independent qualitative Environmental Risk Assessment has commenced which will assess the impact of the discharge of treated effluent from the CWWTP at Pyramid Rock, assessing if Westernport Water meets requirements specified in SEPP (Waters) and other requirements specified by the EPA. The work will inform a future review of Westernport Water's EPA Licence for the CWWTP including the discharge of treated effluent at Pyramid Rock and its established mixing zone.

Environmental Protection and Biodiversity Conservation Act 1999

There were no referrals made during this reporting year.

Cultural heritage management plans are prepared by Westernport Water as a way of protecting and managing Aboriginal cultural heritage. During the reporting period, Westernport Water underwent a Cultural Heritage Due Diligence Assessment for preparation for the Building Asset Management Plan Stage 3 project where sheds will be construction for the Depot Warehouse upgrade. The findings of the assessment were:

- preparation of a mandatory Cultural Heritage Management Plan is not required under the Aboriginal Heritage Regulations 2018
- there is no requirement under the *Heritage Act 2017* to undertake an assessment of historical heritage of the subject area.

As a part of the Reconciliation Action Plan the Corporation committed to develop a cultural heritage desktop assessment to identify areas of cultural sensitivity across the service area. An initial assessment was undertaken to identify the registered Aboriginal cultural heritage places and known types of archaeological sites. Using the data supplied by the Heritage Advisor, a map layer was developed to inform future works that unearth and disturb the ground.

Environmental incidents are unplanned incidents that have the potential to impact on the environment or community. There was one environmental incident in 2019-20, a sewer spill that resulted from a power outage from a wet weather event affecting the operation of the Newhaven Sewer Pump Station. The sewerage which was largely residential diluted with stormwater entered a commercial building and flowed out from this site to the ocean. The spill lasted for 26 minutes before the sewer pump station was attended by maintenance staff which stopped the spill. This resulted in an estimated spill volume of 10,000 litres entering the premise and subsequently the environment which was reported to the EPA. Westernport Water collected samples from where the spill had entered the environment, which was included in its follow up report to the EPA. The sample results did not show any evidence from the spill which were collected three days after the event had occurred.

To ensure such an incident does not occur at this location again a non-return valve was installed which will limit the ability for sewerage to spill at this site. In addition, Westernport Water's SCADA system was updated to utilise an interlocking function which would allow the sewerage to be pumped to the next sewer pump station, increasing the sewer networks holding capacity. This was followed by a review of the relative levels of the sewerage network in the area to improve Westernport Water's predicative capability in understanding where potential spills could occur following a power outage. The EPA accepted the incident report and did not undertake any further action.



Pyramid Rock Bass Strait

Environmental management

We are committed to minimising the impacts of operations on the environment. The Corporation maintains an Environmental Management System (EMS) in accordance with *ISO 14001:2015*.

During 2019-20 the Corporation began implementing its EMS Improvement Plan with a focus on:

- development of a new 'Environmental Aspects and Impacts Register' in accordance with ISO 14001:2015
- completion of document updates identified in the Improvement Plan on a range of EMS Procedures
- drafting of a set of EMS objectives and targets
- a focus on the continual improvement of the EMS in line with the Improvement Plan will continue in 2020-21.

Office based environmental reporting

Westernport Water maintains one main office inclusive of a maintenance depot, supporting 83.21 FTE. Environmental data on the office is presented within the Corporation's consumption report and the greenhouse and energy information below.

Waste generated at the office is segregated into a three bin system, reducing the total volume of waste disposed to landfill. Organic waste roadside collection allows all types of food waste, paper, tissues, paper towel and any organic waste generated on site to be sent to an organic recycling facility, where the waste is turned into a soil improvement product when blended with green waste.

Environmental performance is measured in a number of ways, including:

- annual performance monitoring against EPA Victoria's corporate licence, guidelines and regulatory requirements
- checking performance against ESC service standards for sewer system performance
- internal auditing of the EMS
- recording the number of environmental incidents against the Corporation's Aspects and Impacts Register.

Resource recovery and waste minimisation

Biosolids are managed in accordance with Westernport Water's EPA Victoria approved Regional Environmental Improvement Plan (EIP). Biosolids are a by-product from the wastewater treatment process, which can be used as a soil conditioner making nutrients and organic carbon available to improve crop yields and agricultural land.

In 2019-20, Westernport Water's Biosolids Program did not involve any land application. Site assessments are being further developed taking into account recent changes to guidelines by the EPA and other reuse opportunities identified through water industry forums such as the Biosolids and Resource Recovery Intelligent Water Network. This will inform plans for biosolids to be utilised within Westernport Water's own site or on neighbouring farmland in 2020-21.

Procurement

The Corporation's main areas of procurement are: contractors 33 per cent; and goods and services 67 per cent. Examples of how the Corporation has incorporated environmental considerations into procurement decision making include:

- clauses in quotes and tender documents requiring tenderers to disclose environmental breaches and practices
- weighting of environmental considerations in quotes and tenders.

Tenders, contracts, or products for which the Corporation has developed or is using sustainability clauses or specifications include the:

- contract for PPE uniforms and stationery
- the provision of cleaning services
- document archive and destruction services
- CWWTP - Biological Nutrient Removal Review
- Qualitative Environmental Risk Assessment – CWWTP.
- Procurement targets have been set for 2020-21:
 - to ensure a high standard of accountability, local sourcing opportunities and open and fair competition
 - to reduce office based cleaning chemicals and source sustainable and recyclable alternatives
 - to ensure that the Social Procurement Framework's practices and weightings are embedded in purchasing decisions, including consideration of the entire lifecycle of products, broader consideration of social and environmental impacts
 - to identify local Gippsland sourcing opportunities to enhance social outcomes and strengthen local economic and skill base.

2019-20 Performance report

Financial Performance Indicators

KPI No.	Key Performance Indicator	2018-19 Result	2019-20 Result	2019-20 Target	Variance to prior year %	Notes	Variance to target %	Notes
F1	Cash Interest Cover Net operating cash flows before net interest and tax/net interest payments.	40.2	29.7	20.2	-26.1	1a	47	1b
F2	Gearing Ratio Total Debt (including finance leases)/total assets * 100	3.1%	3.0%	2.5%	-3.2	2a	20	2b
F3	Internal Financial Ratio Net operating cash flow less dividends/net capital expenditure * 100	138%	60%	87.8%	-56.5	3a	-31.7	3b
F4	Current Ratio Current assets/current liabilities (excluding long-term employee provisions and revenue in advance)	1.6	1.1	0.9	-18.8	4a	44.4	4b
F5	Return on Assets (ROA) Earnings before net interest and tax/average assets x 100	0.9%	2.2%	0.5%	144.4	5a	340	5b
F6	Return on Equity (ROE) Net profit after tax/average total equity x 100	0.7%	2.5%	0.3%	257.1	6a	733.3	6b
F7	EBITDA Margin Earnings before interest, Tax, Depreciation and Amortisation/total revenue * 100	33%	40%	31%	21	7a	29	7b

Notes

- 1a. Cash flow from operating activities is lower than prior year due to less net operating cash flows in 2019-20 compared to 2018-19. This has negatively impacted the cash balance resulting in less interest received in 2019-20.
- 1b. Cash flow from operating activities remains favourable to target due to increased cash flow through improved collections processes and a strong cash position. All cash funds are being held in an interest bearing account in preparation for future capital and operational expenses. Less reliance on short term borrowings resulted in lower interest paid for the year.
- 2a. Total debt has not increased from prior year, however an increase in assets held for 2019-20 has resulted in a favourable variance.
- 2b. Changes to the timing of completion of capital projects during 2019-20 has resulted in lower than planned assets at year end. The completion of these capital projects in early 2020-21 will result in a positive impact to gearing ratio.
- 3a. A reduction in net operating cash flows during the year resulted in an unfavourable variance to prior year, however this was temporary due to the impacts of COVID-19 restrictions.
- 3b. Lower than planned net operating cashflows resulted in an unfavourable variance to budget. It is expected that net operating cash flows will return to budget at the cessation of current COVID-19 restrictions.
- 4a. An increase in current liabilities compared to prior year resulted in an unfavourable variance however was on plan for 2019-20.
- 4b. An increase in current assets against target resulting from above budget cash holdings at year end has resulted in a favourable variance to 2019-20 target.
- 5a & 5b. Return on assets favourable result to prior year and to target is largely attributed to the increase in developer income received during the 2019-20 year compared to 2018-19.
- 6a & 6b. Return on equity increased from prior year and performed above target due to higher net profit compared to 2018-19 due to an increase in developer income received during 2019-20.
- 7a & 7b. Higher than planned developer income has resulted in a favourable to target earning before interest, tax, depreciation and amortisation.

Customer Responsiveness Performance Indicators

KPI No.	Key Performance Indicator	2018-19 Result	2019-20 Result	2019-20 Target	Variance to prior year %	Notes	Variance to target %	Notes
CR1	Water quality complaints No. of complaints per 1000 customers	2.18	0.81	2.2	-62.8	8a	-63.2	8b
CR4	Billing complaints No. of complaints per 1000 customers	0.19	0.05	1	-73.7	9a	-95.0	9b

Notes

- 8a & 8b. The favourable variance can be attributed to the ongoing work to obtain a stable chlorine residual and programs to maintain cleanliness within the distribution network.
- 9a & 9b. The favourable decrease was supported by the delivery of a new Quality Assurance Framework in the Customer Relations Team as part of Year Two of the Customer Service Strategy.

Water and Sewerage Service Performance Indicators

KPI No.	Key Performance Indicator	2018-19 Result	2019-20 Result	2019-20 Target	Variance to prior year %	Notes	Variance to target %	Notes
WS1	Unplanned Water Supply Interruptions No. of customers receiving more than 1 unplanned interruption in the year / total number of water (domestic and non-domestic) customers * 100	1.0%	1.7%	9.3%	60	10a	-82.8	10b
WS2	Interruption Time Average duration of unplanned water supply interruptions (minutes)	85.9	85.7	96	-0.2	–	-10.7	11b
WS3	Restoration of Unplanned Water Supply Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions * 100	100%	93%	99%	-6.1	12a	-5.2	12b
SS1	Containment of sewer spills Sewer spills from reticulation and branch sewers contained within five hours / total sewer spills from reticulation and branch sewers	100%	100%	100%	0.0	–	0.0	–
SS2	Sewer Spills Interruptions No. of residential sewerage customers affected by sewerage interruptions restored within five hours	100%	100%	100%	0.0	–	0.0	–

Notes

- 10a. An unfavourable variance to prior year is attributed to multiple failures in specific service areas where assets are aging. These assets have been included in the upcoming renewal programs.
- 10b. A continued favourable variance to target was assisted by the use alternative water supply made available during COVID-19, as well as a reduction in bursts requiring water isolations which is attributed to environmental factors of ground movement around pipes resulting in less breaks.
- 11b. A favourable variance against the current target can be largely attributed to a reduction of unplanned water supply interruptions by 29,259.01 minutes for the period.
- 12a & 12b. Contractor works in December 2019 caused this target to fall below the KPI and become unrecoverable. Processes have been put in place to reduce the risk of contractor works including but not limited to lower approved shut down periods (5 hours maximum), alternate supply provisions for customers.

Environmental Performance Indicators

KPI No.	Key Performance Indicator	2018-19 Result	2019-20 Result	2019-20 Target	Variance to prior year %	Notes	Variance to target %	Notes
E1	Effluent re-use volume (ML) Percentage recycled for each category	23.5	14.0	25	-40.4	13a	-44.0	13b
E2	Total net CO₂ emissions Total Net tonnes CO ₂ equivalent	6,920	6,460	5,974	-6.6	14a	8.1	14b

Notes

- 13a & 13b. The unfavourable variance to reuse volume can be attributed to a significant increase in inflows at both wastewater treatment plants largely from stormwater ingress to sewerage networks and a dramatically reduced irrigation demand from commercial customers and the Corporations ability to irrigate its own land from above average summer rainfall.
- 14a. The favourable variance to the previous year for net CO₂ emissions can be attributed to the use of the Melbourne Pool water reducing production of the IBWPP, optimising the use of the aerator within the Candowie Reservoir and a significant reduction in waste disposal. (reduction of 82% or 369 t Co₂-e) largely as a result from no disposal of alum sludge during 2019-20.
- 14b. The unfavourable variance in the target for net CO₂ emissions compared to the result is due to an increase in fugitive emissions from wastewater treatment due to a significant increase in inflow to wastewater treatment plants also causing a negative impact on reuse (see notes 13a and 13b).

Certification of Performance Report

We certify the accompanying Performance Report for Westernport Region Water Corporation in respect of the 2019-20 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 2019-20 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 actual results in the current year and 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.



Phil Clark
Chair
Westernport Water



Peter Quigley
Managing Director
Westernport Water



Kathy Hawke
Chief Finance Officer
Westernport Water

Dated this 5th day of November 2020

Independent Auditor's Report



Independent Auditor's Report

To the Board of the Westernport Region Water Corporation

Opinion	<p>I have audited the accompanying performance report of the Westernport Region Water Corporation (the corporation) for the year ended 30 June 2020, which comprises the:</p> <ul style="list-style-type: none">• financial performance indicators• water and sewerage service performance indicators• customer responsiveness performance indicators• environmental performance indicators• certification of performance report. <p>In my opinion, the performance report of the Westernport Region Water Corporation in respect of the year ended 30 June 2020 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>

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

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

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

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

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

MELBOURNE
9 November 2020



Paul Martin
as delegate for the Auditor-General of Victoria

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Comprehensive Operating Statement

For the financial year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Revenue			
Revenue from contracts with customers	2.1	29,073	25,136
Interest income		71	110
Other income	2.2	389	241
Total Revenue		29,533	25,487
Expenses			
Depreciation and impairment	4.1.4	6,557	6,157
Amortisation	4.1.4	110	85
Net loss on disposal of non-financial assets	4.1.5	66	168
Employee benefits	3.1.1	8,413	7,955
Direct operational expenses	3.2	1,260	1,327
Repairs and maintenance expense	3.3	1,167	834
Environmental Contributions	8.2	916	916
Finance Costs	6.1.2	263	285
Administrative and other operating expenses	3.4	6,031	5,953
Total expenses		24,783	23,680
Net result before tax		4,750	1,807
Income tax expense	8.1.1	385	541
Net result for the period		4,365	1,266
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Change in asset revaluation surplus	9.1.2	-	2,047
Income Tax relating to these items	8.1.1	-	(614)
Movement in revaluation reserve due to tax rate change	9.1.2	1,958	-
Total comprehensive income for the period		1,958	1,433
Comprehensive result		6,323	2,699

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

Balance Sheet

As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.2	4,189	6,727
Receivables	5.1	1,838	1,766
Contract assets	2.1.4	701	578
Inventories		416	337
Biological Assets		117	133
Prepayments		172	335
Total current assets		7,433	9,876
Non-current assets			
Receivables	5.1	53	66
Infrastructure, property, plant and equipment	4.1.1	213,585	207,664
Intangible assets	4.2	674	756
Total non-current assets		214,312	208,486
TOTAL ASSETS		221,745	218,362
LIABILITIES			
Current liabilities			
Payables	5.2	2,730	2,656
Contract liabilities	2.1.4	2,445	2,145
Interest bearing liabilities	6.1	1,000	1,190
Employee benefits	3.1.2	2,136	1,842
Current tax payable	8.1.1	1,009	1,078
Total current liabilities		9,320	8,911
Non-current liabilities			
Interest bearing liabilities	6.1	5,690	5,500
Employee benefits	3.1.2	374	282
Deferred tax liabilities	8.1.2	29,853	33,484
Total non-current liabilities		35,917	39,266
TOTAL LIABILITIES		45,237	48,177
NET ASSETS		176,508	170,185
EQUITY			
Contributed capital	9.1.1	51,323	51,323
Reserves	9.1.2, 8.1.1	56,797	54,839
Accumulated surplus	9.1.3	68,388	64,023
TOTAL EQUITY		176,508	170,185

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

Statement of Changes in Equity

For the financial year ended 30 June 2020

	Contributed Capital \$'000	Reserves \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 1 July 2018	51,323	53,406	62,757	167,486
Net results for the period	-	-	1,266	1,266
Total other comprehensive income for the period	-	1,433	-	1,433
Closing balance at 30 June 2019	51,323	54,839	64,023	170,185
Net results for the period	-	-	4,365	4,365
Total other comprehensive income for the period	-	1,958	-	1,958
Closing Balance at 30 June 2020	51,323	56,797	68,388	176,508

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 2020

	Notes	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities			
<i>Receipts</i>			
Service and usage charges/Revenue from Contracts with Customers		22,342	21,628
Interest received		70	93
Developer contribution fees		406	894
Goods and Services Tax received from the ATO		1,133	982
Other receipts		2,986	2,139
<i>Payments</i>			
Payments to suppliers and employees		(19,986)	(18,529)
Interest and other costs of finance paid		(205)	(235)
Income taxes paid		(1,954)	(231)
Environmental contribution levy paid		(916)	(1,181)
Net cash inflow from Operating Activities	6.2.1	3,876	5,560
Cash Flows from Investing Activities			
Payments for new infrastructure, property, plant and equipment		(6,414)	(4,068)
Proceeds from sale of infrastructure, property, plant & equipment		-	42
Net cash outflow from Investing Activities		(6,414)	(4,026)
Cash Flows from Financing Activities			
Proceeds from borrowings		1,190	-
Repayment of borrowings		(1,190)	(1,250)
Net cash outflow from Financing Activities		-	(1,250)
Net (decrease)/increase in cash and cash equivalents		(2,538)	284
Cash and cash equivalents at the beginning of the financial year		6,727	6,443
Cash and cash equivalents at the end of the financial year¹	6.2	4,189	6,727

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

Note:

1. Due to increased operating cash flow at year end, all cash remains invested in the Central Banking System (CBS) account.

1. About this report

Basis of accounting

The financial report includes separate financial statements for Westernport Region Water Corporation (the Corporation) as an individual reporting entity. This financial report is a general-purpose financial report, that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, director's declaration and notes accompanying these statements for the period ending 30 June 2020. The general-purpose financial report has been prepared in accordance with Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. The Corporation is a not for-profit entity for the purpose of preparing the financial statements.

Where appropriate, those AASs paragraphs applicable to not for profit entities have been applied.

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

The annual financial statements were authorised for issue by the Board on 15 September 2020. The principal address is:

Westernport Region Water Corporation
2 Boys Home Road
Newhaven VIC 3925

Accounting policies

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

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

The following standard has been adopted by the Corporation:

- **AASB 15 Revenue from Contracts with Customers**
AASB 15 *Revenue from contracts with customers*, which replaces AASB 118 *Revenue* AASB 111 *Construction Contracts and related interpretations* requires the Corporation to recognise revenue when the Corporation satisfies a performance obligation by transferring a promised good or service to a customer. The Corporation has adopted AASB 15 as at 1 July 2019 and has applied the new rules on a modified retrospective basis as mandated by the DTF through FRD 121 *Transitional requirements on the application of AASB 15 Revenue from Contracts with Customers*. As a result, comparatives for 2018-19 in our 30 June 2020 accounts have not been restated. The transition adjustment was assessed at \$191k which was not considered to be material based on materiality limits set by the Corporation which has determined this to be immaterial to report. Further disclosures in relation to AASB 15 are at note 2.1 and 9.8 of this report.
- **AASB 16 Leases**
AASB 16 *Leases* was issued in February 2016 and replaces AASB 117 *Leases*. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed for lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay the obligation for lease payments are recognised. The Corporation has adopted AASB 16 as at 1 July 2019 and has applied the new rules on a modified retrospective basis as mandated by the DTF through FRD 123 *Transitional requirements on the application of AASB 16 Leases*. As all current leases held by the Corporation are under the recognition threshold of \$10k AUD, the transition adjustment was \$0. As a result, comparatives for 2018-19 in our 30 June 2020 accounts were not required to be restated. Further disclosures in relation to AASB 16 are at note 9.8 of this report.
- **AASB 1058 Income for Not-for-Profits**
AASB 1058 *Income for Not-for-Profits* replaces requirements of income transactions previously accounted for under AASB 1004 *Contributions*. It establishes principles for not-for-profit entities that apply to (a) transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a not-for-profit Corporation to further its objectives; and (b) the receipt of volunteer services. It will apply to capital grants from government and grants with no sufficiently specific performance obligation. Corporation needs to

determine whether a transaction falls under AASB 1058 or actually a contract with a customer under AASB 15. The Corporation has adopted AASB 1058 as at 1 July 2019 and has applied the new rules on a modified retrospective basis as mandated by the DTF through FRD 122 Transitional requirements on the application of AASB 1058 Income of Not-for-Profit Entities. The Corporation does not currently have any capital grants or contributions for the 2018-19 or 2019-20 reporting periods therefore the transition adjustment was \$0. As a result, comparatives for 2018-19 in the 30 June 2020 accounts were not required to be restated. Further disclosures in relation to AASB 1058 are at note 9.8 of this report.

Where appropriate, comparative figures have been amended to align with current presentation and disclosure. As AASB 15, AASB 16 and AASB 1058 have been adopted on modified retrospective basis, no third balance sheet has been presented for the adoption of these standards.

Functional and presentation currency

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

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Corporation's operational cycle.

Rounding

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

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets, all classes of property, plant and equipment and investment property.

Accounting estimates

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

The Corporation has taken into consideration the impact of coronavirus (COVID-19) on the operations of the Corporation and do not expect that this will have a material impact to the financial statements and accounting estimates. Further disclosures in relation to the impact of COVID-19 are disclosed in note 9.2.

Judgements and assumptions made by management in applying Australian Accounting Standards or "AAS" that have significant effects on the financial statements and estimates relate to:

- Accrued water usage charges
- Fair value of land, buildings, infrastructure, plant and equipment (Note 4.1);
- Estimation of useful life (Note 4)
- Impairment of assets (Note 4)
- Employee benefit provisions (Note 3)
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to (Note 3).
- Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 or AASB 1058; refer note 2.1 and 2.2
- The timing of satisfaction of performance obligations; refer note 2.1.1
- Determining transaction price and amounts allocated to performance obligations; refer note 2.1.1
- National Tax Equivalent Regime (NTER) tax rate change as per AASB 108, refer note 8.1.1.

2. Funding delivery of our services

Introduction

Westernport Region Water Corporation leads through collaboration and innovation to deliver sustainable water and wastewater services that improve the health and liveability of our community.

This section provides information about how the corporation is funded and the accounting policies relevant for an understanding of the items recognised in the financial statements.

Income is recognised to the extent it is probable the economic benefits will flow to the Corporation and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

Structure

- 2.1 Revenue from contracts with customers
 - 2.1.1 - Revenue from service and usage charges
 - 2.1.2 - Developer contributions
 - 2.1.3 - Other revenue
 - 2.1.4 - Contract assets and contract liabilities
 - 2.1.5 - Revenue recognised in relation to contract liabilities
- 2.2 Other Income

2.1 Revenue from contracts with customers

The Corporation derives revenue from the transfer of goods and/or services over time and at a point in time in the following revenue streams. Revenue is recognised when, or as, the performance obligations to the customer are satisfied. Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (refer Note 2.1.4). Where the performance obligations are satisfied but not yet billed, a contract asset is recorded (refer Note 2.1.4).

Total revenue from contracts with customers is \$29.1M (2019: \$25.1M). This consists of revenue from service and usage charges of \$22.3M (2019: \$21.8M), Developer contributions of \$6.4M (2019: \$2.9M) and other revenue of \$438k (2019: \$479k).

2.1.1 Revenue from service and usage charges

	2020 (\$'000)	2019 (\$'000)
Overtime service and usage charges		
- Water usage charges	4,052	4,157
- Water service charges	7,415	7,566
- Sewage usage charges	10,621	9,933
- Trade waste charges	112	105
- Recycling water charges	27	29
Total Revenue from Service and usage charges	22,227	21,790

The Corporation has an ongoing obligation to provide a continuous supply of the major services to our customers in our service region, and so customers simultaneously receive and consume the benefit in line with the Corporation performing its obligations. Service and usage charges are recognised overtime.

Service charges are billed quarterly based on a fixed fee and revenue is recognised over time as the customer simultaneously receives and consumes the services provided by the Corporation. Where payments are made in advance by customers to unbilled accounts at reporting date, these payments are classified as contract liabilities as the Corporation has yet to provide the service. AASB 15 usually requires the disclosure of the aggregate amount of revenue expected to be derived from performance obligations which are unsatisfied as at the end of the reporting period. Management consider that such an amount cannot be reliably estimated, primarily because the Corporation's obligation to supply customers with major services will continue in perpetuity. As a result, the Corporation has applied the practical expedient given in AASB 15, paragraph 121(b), not to disclose this amount in relation to service charges.

Usage charges are billed quarterly in arrears and revenue is recognised over time as the Corporation has the right to receive an amount of consideration based on the unit of water consumed by and sewage, recycled water and trade waste disposed of during the financial year and the regulated price. Usage charges are accrued, and contract liabilities are booked.

The Corporation has applied the practical expedient given in AASB 15, paragraph B16, where revenue can be recognised in the amount which it has a right to invoice, since the amount is considered by Corporation to correspond directly with the value to the customer of the Corporation's performance to date. The amount of right to invoice is based on meter readings. As meter reading is cyclical, an estimate is made at the end of the accounting period for water usage and sewerage and trade waste disposal by customers and recycled water produced. The estimate is made by multiplying the number of days since the last reading by daily average water consumption for that period. Any difference between the amount invoiced and actual consumption is adjusted in the period in which the meter readings are finalised and are recovered or paid as part of the next period's charges. Further, this revenue stream includes an estimate of the amount of water consumed by, and sewage disposed, and trade waste disposed and recycled water for customers that are not yet billed at the end of the period. This amount is included in contract assets.

The variance when comparing to prior years reporting in previous annual reports is the exclusion of the Government Rebate from the Water Services Charges which ceased in 2018. 2018 Water Services Charges were represented net of all Government Rebates (2018: \$542K). 2019 Water Service Charges do not include Government Rebates as per Essential Services Commission approved pricing.

2.1.2 Developer contributions

	2020 (\$'000)	2019 (\$'000)
Developer contributed assets	5,287	1,836
New customer contributions	1,121	1,030
Total Developer Contributions	6,408	2,866

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.

Revenue from developer contributed assets is recognised at a point in time when the Corporation has satisfied its performance obligation. 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.

New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property 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.

Revenue from new customer contributions is recognised at a point in time when the Corporation has satisfied its performance obligation.

Depending on the type of new customer contribution application, this can result in the performance obligation being satisfied at point in time when the Corporation satisfies its performance obligation will vary depending on the type of application submitted by the customer. As a result, a performance obligation can occur 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.

2.1.3 Other revenue

	2020 (\$'000)	2019 (\$'000)
Revenue from other services rendered	321	365
Miscellaneous Income	117	114
Total other revenue	438	479

Revenue from other services rendered is recognised when or as performance obligations are satisfied. Performance obligation relating to various plumbing services, application, recycled water inspection and meter installation fees are satisfied at a point in time when the Corporation renders the specified service requested by the customer.

Miscellaneous income mainly consists of charges for services to third parties such as administration fees for the collection of drainage and parks rates on behalf of Corporation. Revenue is recognised over time based on the number of customers serviced as the customer simultaneously receives and consumes the benefits provided by the third parties.

2.1.4 Contract assets and contract liabilities

	2020 (\$'000)	2019 (\$'000)
Current contract assets:		
Accrued revenue	701	578
Total contract assets	701	578
Current contract liabilities		
Customers paid in advance	2,284	2,145
Unearned income ¹	161	-
Total contract liabilities	2,445	2,145

Notes:

1. No adjustment was made to the 2019 opening balances for unearned income due to immateriality (2019:\$191k).

Contract assets relating to service and usage charges:

Accrued revenue

Accrued revenue is recognised for water and sewage usage as well as other works and services that have been provided to customers at balance date but not yet invoiced. Usage charges are all recognised as revenue when the service has been provided. An accrual is done to account for water and sewage services provided for but not billed at the end of the reporting period. The accrual method adopted by the Corporation takes into account the quarterly billing cycle allowing for predicted water and sewage usage in arrears, and water and sewage services payments received in advance.

Contract liabilities relating to service usage charges:

Customers paid in advance

Payments received in advance of the provision of goods or services or performance obligation required to be performed by the Corporation to settle the terms of receipt of income is considered as customers paid in advance. The Corporation will recognise these advance payments as revenue, once it has performed the performance obligations associated with the payments.

Contract liabilities relating to developer contributions:

Unearned Income

Unearned income represents developer contributed assets, new customer contributions, application fees and rental received in the reporting period, but the performance obligations are outstanding at balance date.

Disclosure of significant changes in contract assets and liabilities are required by Corporation.

Contract assets have increased as the Corporation has provided more services ahead of the agreed payment schedules for fixed price contracts. The Corporation also recognised a loss allowance for contract assets.

The increase in 2019 contract liability was due to the negotiation of larger prepayments and an increase in overall contract activity.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

2.1.5 Revenue recognised in relation to contract liabilities

	2020 (\$'000)	2019 (\$'000)
Opening balance brought forward 30 June	(2,145)	(2,031)
Add: Payments received for performance obligations yet to be completed during the period	(18,055)	(19,950)
Less: Revenue recognised in the reporting period for the completion of performance obligations	17,754	19,836
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 30 June 2020 ¹	(2,445)	(2,145)

Notes:

1. As permitted under the transitional provisions in AASB 15, the transaction price allocated to (partially) unsatisfied performance obligations as of 30 June 2019 is not disclosed. Contract numbers for 2020 FY refer to current billing customers at 30 June 2020.

2.2 Other income

	2020 (\$'000)	2019 (\$'000)
Other Income	389	241
Total other income	389	241

Other income includes revenue received from information certificates and rental income. Westernport Region Water Corporation holds two properties that are currently rented. Both properties are not held for investment purposes with the intent to derive income or capital appreciation however, help to meet service delivery objectives of the Corporation.

The Corporation has not received any grants for the reporting period however applies AASB 1058 when the grants received by the Corporation are not enforceable and doesn't have sufficiently specific performance obligations. The Corporation also applies AASB 1058 to capital grants that are controlled by the Corporation.

Under AASB 15 income will only be recognised when or as the performance obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to accounting under AASB 1004.

3. The cost of delivering services

Introduction

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

Structure

- 3.1 Our people
 - 3.1.1 - Employee benefits – comprehensive operating statement
 - 3.1.2 - Employee benefits - balance sheet
 - 3.1.3 - Superannuation
- 3.2 Direct Operational Expenses
- 3.3 Repairs and maintenance expenses
- 3.4 Administration and other operating expenses

3.1 Our people

3.1.1 Employee benefits – comprehensive operating statement

	2020 (\$'000)	2019 (\$'000)
Employee Benefits		
- salaries and wages	5,835	5,416
- annual leave	632	558
- long service leave	244	265
- employer superannuation contributions	710	657
- employer superannuation contributions – defined benefits	39	39
- payroll tax	208	183
- other	745	837
Total employee benefit costs	8,413	7,955

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

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Westernport Region Water Corporation to the relevant superannuation plans in respect to the services of Westernport Region Water Corporation's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Westernport Region Water Corporation is required to comply with.

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

3.1.2 Employee benefits - balance sheet

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

	2020 (\$'000)	2019 (\$'000)
Current provisions:		
<u>Annual leave (and RDO)</u>		
Unconditional and expected to settle within 12 months	668	597
Unconditional and expected to settle after 12 months	246	163
<u>Long Service Leave</u>		
Unconditional and expected to settle within 12 months	102	92
Unconditional and expected to settle after 12 months	844	747
<u>Provisions for on-costs</u>		
Unconditional and expected to settle within 12 months	134	123
Unconditional and expected to settle after 12 months	142	120
Total current provisions for employee benefits	2,136	1,842
Non-current provisions:		
Long Service Leave - conditional	330	249
On-costs	44	33
Total non-current provisions for employee benefits	374	282
Total provisions for employee benefits	2,510	2,124

Reconciliation of movement in on-cost provision

	2020 (\$'000)
Opening balance	276
Additional provisions recognised	98
Amounts utilised during period	-
Effect of changes in the discount rate	(54)
Closing balance	320
Current	276
Non-current	44

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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

Liabilities for salaries and annual leave are all recognised in the provision for employee benefits as 'current liabilities' as per AASB 119 Employee Benefits, because the Corporation does not have an unconditional right to defer settlements of these liabilities.

On-costs

On costs, such as payroll tax 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 continuous service) is disclosed as a current liability even where the Corporation does not expect to settle the liability within 12 months. The Corporation does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- Undiscounted value – 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.

Conditional long service leave 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 long service 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 in the operating statement.

Performance payments

Performance payments for the Corporation's Executive Officers are based on a percentage of the annual salary package provided under their contracts of employment. A liability is recognised and is measured as the aggregate of the amounts accrued under the terms of the contracts to balance date.

3.1.3 Superannuation

Superannuation contributions

Westernport Region Water Corporation obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

Westernport Region Water Corporation makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Super). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or become due.

Contributions by Westernport Region Water Corporation (excluding any unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2020 are detailed below:

Scheme	Type of Scheme	Rate %	2020 (\$'000)	2019 (\$'000)
Vision Super	Defined benefits	15.5	39	39
Vision Super	Accumulation	9.5	259	270
Other	Accumulation	9.5	431	412

In addition to the above contributions, Westernport Region Water Corporation has not paid any unfunded liability payments to Vision Super during the 2019/20 year (2019: \$0). Superannuation was reported on a cash basis.

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2020. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2021 is \$40k (2020: \$39k).

Accumulation

Contributions to the accumulation plans are expensed as the contributions are paid or become payable.

Defined Benefit

Westernport Region Water Corporation does not use defined benefit accounting because sufficient information is not available. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Westernport Region Water Corporation in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

On the basis of the results of the 2020 interim actuarial investigation conducted by the Fund Actuary, Westernport Region Water Corporation makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. In addition, Westernport Region Water Corporation reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

The 2020 interim actuarial investigation surplus amounts

As at 30 June 2020, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) was 104.6%. Because the VBI was above 100%, the 2020 full actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

To determine the VBI, the Fund Actuary used the following long-term assumptions:

- Net investment returns 6.0% pa
- Salary information 3.5% pa
- Price inflation (CPI) 2.0% pa.

Vision Super has advised that the estimated VBI at 30 June 2020 was 104.6%.

The Fund's full actuarial investigation as at 30 June 2020 identified the following:

- A VBI surplus of \$151.3 million; and
- A discounted accrued benefits surplus of \$256.7 million;

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2020.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses.

The 2020 full triennial actuarial investigation

A full actuarial investigation is being conducted for the Fund's position as at 30 June 2020. It is anticipated that this actuarial investigation will be completed in October 2020.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

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

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up.

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

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

3.2 Direct operational expenses

	2020 (\$'000)	2019 (\$'000)
Chemicals	275	356
Electricity	748	810
Testing and Sampling	170	134
Lease payments	67	27
Total direct operational expenses	1,260	1,327

Operating lease payments (including contingent rentals) are recognised on a straight line basis over the lease term as all are of low value and or short term. For practical expedients applied under AASB 16 in relation to short term leases, low value leases and variable lease payments, refer to Note 9.8.

3.3 Repairs and maintenance

	2020 (\$'000)	2019 (\$'000)
Preventative Maintenance	557	379
Major maintenance	610	456
Total repairs and maintenance expenses	1,167	834

Planned maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

3.4 Administration and other operating expenses

Other expenses	2020 (\$'000)	2019 (\$'000)
Purchase of inventory	112	150
Contractors	1,935	2,132
Melbourne bulk water entitlement	592	592
Consultants	197	145
Computer expenses	1,600	1,281
Training and education	144	185
Licence Fees Permits and Registration	157	173
Insurance	135	125
Vehicle Repairs & Maintenance costs	194	203
Postage charges	107	97
Conference costs (excl travel & accommodation)	68	85
Debt Collection fees	52	96
Mobile Phone costs	89	73
Subscription & Memberships	70	73
Bad debt expenses	20	23
Other supplies	559	520
Total administration other operating expenses	6,031	5,953

Administration and other operating expenses generally represent the day-to-day running costs incurred in normal operations and are deemed relevant for the understanding of this financial report. They are expensed in the period in which they are incurred.

4. Key assets available to support delivery of our services

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.

Structure

- 4.1 Infrastructure, property, plant and equipment: Carrying amount
 - 4.1.1 - Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
 - 4.1.2 - Fair value determination: Non-financial physical assets
 - 4.1.3 - Description of significant unobservable inputs to Level 3 valuations
 - 4.1.4 - Depreciation and impairment
 - 4.1.5 - Net gain/(loss) on disposal of non-current assets
- 4.2 Intangible assets.

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

	Land	Building	Plant and equipment	Water distribution	Infrastructure Water Harvesting and Major Transfer	Infrastructure Water Quality	Infrastructure Sewer Collection	Infrastructure Sewer Treatment and Disposal	Capital Works in Progress	Total
(\$'000)										
At 1 July 2018										
Cost or fair value	9,980	4,161	10,273	119,702	47,546	2,942	113,472	23,639	5,571	337,286
Accumulated depreciation	-	(1,521)	(6,711)	(62,471)	(10,930)	(693)	(38,422)	(10,873)	-	(131,624)
Carrying amount	9,980	2,640	3,562	57,231	36,615	2,247	75,050	12,766	5,571	205,662
Year ended 30 June 2019										
Opening net book amount	9,980	2,640	3,562	57,231	36,615	2,247	75,050	12,766	5,571	205,662
Additions	-	-	-	-	-	-	-	-	4,524	4,524
Disposal	-	-	(79)	-	(12)	(3)	(92)	(60)	-	(246)
Transfer between Asset Classes	528	1,003	814	808	428	181	1,217	834	(5,813)	-
Assets received free of charge (nominal consideration)	-	-	-	887	-	-	949	-	-	1,836
Revaluation	1,655	390	-	-	-	-	-	-	-	2,045
Depreciation	-	(96)	(732)	(2,082)	(617)	(97)	(2,019)	(514)	-	(6,157)
Closing carrying amount	12,163	3,937	3,565	56,844	36,414	2,328	75,105	13,026	4,282	207,664
At 30 June 2019										
Cost or fair value	12,163	5,732	10,946	121,374	47,956	3,116	115,397	24,368	4,282	345,334
Accumulated depreciation	-	(1,795)	(7,381)	(64,530)	(11,542)	(788)	(40,292)	(11,342)	-	(137,670)
Net book amount	12,163	3,937	3,565	56,844	36,414	2,328	75,105	13,026	4,282	207,664
Year ended 30 June 2020										
Opening net book amount	12,163	3,937	3,565	56,844	36,414	2,328	75,105	13,026	4,282	207,664
Additions	-	-	-	-	-	-	-	-	6,650	6,650
Disposal	-	-	(17)	-	(3)	-	(126)	(3)	-	(149)
Transfer between Asset Classes	859	71	413	716	332	26	822	132	(3,371)	-
Assets received free of charge (nominal consideration)	-	-	-	2,727	-	-	3,250	-	-	5,977
Depreciation	-	(136)	(710)	(2,130)	(838)	(100)	(2,093)	(550)	-	(6,557)
Closing net book amount	13,022	3,872	3,251	58,157	35,905	2,254	76,958	12,605	7,561	213,585
At 30 June 2020										
Cost or fair value	13,022	5,803	8,400	124,685	48,285	3,143	118,883	24,492	7,561	354,274
Accumulated depreciation	-	(1,931)	(5,149)	(66,528)	(12,380)	(889)	(41,926)	(11,887)	-	(140,689)
Net Book Amount	13,022	3,872	3,251	58,157	35,905	2,254	76,958	12,605	7,561	213,585

Initial recognition

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water, sewerage and drainage infrastructure, heritage assets, plant and equipment, used by the Corporation in its operations. Items with a cost or value in excess of \$1,000 (2019: \$1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

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.

Subsequent measurement

Infrastructure, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to 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). Refer to Note 4.1.2 for fair value disclosures.

Revaluation of infrastructure, property, plant and equipment

Revaluations are conducted in accordance with FRD 103H. Scheduled revaluation is undertaken every five years with an annual assessment of fair value to determine if it is materially different to the carrying value. If the difference to carrying value is greater than 10 per cent, a management revaluation is undertaken while a movement greater than 40 per cent will normally involve an Approved Valuer (usually the Valuer General of Victoria) to perform detailed assessment of the fair value. If the movement in fair value since the last revaluation is less than or equal to 10 per cent, then no change is made to carrying amounts.

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

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

Revaluation increases and revaluation decreases relating to individual assets within a class of infrastructure, property, plant and equipment are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation reserves are not transferred to accumulated surplus/(deficit) on de-recognition of the relevant asset.

4.1.2 Fair value determination non-physical assets

Significant judgement: Fair value measurements of assets and liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Corporation.

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.

Consistent with AASB 13 *Fair Value Measurement*, the Corporation determines the policies and procedures for both recurring fair value measurements such as infrastructure, property, plant and equipment, biological assets, investment properties and financial instruments and for non-recurring fair value measurements such as assets held for sale, in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For the purpose of fair value disclosures, the Corporation has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Non-financial physical assets

2020	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:			(\$'000)
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾	
Land at fair value					
Non-specialised land	707	-	707	-	
Specialised land	12,315	-	-	12,315	
Total of land at fair value	13,022	-	707	12,315	
Buildings at fair value					
Non-specialised buildings	3,872	-	3,872	-	
Total of buildings at fair value	3,872	-	3,872	-	
Plant and equipment at fair value					
Plant and equipment	3,251	-	-	3,251	
Total of plant and equipment at fair value	3,251	-	-	3,251	
Infrastructure at fair value					
Infrastructure - water distribution	58,157	-	-	58,157	
Infrastructure - water harvesting and major transfers	35,905	-	-	35,905	
Infrastructure - water quality	2,254	-	-	2,254	
Infrastructure - sewer collection	76,958	-	-	76,958	
Infrastructure - sewer treatment and major disposal	12,605	-	-	12,605	
Total of infrastructure at fair value	185,879	-	-	185,879	

Notes:

- (i) Classified in accordance with the fair value hierarchy, see Note 4.1

2019	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using:			(\$'000)
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾	
Land at fair value					
Non-specialised land	707	-	707	-	
Specialised land	11,456	-	-	11,456	
Total of land at fair value	12,163	-	707	11,456	
Buildings at fair value					
Non-specialised buildings	3,937	-	3,937	-	
Total of buildings at fair value	3,937	-	3,937	-	
Plant and equipment at fair value					
Plant and equipment	3,565	-	-	3,565	
Total of plant and equipment at fair value	3,565	-	-	3,565	
Infrastructure at fair value					
Infrastructure - water distribution	56,844	-	-	56,844	
Infrastructure - water harvesting and major transfers	36,414	-	-	36,414	
Infrastructure - water quality	2,328	-	-	2,328	
Infrastructure - sewer collection	75,105	-	-	75,150	
Infrastructure - sewer treatment and major disposal	13,026	-	-	13,026	
Total of infrastructure at fair value	183,717	-	-	183,717	

Notes:

- (i) Classified in accordance with the fair value hierarchy, see Note 4.1

There have been no transfers between levels during the period.

The Valuer General Victoria (VGV) is the Corporation's independent valuation agency in relation to valuation of property, plant and equipment and infrastructure.

The Corporation, in conjunction with VGV monitors changes in the fair value of property, plant and equipment and infrastructure through relevant data sources to determine whether revaluation is required.

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

An independent valuation was performed by Odysseus-imc Pty Ltd on 30 June 2016 and a subsequent managerial revaluation was performed effective 30 June 2020 to determine fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the land being valued.

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement and takes into account the use of the asset that is physically possible, legally permissible, and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets.

For the majority of the Corporation's specialised buildings, the current replacement cost method is used, adjusting for the associated depreciations. As depreciation adjustments are considered as significant, unobservable inputs in nature, specialised buildings are classified as Level 3 fair value measurements.

An independent valuation of the Corporation's specialised land and specialised buildings was performed by the Valuer General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2016. A managerial revaluation was performed effective 30 June 2020 in line with FRD103H requirements however no adjustment in fair values for specialised land and building values was required.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the depreciated current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2020.

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

Water and sewer infrastructure

Water and sewer infrastructure are valued using the current replacement cost method less all forms of obsolescence and depreciation. This cost represents the replacement cost of the building/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 current 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.

An independent valuation of the Corporation's water and sewer infrastructure was carried out by Odysseus-imc Pty Ltd on behalf of the Valuer General Victoria. The valuation was performed based on the current replacement cost of the assets. The effective date of the valuation is 30 June 2016.

These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable.

The Corporation conducted an assessment at 30 June 2020 with no material movement identified since the 2016 valuation.

Reconciliation of Level 3 fair value movements

A reconciliation from the opening balances to the closing balances for fair value measurements categorised within Level 3 of the fair value hierarchy, disclosing separately changes during the period.

2020 (\$'000's)	Specialised land	Water distribution	Water harvesting	Water quality	Sewer Collection	Sewer Treatment	Plant and equipment
Opening balance	11,456	56,844	36,414	2,328	75,105	13,026	3,565
Purchases (sales)	859	3,443	332	26	4,072	132	413
Disposals	-	-	(3)	-	(126)	(3)	(17)
Depreciation	-	(2,130)	(838)	(100)	(2,093)	(550)	(710)
Closing balance	12,315	58,157	35,905	2,254	76,958	12,605	3,251

2019 (\$'000's)	Specialised land	Water distribution	Water harvesting	Water quality	Sewer Collection	Sewer Treatment	Plant and equipment
Opening balance	9,380	57,231	36,615	2,247	75,050	12,766	3,562
Purchases (sales)	528	1,695	428	181	2,166	834	814
Disposals	-	-	(12)	(3)	(92)	(60)	(79)
Revaluation	1,548	-	-	-	-	-	-
Depreciation	-	(2,082)	(617)	(97)	(2,019)	(514)	(732)
Closing balance	11,456	56,844	36,414	2,328	75,105	13,026	3,565

4.1.3 Description of significant unobservable inputs to Level 3 valuations

2020 and 2019	(\$'000's)	Valuation technique ⁽ⁱ⁾	Significant unobservable inputs ⁽ⁱ⁾
Specialised Land and Buildings	12,315	Market approach	Community Service Obligations (CSO)
Infrastructure – Water Distribution	58,157	Depreciated replacement cost approach	Average cost per kilometer Useful life of the infrastructure
Infrastructure – Water Harvesting	35,905	Depreciated replacement cost approach	Cost per unit (Quantity 1 Reservoir) Useful life of the infrastructure
Infrastructure – Water Quality	2,254	Depreciated replacement cost approach	Cost per unit (Quantity 1 Reservoir) Useful life of the infrastructure
Infrastructure – Sewer Collection	76,958	Depreciated replacement cost approach	Average cost per kilometer Useful life of the infrastructure
Infrastructure – Sewer Treatment/Disposal	12,605	Depreciated replacement cost approach	Cost per unit (Quantity 2 Treatment Plants) Useful life of the infrastructure
Plant and equipment	3,251	Depreciated replacement cost approach	Useful life of the asset

4.1.4 Depreciation, amortisation and impairment

	2020 (\$'000)	2019 (\$'000)
Buildings	136	96
Plant and equipment	710	732
Water Distribution	2,130	2,082
Water Harvesting & major transfer	838	617
Water Quality	100	97
Sewer Collection	2,093	2,019
Sewer Treatment and Disposal	550	514
Subtotal	6,557	6,157
Intangible assets and amortisation	110	85
Total depreciation, amortisation and impairment	6,667	6,242

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life, commencing from the time the asset is held ready for use.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life: years 2020 and 2019
Buildings	30-50
Water Distribution	20-100
Water Harvesting & major transfer	10-200
Water Quality	25-70
Sewer Collection	25-70
Sewer Treatment and disposals	25-70
Plant, equipment and machinery	1-30
Motor Vehicles	4

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. An independent valuation of the Corporation's water and sewer infrastructure was carried out by Odysseus-imc Pty Ltd on behalf of the Valuer General Victoria on 30 June 2016 and although it is impracticable to predict future years, adjustments will be made where necessary for future impacts including allowances for additions and disposals.

Indefinite life assets

Land, earthworks, land under declared roads, and core cultural assets, 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 Property, Plant and Equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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

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

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

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

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

	2020 (\$'000)	2019 (\$'000)
Sales proceeds	181	126
Costs of the assets ¹	(4,924)	(581)
Accumulated depreciation ¹	4,677	287
Net gain/loss on disposal		
Property, plant and equipment (including livestock)	(66)	(168)

Notes:

1. The cost of assets reflects the gross cost and not the written down value of disposed assets.

4.2 Intangible assets

	(\$'000)				
	Water entitlements	Software Costs	Patents and Licences	Other	Total
At 1 July 2018					
Cost or fair value	370	2,522	279	32	3,203
Accumulated amortisation	(23)	(2,375)	(97)	(27)	(2,522)
Carrying amount	347	147	182	5	681
Year ended 30 June 2019					
Opening net book amount	347	147	182	5	683
Impairment of assets	-	158	-	-	158
Amortisation	(4)	(76)	(2)	(3)	(85)
Closing carrying amount	344	230	180	2	756
At 30 June 2019					
Cost of fair value	370	2,680	279	32	3,362
Accumulated amortisation	(26)	(2,450)	(99)	(30)	(2,606)
Carrying amount	344	230	180	2	756
Year ended 30 June 2020					
Opening net book amount	344	230	180	2	756
Transfer between asset class	-	28	-	-	28
Amortisation	(4)	(102)	(2)	(2)	(110)
Carrying amount	340	156	178	-	674
At 30 June 2020					
Cost or fair value	370	1,581	279	23	2,253
Accumulated amortisation	(30)	(1,425)	(101)	(23)	(1,579)
Carrying amount	340	156	178	-	674

Recognition

Intangible assets represent identifiable non-monetary assets without physical substance.

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins 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:

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

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

Intangible asset	Water entitlements	Software costs	Patents & licences	Other
Useful lives	Indefinite	Finite	Indefinite	Finite
Amortisation method used	Not amortised or revalued	10 years – straight line	Not amortised or revalued	Useful life - Straight line
Internally generated/acquired	Acquired	Internally generated or Acquired	Acquired	Internally generated or Acquired
Impairment test/Recoverable amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; Reviewed annually for indicators of impairment	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; Reviewed annually for indicators of impairment

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. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually.

Bulk water entitlements

Bulk water entitlements are treated as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 Intangible Assets and FRD 109A Intangible Assets), and are subject to amortisation. Bulk water entitlements are tested annually for impairment.

Impairment of intangible assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. The policy in connection with testing for impairment is outlined in section 4.1.4.

5. Other assets and liabilities

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

Structure

- 5.1 Receivables
 - 5.1.1 Impairment of contractual receivables
- 5.2 Payables
 - 5.2.1 Ageing analysis of contractual payables
- 5.3 Fair value determination of financial assets and liabilities

5.1 Receivables

	2020 (\$'000)	2019 (\$'000)
Current		
Contractual		
Trade receivables	1,655	1,535
Allowance for expected credit loss	(125)	(125)
Other receivables	172	214
Statutory		
GST Input tax credit receivables	136	142
Total current receivables	1,838	1,766
Non-current		
Contractual		
Trade receivables	110	123
Allowance for expected credit loss	(57)	(57)
Total non-current receivables	53	66
Total receivables	1,891	1,690

Receivables consist of:

- Contractual receivables, classified as financial instruments and categorised as 'financial asset at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment. Trade receivables are due for settlement no more than 28 days from the date of recognition for water utility debtors, and no more than 14 days for other debtors.
- Statutory receivables, do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

5.1.1 Impairment of contractual receivables

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

On that basis, the loss allowance as at 30 June 2020 and 1 July 2019 was determined as follows for receivables – service and usage charges and other receivables:

30 June 2020 (\$'000's)	Current	More than 30 days due	More than 60 days due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	16%	9%
Gross carrying amount – receivables from service and usage charges	387	77	165	1,136	1,765
Gross carrying amount - other receivables	-	56	103	13	172
Total Receivables	387	133	268	1,149	1,937
Loss allowance	-	-	-	182	182

1 July 2019 (\$'000's)	Current	More than 30 days due	More than 60 days due	More than 120 days past due	Total
Expected loss rate	0%	0%	0%	16%	10%
Gross carrying amount – receivables from service and usage charges	363	55	86	1,029	1,658
Gross carrying amount - other receivables	-	20	194	125	214
Total Receivables	363	75	280	1,154	1,872
Loss allowance	-	-	-	182	182

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

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

No interest is charged for the first 35 days from the invoice date. Thereafter, interest is charged at 5 per cent on the outstanding balance. The average credit period for sales of goods / services and for other receivables is 28 days. There are no material financial assets that are individually determined to be impaired.

5.2 Payables

	2020 \$'000	2019 \$'000
Current		
Contractual		
Trade creditors	530	1,410
Sundry creditors	604	605
Accrued expenses	1,596	641
Total payables	2,730	2,656

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid; and
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.
- Payables for supplies and services have an average credit period of 5 days.

5.2.1 Ageing analysis of contractual payables

	Maturity dates						
	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months 1 year	1- 5 years	5+ years
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
2020							
Supplies and services	2,126	2,126	2,126	-	-	-	-
Other payables	604	604	-	-	604	-	-
Total	2,730	2,730	2,126	-	604	-	-
2019							
Supplies and services	2,051	2,051	2,051	-	-	-	-
Other payables	605	605	-	-	605	-	-
Total	2,656	2,656	2,051	-	605	-	-

5.3 Fair value determination of financial assets and liabilities

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Corporation currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full by the end of the 2019-20 reporting 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). Notes 7.1 provide additional, specific financial instrument disclosures.

Structure

- 6.1 Interest bearing liabilities
 - 6.1.1 - Maturity analysis of interest bearing liabilities
 - 6.1.2 - Interest expense
- 6.2 Cash flow information
 - 6.2.1 - Reconciliation of net result to cash flow from operating activities
 - 6.2.2 - Financing facilities
- 6.3 Commitments for expenditure
 - 6.3.1 - Total commitments payable
 - 6.3.2 - Operating lease commitments
 - 6.3.3 - Capital commitments
 - 6.3.4 - Other commitments

6.1 Interest bearing liabilities

	2020 \$'000	2019 \$'000
Current interest bearing liabilities		
Secured Borrowings from TCV	1,000	1,190
Total current interest bearing liabilities	1,000	1,190
Non-current interest bearing liabilities		
Secured Borrowings from TCV	5,690	5,500
Total non-current interest bearing liabilities	5,690	5,500
Total interest bearing liabilities	6,690	6,690

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

Interest bearing liabilities are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Westernport Region Water Corporation has classified borrowings which mature within 12 months as non-current liabilities on the basis that the entity will and has discretion to refinance or rollover these loans with the Treasury Corporation of Victoria, pursuant to section 8 of the Borrowings and Investment Powers Act 1987. Borrowings known as 11am debt are classified as current borrowings.

6.1.1 Maturity analysis of interest bearing liabilities

	Carrying amount	Nominal amount	Less than 1 month	Maturity dates				\$'000
2020				1-3 months	3 months – 1 year	1- 5 years	5+ years	
Secured Borrowings from TCV	6,690	6,690	-	-	1,000	5,000	690	
Total	6,690	6,690	-	-	1,000	5,000	690	
2019								
Secured Borrowings from TCV	6,690	6,690	-	190	1,000	4,750	750	
Total	6,690	6,690	-	190	1,000	4,750	750	

6.1.2 Interest expense

	2020	2019
	\$'000	\$'000
Interest on secured TCV Loans	198	199
Financial accommodation levy	65	85
Total interest expense	263	285

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

Interest expense is recognised in the period in which it is incurred.

Borrowing costs include interest on short-term and long-term borrowings held with the Treasury Corporation of Victoria (TCV) and costs relating to the Financial Accommodation Levy (FAL) set by the Treasurer of the State of Victoria under section 40N(2) of the *Financial Management Act 1994*. The FAL is in place to remove the financial benefit obtained by the Corporation in securing lower than market interest rates as a result of being guaranteed by the State of Victoria.

6.2 Cash flow information

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.

	2020	2019
	\$'000	\$'000
Cash at bank	4,189	6,727
Balance as per cash flow statement	4,189	6,727

6.2.1 Reconciliation of net result for the period to cash flow from operating activities

	2020 (\$'000)	2019 (\$'000)
Net result for the period	4,365	1,266
Non-cash movements:		
Loss on sale or disposal of non-current assets	66	168
Depreciation and amortisation of non-current assets	6,667	6,242
Resources provided free of charge or for nominal consideration	(5,287)	(1,836)
Tax credit due to NTER rate change	(90)	-
Bad debt write off	55	65
Other non-cash movements – Capital Labour transfer to work in progress	(1,345)	(1,099)
Movements in assets and liabilities:		
Increase in receivables	(323)	(49)
Increase in inventories and livestock	(63)	(38)
Decrease/(increase) in other non-financial assets (prepayments)	163	(300)
Decrease in payables	(478)	(321)
Increase in current tax payable	1,009	1,078
Increase in provisions	384	268
Increase in prepaid income	247	67
Decrease in deferred tax liabilities	(1,673)	(537)
Increase in other liabilities	179	586
Net cash flows from operating activities	3,876	5,560

6.2.2 Financing facilities

	2020 (\$'000)	2019 (\$'000)
Unsecured bank overdraft facility, reviewed annually and payable at call		
Amount unused	2,000	2,000
Total	2,000	2,000
Secured loan facilities with various maturity dates through to 2019-20 and which may be extended by mutual agreement		
Amount used	6,690	6,690
Amount unused	2,000	2,000
Total	8,690	8,690

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. Commitments included in this section are as follows:

- 6.3.1 - Total commitments payable
- 6.3.2 - Operating lease commitments
- 6.3.3 - Capital commitments
- 6.3.4 - Other commitments

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.

Please refer to Note 8.2.1 for details on environmental commitments.

6.3.1 Total commitments payable

Nominal Amounts: 2020	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Capital commitments	2,148	-	-	2,148
Operating low value lease commitments payable	590	1,809	-	2,399
Other (non lease commitments)	145	566	-	711
Total commitments (inclusive of GST)	2,883	2,375	-	5,258
Less GST recoverable from the ATO	(262)	(216)	-	(478)
Total commitments (exclusive of GST)	2,621	2,159	-	4,780

Nominal Amounts: 2019	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Capital commitments	1,260	-	-	1,260
Operating low value lease commitments payable	474	2,072	-	2,546
Other (non-lease commitments)	50	711	-	761
Total commitments (inclusive of GST)	1,784	2,783	-	4,567
Less GST recoverable from the ATO	(161)	(253)	-	(414)
Total commitments (exclusive of GST)	1,623	2,530	-	4,153

6.3.2 Operating lease commitments

Operating leases relate to equipment with lease terms of up to five years. The Corporation has options to purchase the equipment at the conclusion of the lease agreements. Practical expedients applied under AASB 16 in relation to short term leases, low value leases.

2020	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Operating lease commitments payable	590	1,809	-	2,399
Less GST recoverable from the ATO	(54)	(164)	-	(218)
Total commitments (exclusive of GST)	536	1,645	-	2,181

2019	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Operating lease commitments payable	474	2,072	-	2,546
Less GST recoverable from the ATO	(43)	(188)	-	(231)
Total commitments (exclusive of GST)	431	1,884	-	2,315

6.3.3 Capital commitments

Capital commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

2020	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Capital commitments	2,148	-	-	2,148
Less GST recoverable from the ATO	(195)	-	-	(195)
Total commitments (exclusive of GST)	1,953	-	-	1,953

2019	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Capital commitments	1,260	-	-	1,260
Less GST recoverable from the ATO	(114)	-	-	(114)
Total commitments (exclusive of GST)	1,146	-	-	1,146

6.3.4 Other commitments

Other commitments arising from contracts however are not leases. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

2020	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Other commitments	145	566	-	711
Less GST recoverable from the ATO	(13)	(51)	-	(64)
Total commitments (exclusive of GST)	132	515	-	647

2019	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Other commitments	50	711	-	761
Less GST recoverable from the ATO	(5)	(65)	-	(70)
Total commitments (exclusive of GST)	45	646	-	691

7. Risks, contingencies and valuation judgements

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 high level of judgement to be applied, which for the Corporation related mainly to fair value determination.

Structure

- 7.1 Financial instruments specific disclosures
 - 7.1.1 - Financial instruments: Categorisation
 - 7.1.2 - Financial risk management objectives and policies
 - 7.1.3 - Interest rate exposure and risk sensitivity
- 7.2 Contingent assets and contingent liabilities
 - 7.2.1 - Contingent liabilities
- 7.3 Power Purchase Agreement specific disclosure

7.1 Financial instruments specific disclosures

Introduction

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:

<i>Financial assets</i>	<i>Financial liabilities</i>
Cash and deposits	Trade Creditors:
Receivables:	- For supplies and services
- Trade receivables	- Other payables
- Sale of goods and services	Interest bearing liabilities
- Other receivables	
- 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.

Classification of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. Financial assets are initially measured at fair value plus or minus any direct transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost only 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.

The Corporation recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables) and
- term deposits.

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Corporation recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Derecognition of financial assets

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:
 - o has transferred substantially all the risks and rewards of the asset; or
 - o 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.

Impairment of financial assets

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

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

7.1.1 Financial instruments: Categorisation

All financial assets and financial liabilities of the Corporation are measured at amortised cost in line with AASB 9 *Financial Instruments*.

7.1.2 Financial risk management objectives and policies

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

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

Credit risk

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

The Corporation's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant. The Corporation has in place a policy and procedure for the collection of overdue receivables.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. Refer to section 5.1.

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Corporation's policy is to settle financial obligations within 28 days and in the event of dispute make payments within 14 days from the date of resolution.

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

Market risk

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

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

a) Interest Rate Risk

The Corporation minimises its exposure to interest rate changes on its long term borrowings by holding a mix of fixed and floating rate debt. Debt is sourced from Treasury Corporation Victoria and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly and managed in accordance with the Treasury Management Guidelines. The Corporation has not engaged hedging as part of its financial risk management strategy.

b) Foreign Exchange Risk

The Corporation has no exposure to changes in the foreign exchange rate.

c) Other Price Risk

The Corporation has no significant exposure to Other Price Risk.

Interest rate exposure of financial instruments

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

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

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

7.1.3 - Interest rate exposure and risk sensitivity

Interest rate exposure						Interest rate risk sensitivity			
2020	Carrying amount (\$'000)	Weighted average interest rate %	Fixed interest rate \$'000	Variable interest rate \$'000	Non interest bearing \$'000	-100 basis points		+100 basis points	
						Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
Cash and deposits	4,189	1.65%	-	4,189	-	(42)	(42)	42	42
Contractual financial assets	1,937	5.00%	1,417	-	520	(14)	(14)	14	14
Total financial assets	6,126	-	1,417	4,189	520	(56)	(56)	56	56
Borrowings	6,690	2.47%	6,690	-	-	(67)	(67)	67	67
Total financial liabilities	6,690	-	6,690	-	-	(67)	(67)	67	67

Interest rate exposure						Interest rate risk sensitivity			
2019	Carrying amount \$'000	Weighted average interest rate %	Fixed interest rate \$'000	Variable interest rate \$'000	Non interest bearing \$'000	-100 basis points		+100 basis points	
						Net result \$'000	Equity \$'000	Net result \$'000	Equity \$'000
Cash and deposits	6,727	1.65%	-	6,727	-	(67)	(67)	67	67
Contractual financial assets	1,872	5.00%	1,434	-	438	(18)	(18)	18	18
Total financial assets	8,599	-	1,434	6,727	438	(85)	(85)	85	85
Borrowings	6,690	3.04%	6,690	-	-	(67)	(67)	67	67
Total financial liabilities	6,690	-	6,690	-	-	(67)	(67)	67	67

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.

Contingent assets

The Corporation was not aware of any contingent assets at the time of finalisation of the financial report (2019:\$0).

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- present obligations that arise from past events but are not recognised because:
 - o it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
 - o the amount of the obligations cannot be measured with sufficient reliability.

The Corporation has the following known contingent liabilities at the time of finalisation of the financial report:

7.2.1 Contingent liabilities

	2020 (\$'000)	2019 (\$'000)
Legal proceedings and disputes (Easement negotiation)	55	-
Total	55	-

7.3 Power Purchase Agreement specific disclosure

Westernport Region Water Corporation is one of 13 water corporation Members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility(ies) in Victoria and in turn supply these products to its Members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

On 30 October 2018, a Members' Agreement was entered into between the water corporations and ZEW in order to regulate their rights and obligations as members of ZEW and as participants in the project. The Members' Agreement establishes the operating activities of ZEW and the decision-making responsibilities of the ZEW Directors.

Under the Members' Agreement Westernport Region Water Corporation's liability as a member is limited to \$10 in the event of a winding up.

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

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water corporations. The PPA contains a contract for difference (CFD) payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGCs) from the facility. The PPA contains certain conditions precedent with the target commercial operation date of 1 October 2019.

The solar farm energy generator experienced a construction delay due to redesign of electrical infrastructure and a connection delay relating to generator restrictions and revised connection procedures advised by the Australian Electricity Market Operator (AEMO). Renegotiated terms have resulted in an extension of the target commercial operation date to 1 October 2020 and a compensation settlement to ZEW for the delay. Corporation's share of the settlement is \$19,866 which has been recognised in the Comprehensive Operating Statement as other income.

At 30 June 2020 the conditions precedent in the PPA are not completed and ZEW does not have a contractual obligation for the CFD derivative. Therefore, there are no other transactions to be recognised.

Upon satisfaction of the conditions precedent, the CFD derivative will be recognised as a financial liability and will be measured at its fair value. Subsequent changes in the fair value of the derivative will be recognised in profit and loss.

The Members' Agreement specifies that Westernport Region Water Corporation must make a loan available to the SPV amounting to \$11,404 which is equal to a share of 0.81%. The loan provided to ZEW meets the definition of a financial asset as it gives rise to a contractual right for Western Water to receive cash from ZEW at the end of the loan term.

Once the facility is operational, the financial impact of the members' agreement with ZEW is expected to be an increase in revenue, expenses, and recognition of LGCs as intangible assets or asset held for sale (asset).

8 Statutory obligations

Introduction

This section included disclosures in relation to the Corporation's statutory obligations.

Structure

- 8.1 Tax
 - 8.1.1 - Income tax
 - 8.1.2 - Deferred tax assets and liabilities
- 8.2 Environmental contribution
 - 8.2.1 - Environmental commitments

8.1 Tax

8.1.1 Income tax

The Corporation is subject to the National Tax Equivalent Regime (NTER), which is administered by the Australian Taxation Office. 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 27.5% (2019: 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.

Change in accounting estimate – tax rate

The standard corporate income tax rate applicable to entities meeting the definition of base rate entities changed from 30% to 27.5%, effective from 1 July 2018. During the financial year, the National Tax Equivalent Regime (NTER) Administrator at the Australian Taxation Office amended the NTER manual to clarify how the rules apply to NTER entities. Based on the clarified position, the company has assessed that it is eligible to apply the lower corporate income tax rate from 1 July 2018.

For the 2019-20 financial report, Westernport Region Water Corporation has applied the change in the tax rate from 30% to 27.5% as a change in accounting estimate as per AASB 108. The NTER administrator's confirmation of the application of the reduced tax rate for NTER entities represents new information that was not available at the time of preparation of the 2018-19 financial report.

Therefore, a change in accounting estimate is applied in the current financial report and retrospective re-statements of comparative information is not required.

The difference resulting from the change in tax rate will flow through the current year's income tax expense / (benefit).

From 1 July 2020, the corporate tax rate for "base rate entities" is further reduced to 26%, and from 1 July 2021, the corporate tax rate for "base rate entities" will again further reduce to 25%. Westernport Region Water Corporation has determined that it's impracticable to estimate the financial effect of these tax rate changes.

The income tax expense for the financial year differs from the amount calculated on the net result. The differences are reconciled as follows:

	2020 (\$'000)	2019 (\$'000)
Income statement		
Current income tax expense (paid or payable)	2,147	1,078
Deferred income tax expense		
Temporary differences	(841)	(537)
Tax rate change from 30% to 27.5% (DTA/DTL)	(831)	-
Tax rate change from 30% to 27.5% (lodgement adjustment)	(90)	-
Income tax reported in the Income Statement	385	541
Income tax payable	2,147	1,078
NTER installment paid	(1,138)	-
Income tax payable at 30 June	1,009	1,078
Statement of change in equity		
Tax rate change from 30% to 27.5%	(1,958)	-
Income tax reported in equity	(1,958)	-
Tax reconciliation		
Net result before income tax expense	4,750	1,804
Tax at the Australian tax rate of 27.5% (2019: 30%)	1,306	541
Tax rate change from 30% to 27.5% (reduction in DTA/DTL)	(921)	-
Income tax on profit before tax	385	541

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 profit or taxable profit or loss. 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

	2020 (\$'000)	2019 (\$'000)
Amounts recognised in Comprehensive Operating Statement		
Doubtful debts	50	55
Employee benefits	690	638
Unearned Revenue	797	807
Project related costs	437	489
Business related costs	19	18
Total deferred tax assets	1,993	2,007
Movements		
Opening balance at 1 July	2,007	2,124
Tax rate change from 30% to 27.5% (reduction in DTA)	(168)	-
Credited to the Comprehensive Operating Statement	154	355
Decrease in DTA for utilisation of tax losses	-	(473)
Closing balance at 30 June	1,993	2,007
Deferred tax asset to be recovered after more than 12 months	441	394
Deferred tax asset to be recovered within 12 months	1,552	1,613
Ending balance at 30 June	1,993	2,007

Deferred tax liabilities

	2020 (\$'000)	2019 (\$'000)
Amounts recognised in Comprehensive Operating Statement		
Deferred tax liabilities due to revaluation	21,544	22,095
Revaluation of infrastructure property, plant and equipment	-	614
Depreciation	10,297	12,777
Other deferred tax liabilities - FBT	5	5
Total deferred tax liabilities	31,846	35,491
Movements		
Opening balance at 1 July	35,491	35,532
Tax rate change from 30% to 27.5% (taxable temporary differences)	(999)	-
Tax rate change from 30% to 27.5% (reduction in DTL since 2016 revaluation)	(1,958)	-
Credited to the net result	(688)	(655)
Debited to the other comprehensive result	-	614
Closing balance at 30 June	31,846	35,491
Deferred tax liabilities to be recovered after more than 12 months	31,841	35,486
Deferred tax liabilities to be recovered within 12 months	5	5
Total at 30 June	31,846	35,491
Ending balance at 30 June	29,853	33,484

8.2 Environmental contribution

	2020 (\$'000)	2019 (\$'000)
Environmental contribution levy	916	916

The Water Industry (Environmental Contributions) Act 2004 (the Act) amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water authorities. The Act establishes an obligation for authorities to pay into a consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each corporation. The contribution period has been extended until 30 June 2024.

The purpose of the environmental contribution is set out in the Act, and the funding may be used for financing initiatives that seek to promote the sustainable management of water or address water-related initiatives.

The Corporation has a statutory obligation to pay an environmental contribution to the Department of Environment, Land, Water and Planning. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental commitments

At 30 June 2020, the Corporation had outstanding environmental contribution commitments, to be paid is follows:

2020	Less than 1 year	Between 1 and 5 years	Over 5 years	(\$'000) Total
Environmental contribution levy commitments	1,075	3,226	-	4,301
Total commitments (inclusive of GST)	1,075	3,226	-	4,301
Less GST recoverable	-	-	-	-
Total commitments (exclusive of GST)	1,075	3,226	-	4,301
2019	Less than 1 year	Between 1 and 5 years	Over 5 years	(\$'000) Total
Environmental contribution levy commitments	916	-	-	-
Total commitments (inclusive of GST)	916	-	-	-
Less GST recoverable	-	-	-	-
Total commitments (exclusive of GST)	916	-	-	-

9 Other disclosures

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 9.1 Equity
 - 9.1.1 - Contributed capital
 - 9.1.2 - Asset revaluation surplus
 - 9.1.3 - Accumulated surplus/ (deficit)
- 9.2 Events occurring after the balance date
- 9.3 Responsible persons
- 9.4 Remuneration of executives
- 9.5 Related parties
- 9.6 Remuneration of auditors
- 9.7 Ex-gratia expense
- 9.8 Changes in accounting policies
- 9.9 Australian Accounting Standards issued that are not yet effective

9.1 Equity

9.1.1 Contributed capital

	2020 (\$'000)	2019 (\$'000)
Contributed capital		
Balance 1 July	51,323	51,323
Balance 30 June	51,323	51,323

Additions to net assets which have been designated as contributions by owners are recognised as contributed equity. Other transfers that are in the nature of contributions or distributions (capital repatriation) have been recognised in contributed equity.

9.1.2 Asset revaluation surplus

	2020 (\$'000)	2019 (\$'000)
Land	2,369	2,288
Buildings	1,157	1,116
Infrastructure	53,271	51,435
Balance 30 June	56,797	54,839

Movements during the reporting period	Land	Buildings	Infrastructure	(\$'000) Total
Opening balance	2,288	1,116	51,435	54,839
Tax rate change from 30% to 27.5%	81	41	1,836	1,958
Closing balance	2,369	1,157	53,271	56,797

9.1.3 Accumulated surplus

	2020 (\$'000)	2019 (\$'000)
Accumulated surplus at beginning of financial year	64,023	62,757
Net profit for the year	4,365	1,266
Accumulated surplus at end of financial year	68,388	64,023

9.2 Events occurring after the balance date

There have been no matters or circumstances that have arisen since the end of the financial year which significantly affected, or may significantly affect the operations of the Corporation, the results of those operations, or state of affairs of the Corporation in future financial years.

This assessment has taken into consideration the impact of coronavirus (COVID-19) on the operations of the Corporation. Whilst we continue to monitor the impact of COVID-19 and anticipate some difficulty in payment of bills for customers in hardship, we do not expect that this will have a material impact to the Corporation or the current provisions. As at the date of this report there has been no material change to our revenue or cash receipts position due to COVID-19.

The impact of COVID-19 Stage 3 restrictions in Bass Coast and Stage 4 restrictions in Melbourne have slowed the delivery of some capital projects and supply of some operational equipment however the Corporation has maintained service delivery by activating business continuity plans where needed.

The corporation will continue to monitor the impact COVID-19 is having on our customers and any possible increase in customer debt and hardship cases. Other key areas we are monitoring are for any decrease in developer activity and impact on our suppliers, contractors and other stakeholders.

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period. The responsible Minister during the 2019-20 reporting period was the Hon Lisa Neville MP, Minister for Water. Remuneration paid to the respective Minister is excluded in the financial statements. The names of persons who were directors of Westernport Region Water Corporation at any time during the financial year are:

Name	Title	Period of appointment
The Hon. Lisa Neville MP	Minister for Water	1 July 2019 – 30 June 2020
Mr Philip Clark	Board Chair	1 July 2019 – 30 June 2020
Ms Joanne Pearson	Audit Risk Committee Chair, Director	1 July 2019 – 30 June 2020
Mr Peter Quigley	Managing Director	1 July 2019 – 30 June 2020
Dr Emma Connell	Director	1 July 2019 – 30 September 2019
Mr Rueben Berg	Director	1 July 2019 – 30 June 2020
Mr Christopher Newton	Director	1 July 2019 – 30 June 2020
Mr Christopher Edwards	Director	1 July 2019 – 30 September 2019
Ms Yvonne Dickson	Director	1 July 2019 – 30 June 2020
Ms Tanya Ha	Director	1 October 2019 – 30 June 2020
Ms Annabelle Roxon	Director	1 October 2019 – 30 June 2020
Mr Leigh Berrell	Director	1 October 2019 – 30 June 2020

Responsible person's remuneration

Remuneration received or receivable by the Accountable Officer in connection with the management of the Corporation during the reporting period was in the range \$270k-\$279k (\$260k-\$269k in 2019).

9.4 Remuneration of Executives

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, 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.

Remuneration	2020 (\$'000)	2019 (\$'000)
Short-term employee benefits	574	474
Post-employment benefits	54	50
Total remuneration^(a)	628	524
Total number of executives	3	3
Total annualised employee equivalents^(b)	3	3

Notes:

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 9.5).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

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
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements
- and controlled business interests.

All related party transactions 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, this comprises independent Directors and the Managing Director. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in note 9.3 who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, during the financial year.

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' financial report.

Compensation of KMPs	2020 (\$'000)	2019 (\$'000)
Short-term employee benefits	477	413
Post-employment benefits	40	43
Total	517	456

Significant transactions with government-related entities

During the year, the following government-related entity transactions occurred:

Government related entity	Nature of Transaction	2020 (\$'000)	2019 (\$'000)
Amounts recognised as revenue in the Statement of Comprehensive Income:			
Treasury Corporation Victoria ¹	Interest received from investing	-	72
Department of Health and Human Services	Customer Rebates	868	817
Cash paid during the year:			
Department of Environment, Land and Water Planning	Environmental Contribution Levy	916	916
Treasury Corporation Victoria	Interest from borrowings	198	199
Department of Treasury and Finance	Financial Accommodation Levy	73	85
Treasury Corporation Victoria	Secured borrowings	6,690	6,690
State Revenue Office	Payroll Tax	208	183

Notes:

- Interest received from investing was not received from Treasury Corporation Victoria in the 2020FY as all investments were held in the Central Banking System (CBS) as per DTF recommendation.

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 department, there were no 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.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scarce resources.

9.6 Remuneration of auditors

	2020 (\$'000)	2019 (\$'000)
Victorian Auditor-General's Office		
Audit or review of the financial statements	33	32
Other non-audit services		
Other non-audit services ⁽ⁱ⁾	137	117
Total remuneration of auditors	170	149

Notes:

- The Victorian Auditor General's Office is not allowed to provide non-audit services.

9.7 Ex gratia expense

The Corporation is not aware of any ex gratia expenses at the time of finalising the annual report (2019:\$0).

9.8 Changes in accounting policies

AASB 15 Revenue from Contracts with Customers

The Corporation has transitioned to AASB 15 Revenue from contracts with customers from 1 July 2019 (date of initial application). In accordance with the transition provisions in AASB 15 and as mandated by FRD 121 Transitional requirements on the application of AASB 15 Revenue from Contracts with Customers, this new standard has been adopted retrospectively (under the modified retrospective method). Comparatives for the 2019 financial year have not been restated. The transition adjustment was assessed at \$191k which was not considered to be material based on materiality limits set by the Corporation which has determined this to be immaterial to report. Further disclosures in relation to AASB 15 are at note 2.1 of this report.

Additionally, as mandated by the DTF, the Corporation applied the practical expedient described in AASB16.C5 (c), for contracts that were modified before the date of initial application. In applying this practical expedient, the Corporation, did not retrospectively restate the contract for those modifications in accordance with AASB15.20-21. Instead, it reflected the aggregate effect of all of the modifications that occur before the date of initial application when:

- Identifying the satisfied and unsatisfied performance obligations
- Determining the transaction price
- Allocating the transaction price to the satisfied and unsatisfied performance obligation

The Corporation has applied this practical expedient consistently to all contracts within the current reporting period AASB 15 accounting policies as disclosed in note 2.1.1 and note 2.1.4.

AASB 1058 Income for not-for-profits

The Corporation has transitioned to AASB 1058 Income for not-for-profits from 1 July 2019. In accordance with the transition provisions in AASB 1058 and as mandated by FRD 122 Transitional requirements on the application of AASB 1058 Income of Not-for-Profit Entities, this new standard has been adopted retrospectively (under the modified retrospective method). Under this transition method, the entity has elected to apply this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application. A completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions. Comparatives for the 2019 financial year have not been restated. The reclassifications and the adjustments arising from this new standard are therefore recognised in the opening balance of retained earnings on 1 July 2019.

The Corporation has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

AASB 1058 accounting policies are disclosed in note 2.2. The Corporation does not currently have any capital grants or contributions for the 2018-19 or 2019-20 reporting periods therefore the transition adjustment was \$0. As a result, comparatives for 2018-19 in the 30 June 2020 accounts were not required to be restated.

AASB 16 Leases

The Corporation has transitioned to AASB 16 Leases from 1 July 2019. In accordance with the transition provisions in AASB 16 and as mandated by FRD 123 Transitional requirements on the application of AASB 16 Leases, the new rules have been adopted retrospectively (under the modified retrospective method). Comparatives for the 2019 financial year have not been restated.

The Corporation has adopted AASB 16 as at 1 July 2019 and has applied the new rules on a modified retrospective basis as mandated by the DTF through FRD 123 Transitional requirements on the application of AASB 16 Leases. As all current leases held by the Corporation are under the recognition threshold of \$10k AUD, the transition adjustment was \$0. As a result, comparatives for 2018-19 in our 30 June 2020 accounts were not required to be restated.

The Corporation is not aware of any other changes in accounting policies at the time of finalising the annual report.

9.9 Australian Accounting Standards issued that are not yet effective

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

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2020 reporting period. DTF assesses the impact of all these new standards and advises the Corporation of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date	Effective date for the entity	Estimated impact
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	The Standard principally amends AASB 101 and AASB 108 to refine the definition of material in AASB 101 by improving the wording and aligning the definition across AASB Standards and other publications.	1 January 2020	1 July 2020	It is estimated that AASB 2018-7 will have limited impact on the corporation as it is an amendment to refine definition wording within the Standards already in use.
AASB 17 Insurance Contracts	The key changes introduced by AASB 17 is to reflect the view that an insurance contract combines features of both a financial instrument and a service contract. In addition, many insurance contracts generate cash flows with substantial variability over a long period.	1 January 2021	1 July 2021	It is anticipated that AASB 17 will have limited impact on the corporation due to the value of insurance contracts held which is currently immaterial.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The meaning of settlement of a liability is also clarified	1 January 2022	1 July 2022	It is estimated that AASB 2020-1 will have limited impact on the corporation as it is an amendment to clarify requirements within AASB 101 which is already in use.

9.10 Financial Management Compliance Attestation Statement

I, Philip Clark, on behalf of the Responsible Body, certify that the Westernport Region Water Corporation, has complied with the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Philip Clark
Chair
Westernport Water

Statutory Certification

Accountable officer's and chief finance and accounting officer's declaration

The attached financial statements for the Westernport Region Water Corporation have been prepared in accordance with Standing Directions 5.2 of the Assistant Treasurer under 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 2020 and financial position of the Corporation at 30 June 2020.

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 5 November 2020.



Phil Clark
Chair
Westernport Water



Peter Quigley
Managing Director
Westernport Water



Kathy Hawke
Chief Finance Officer
Westernport Water

Dated this 5th day of November 2020

Auditor General's Report



Independent Auditor's Report

To the Board of the Westernport Region Water Corporation

Opinion	<p>I have audited the financial report of the Westernport Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none">• balance sheet as at 30 June 2020• comprehensive operating statement for the year then ended• statement of changes in equity for the year then ended• cash flow statement for the year then ended• notes to the financial statements, including significant accounting policies• accountable officer's and chief finance and accounting officer's declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2020 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
9 November 2020



Paul Martin
as delegate for the Auditor-General of Victoria

Glossary

Terms	Meaning
AAS	Australian Accounting Standards
AMAF	Asset Management Accountability Framework
ANCOLD	Australian and New Zealand Committee On Large Dams
ARC	Audit and Risk Committee
AS/NZS	Australian and New Zealand Standard
AWA	Australian Water Association
BCLN	Bass Coast Landcare Network
BCSC	Bass Coast Shire Council
BE	Bulk Entitlement
BLCAC	Bunurong Land Council Aboriginal Corporation
CCS	Climate Change Strategy
CFAO	Chief Finance and Accountable Officer
CHMP	Cultural Heritage Management Plan
CRSWS	Central Region Sustainable Water Strategy
CSR	Corporate Social Responsibility
CUP	Candowie Reservoir Upgrade Project
CWWTP	Cowes Waste Water Treatment Plant
DHHS	Department of Health and Human Services
DELWP	Department of Environment, Land, Water and Planning
DIP	Diversity and Inclusion Plan
DPCD	Department of Planning and Community Development
DTF	Department of Treasury and Finance
EA	Enterprise Agreement
EIP	Environmental Improvement Plan
EMLO	Emergency Management Liaison Officer
EMS	Emergency Management System
EO	Executive Officer
EOFY	End of Financial Year
EMP	Environmental Management Plan
EPA	Environment Protection Authority
ESC	Essential Services Commission
EWOV	Energy and Water Ombudsman Victoria
FOI	Freedom of Information
FRD	Financial Reporting Direction
GGE	Greenhouse Gas Emissions
GIS	Geospatial Information System
GRWA	Gippsland Regional Water Alliance
GSERP	Government Sector Executive Remuneration Panel
HSR's	Health and Safety Representatives
IBAC	Independent Broad-Based Anti-Corruption Commission
ICAM	Incident Cause Analysis Method
ICT	Information Communications Technology
IBWPP	Ian Bartlett Water Purification Plant

Terms	Meaning
ISSN	International Standard Serial Number
IWM	Integrated Water Management
KRWWTP	King Road Waste Water Treatment Plant
LoE	Letter of Expectations
MOU	Memorandum of Understanding
MRD	Ministerial Reporting Direction
MSDS	Material Safety Data Sheet
NPS	Net Promoter Score
OHS	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
OIP	Organisational Improvement Plan
PDCC	People, Diversity and Community Committee
PICO	Phillip Island Community Orchard
PMT	Project Management Team
PRGC	People Remuneration and Governance Committee
PSC	Project Steering Committee
PWSR	Permanent Water Saving Rules
RAP	Reconciliation Action Plan
RTW	Return to Work
SCADA	Supervisory Control and Data Acquisition
SD	Standing Direction
SEPP	State Environment Protection Policy
SoO	Statement of Obligations
SPS	Sewer Pump Station
SSIC	Safety, Sustainability and Innovation Committee
TRIFR	Total Recordable Incident Frequency Rate
TYWU	Target Your Water Use
SWEP	School Water Efficiency Program
UV	Ultra Violet
UWS	Urban Water Strategy
VPSC	Victorian Public Sector Commission
VWES	Victorian Water Efficiency Strategy
WaterMAP	Water Management Action Plan
WHS	Work Health and Safety
WSAA	Water Services Association of Australia
WSDS	Water Supply Demand Strategy
WoV	Waters of Victoria

Units	Meaning
CO ₂ -e	carbon dioxide equivalent
KL	kilolitre = one thousand litres
mg	milligram = one thousand grams
ML	megalitre = one million litres
t	metric tonne
µg	micrograms = one thousand milligrams

Disclosure Index

The Annual Report of Westernport Water is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of Westernport Water's compliance with statutory disclosure requirements.

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