

Annual Report

2021



WESTERNPORT
WATER

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Acknowledgement of Country

Westernport Water acknowledges Aboriginal and Torres Strait Islander Peoples as First Nations People and that the land, sea and water are of spiritual, cultural and economic importance. We recognise that we provide services on the traditional lands of the Bunurong Peoples of the Kulin Nation. The Bunurong Peoples have managed the resources on Millowl for thousands of years. We acknowledge them and their continued connection to this place, as we go about managing the water resources today.



Water Heals, art by Patrice Mahoney OAM

Year in review

A message from the Chair

At Westernport Water, we are passionate about the role we play in building a better future for our people, our customers, and our community. Our achievements in a challenging year demonstrate the many ways that we have contributed to a more inclusive, resilient, and liveable community.

Delivering now and investing for the future

Westernport Water is planning for the future and remains committed to maintaining high quality water and wastewater services, while accommodating growth and responding to climate change. A record \$9.2M capital works program was completed in 2020-21, delivering improvements in priority areas for our customers. Highlights included the completion of the Phillip Island Water Supply Security Project to reduce water interruptions; installation of permanent generators to provide a more reliable and resilient wastewater network; commencement of significant works at the Cowes Wastewater Treatment Plant to accommodate future growth; and large-scale solar installations to reduce electricity consumption, costs and greenhouse gas emissions.

Westernport Water continued to record strong operational performance in key areas. This included fewer water supply interruptions, better than target attendance times, and strong customer service response times.

We continue to deliver a strong record of safe drinking water, reporting no *Safe Drinking Water Act* non-compliance events for the 8th consecutive year.

Disappointingly, a combination of factors contributed to taste and odour complaints in some townships during December last year. These factors included an increase in flows to meet demand when Melbourne-based travel restrictions were lifted and an algal bloom in our reservoir, which is earlier in the season than we traditionally see. A debrief from the event has already led to process improvements that will reduce the likelihood of a similar event in the future.

Leading through adversity

Our staff continue to translate their passion for improved services to our customers through their care and commitment. We experienced many challenges outside of our control this year, including extreme weather events, extended power outages, and a global pandemic that required innovative solutions and hybrid working arrangements. We acknowledge our wonderful employees who worked under these trying circumstances to ensure the continuation of essential services for our community.

The passion and knowledge of our people was recognised by the industry this year. Our Environment & Product Quality Team won the Intelligent Water Network Hydroviation Challenge for its initiative to assess carbon capture opportunities through wetland restoration. The study is complete and will inform improved practices for the management of treated effluent across our sector.

Safety first

Every person at Westernport Water understands that ensuring that all staff go home safe and well, every day, is our first and most important priority. Our focus on safety is unwavering, as is our commitment to creating a safety culture that we can all be proud of. This year we were recognised as the highest performing participating water corporation in the 2021 National Global Safety Index Survey, which benchmarks organisational safety culture. This result is a credit to the corporation's focus.

Supporting our customers

Westernport Water understand that our customers continue to experience financial difficulties this year arising from coronavirus (COVID-19) impacts. Like others in the Victorian water sector, we continued to take proactive steps to provide targeted relief to customers, residential or business, that are doing it tough. In addition to providing payment flexibility and suspending all debt recovery efforts, we delivered a record number of hardship grants to customers (259, up from 107 last year). We also recorded a 7% increase in the total value of assistance provided to our community.

COVID-19

What's happening in Victoria and around the world as a result of COVID-19 is challenging us all and we know it's a difficult time for many people and businesses. We have continued to employ a range of safety measures and preventative actions to protect our people, customers and community, including shifting to a mobile workplace and home-based offices to minimise the potential of exposure. Our decisions and actions are made in the interest of community wellbeing and this will continue to be our key focus. For further information about Victoria's response to COVID-19, please visit www.coronavirus.vic.gov.au.

Looking ahead

Whilst this year could be typified by our response to a changing environment, it has not stopped us from progressing significant projects or making decisions that will leave a legacy for future generations. The \$2.6 million dollar San Remo Basin Renewal Project is one such project that will commence in late 2021. The liner and cover of the basin is approaching the end of its useful life and will be replaced, protecting our water security and water quality for years to come.

Acknowledgement of service

After six years as Managing Director, Westernport Water farewelled Peter Quigley on 31 August 2021. During his time leading the corporation, Peter placed particular emphasis on increasing workplace diversity and inclusion, growing leadership capability and supporting organisational development. This work was recognised in 2019 when the corporation was named 'Leading Employer' at the Institute of Public Administration Victoria's Leadership Awards. The Board would like to express its sincere gratitude and appreciation to Peter for his service.

After four years as Chair, Westernport Water farewelled Phil Clark on 30 September 2021. While Chair, Phil championed improvements to workplace health and safety culture. Under Phil's leadership, the Corporation's most recent safety culture index reflected the highest score of all participating water corporations. The Board members would like to thank Phil for his guidance and commitment.

New leadership

Westernport Water will build on its strong recent performance under the leadership of Dona Tantirimudalige. Dona has extensive leadership experience in the Victorian water sector and the Board is confident that Westernport Water remains well positioned to meet future challenges. Ms Tantirimudalige is the Accountable Officer for the Corporation from 1 September 2021. For further details see Note 9.11 to the Financial Statements.

Responsible Body's 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 2021.



Rueben Berg
Chair, Westernport Water
4 October 2021

Impacts of coronavirus (COVID-19)

During the year, the Corporation re-enacted its pandemic plan and a range of business continuity plans to safeguard our business and community against the impacts of the COVID-19.



We have continued to employ a range of safety measures and preventative actions to protect our staff, including shifting to a mobile workplace. Many staff returned to home-based offices. Our Network Operations and Treatment Plant Teams resumed split workforce arrangements to ensure business continuity during high risk periods.

Our Newhaven Customer Service Centre resumed face-to-face operations for a short while during the reporting period and at the end of the financial year was again closed due to local public exposures sites. To prevent physical interactions, our virtual customer service centre was once again established to protect our team and the health and safety of our community.

To support customers during this difficult year, we extended hardship care 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.

As part of a coordinated state wide response to COVID-19, Westernport Water participated in the program to monitor wastewater for the presence of SARS-CoV-2 – the virus that causes COVID-19. Samples of wastewater collected from wastewater treatment plants were then analysed for fragments of COVID-19. Surveillance data combined with other health data was then used to inform the COVID-19 response in the local area.

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 2021 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 the community we support.

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.

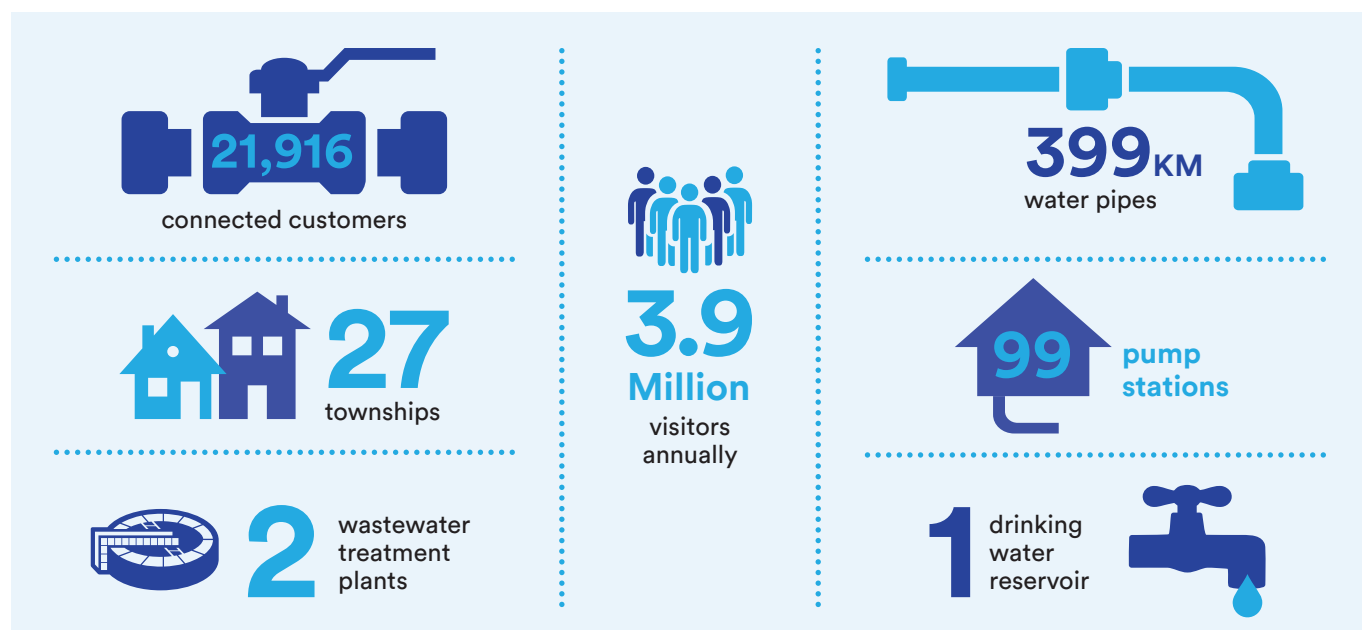
Westernport Water is one of 18 water corporations operating and reporting to the State Government of Victoria. It is responsible for servicing 21,916 customers from 27 townships across an area covering 300 square kilometres, encompassing Millowl (Phillip Island) and mainland communities from The Gurdies to Archies Creek.

The region has one of the highest ratios of visitors to residents of any destination in Australia. During peak periods, there can be approximately 120 visitors to every resident.

Westernport Water sources water from Tennent Creek, the Corporation's main water supply source, with additional entitlements on water from the Bass River, the Melbourne Supply System and groundwater from Corinella Aquifer. These can be accessed during periods of low rainfall.

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

Westernport Water operates two wastewater treatment plants: the Cowes Wastewater Treatment Plant (CWTP) and the King Road Wastewater Treatment Plant (KRWTP). There are also 99 pump stations across the wastewater network that are used to service approximately 90 percent 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
Melbourne Supply System	1,000	Melbourne Supply System
Bass River	3,000	Surface water
Corinella Aquifer	490	Groundwater
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
- 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.

Responsible Ministers

Westernport Water is established under the *Water Act 1994*. The responsible Minister for the period from 1 July 2020 to 30 June 2021 was the Hon Lisa Neville MP, Minister for Water. The Hon Richard Wynne acted as the Minister for Water from 15 February 2021 to 30 June 2021.

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 considers the obligations set out in the SoO and Letter of Expectations (LoE). These responsibilities are executed through corporate and business plans.

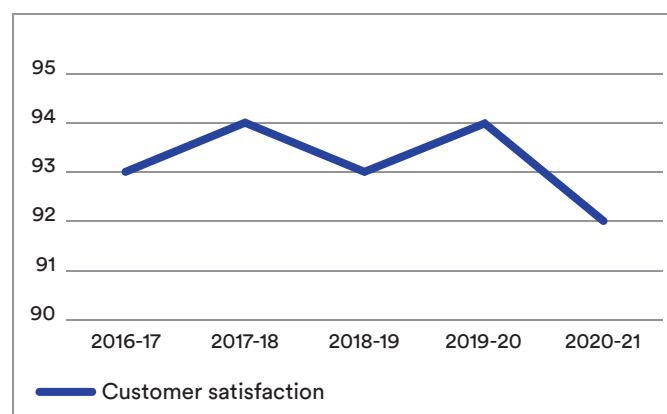
The LoE was issued by the Victorian Minister for Water on 18 April 2021 in accordance with section 247 of the *Water Act 1989* (as amended). The LoE outlines the Victorian Government's priority policy areas for the water sector and water corporations to focus on. Westernport Water is required to report 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 2017*, which will come into effect on 1 July 2021.

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 service standards we propose to deliver to customers, and the proposed prices customers will pay for these. Westernport Water plans to engage customers and the community over the coming year to identify the outcomes that customers desire over the period 2023-28.

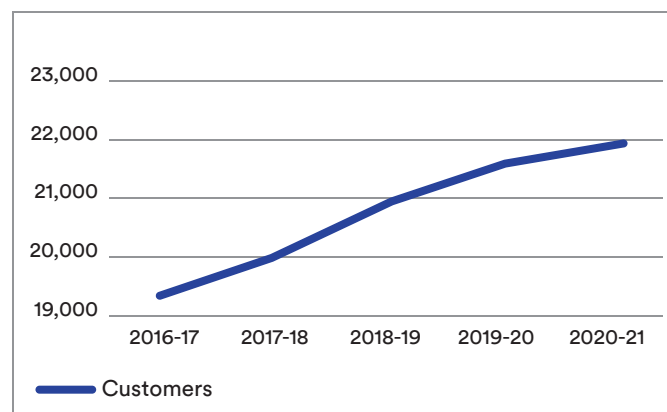
Overall customer satisfaction level (%) for the services provided



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



Note

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

Vision

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

We seek to realise this vision through the following strategic focus areas:

We meet the expectations of our customers

Westernport Water is committed to providing products and services that meet customer expectations. We will do so by understanding and learning from our customers, valuing our customers through a positive customer-first culture, striving to continually improve the quality of our water and serving our customers with accessible and consistent information. We will continue to provide and promote flexible payment options for customers experiencing hardship, whilst continuing to seek opportunities to deliver increased value.



Our people are safe and well, every day

Every one of our people has an important reason to remain safe at work. Workplace Health & Safety (WHS) is a collaborative effort – we are all responsible for our own safety as well as that of those around us. It is the responsibility of everyone within the organisation to exercise their duty of care to ensure that hazards and incidents are reported and rectified. We care about each other, we have the courage to speak up when something isn't safe and we are committed to being safe and well every day.



We are a great place to work

Westernport Water is proud of its inclusive, diverse and engaged workforce. As the winner of the IPAA Leading Employer Award in 2018 and finalist in 2019, we are recognised by our peers as a great place to work. At Westernport Water, we aim to embed diversity in all that we do, increasing our understanding and embracing the benefits of a diverse and inclusive workforce. We are also committed to developing a strong workplace culture, as evidenced by five consecutive years of improvement in employee engagement scores.



Our assets enable the sustainable delivery of products and services

We aim to create a vibrant and engaged culture of asset management, enabling reliable service delivery in a warmer and drier climate, whilst continuing to provide reliable safe drinking water and sustainable wastewater treatment and disposal services.



We are a valued member of the community we serve

Westernport Water will engage effectively and transparently with our community, building strong partnerships and working collaboratively to meet our strategic objectives. We will seek to represent and reflect our community's priorities. In addition, we will deliver shared benefits through water management opportunities and strategic partnerships that support social and recreational benefits to create a more liveable and resilient community.



We value and protect our natural environment

Westernport Water is conscious that our operations have the potential to impact the environment and we are committed to protecting and enhancing the environment within our service area.



Our business is financially sustainable through sound governance and prudent investment

Westernport Water will continue to meet stakeholder expectations through a focus on our core systems, processes and governance. In addition, we will deliver improved customer value by building partnerships across the Victorian water sector to drive innovation, collaboration and efficiencies.



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 evaluate every business decision.



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.

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	2020-21	2019-20	2018-19	Target	Notes
Number of water supply interruptions – unplanned and planned per 100km	17.5	17.9	27.3	<46	1
Number of sewer main blockages per 100km	5.4	3.8	6.1	<4.1	2
Average total customer minutes off water supply – unplanned and planned	141.7	83.1	112.7	<103	3

Notes

1. Providing a temporary water supply for planned and unplanned interruptions has resulted in less water supply interruptions.
2. A higher than anticipated number of sewer blockages in June 2021 (highest ever month recorded) led to the number of blockages exceeding the target.
3. Whilst water supply interruptions were consistent with last year and below target, the average minutes off were impacted by air scouring in response to a water quality event in December, which resulted in average minutes being above target. Multiple localities within our region were air scoured which requires planned isolation of supply for up to four hours per isolation.

Achievements

- Water main renewal in Cowes and Ventnor will improve service reliability and water quality, reduce maintenance and repair costs and reduce potential property damage if the water main fails.
- Over the past three years, Westernport Water has spent \$1.3M to replace ageing asbestos cement pipes with HDPE – High Density Poly Ethylene pipes across the Cowes and Ventnor areas.
- The Water Pressure Management Program in Cape Woolamai targeting areas of high water pressure has commenced and is expected to reduce water leakage and bursts to water pipes.

Projects updates

- Cowes Wastewater Treatment Plant Upgrade (CWTP) Stage 2 construction commenced, and the project is on schedule for completion in 2021-22, with further improvements programmed for 2023 and beyond. The \$4.98 M project will provide additional treatment capacity at CWTP to meet demand to 2036.
- San Remo Basin to Cowes Pipeline Valves Renewal Project is currently at the tender stage. This project is designed to proactively replace critical valves and fittings to maintain the water supply to Phillip Island.
- San Remo Basin to Newhaven Bridge Pipeline brackets and fittings renewal project is currently at the planning stage. Project activities involve replacing ageing pipeline brackets and fittings supporting the pipeline under the bridge, ensuring a reliable water and sewer service from San Remo to Phillip Island. The contract-only tender will be released in 2021-22.
- Developed an operating protocol for the priority selection of source water as part of the development of the Urban Water Strategy 2022. Customers will be engaged regarding options and their preferred approach.



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	2020-21	2019-20	2018-19	Target	Notes
Customers (%) satisfied with drinking water via annual telephone survey	72	69	64	>70	1
Number of <i>Safe Drinking Water Act</i> non-compliance (water sampling, audit)	0	0	0	0	–
Number of water quality complaints per 100 customers	0.95	0.08	0.22	<0.22	2

Notes

- Customer satisfaction with drinking water improved significantly this year, improving by 4 percent on the previous year. This improvement was supported by a number of capital improvements to water infrastructure.
- Westernport Water experienced a water event in Nov/Dec 2020 that increased our water quality complaints.

Achievements

- Real-time water quality monitoring of Grantville water storage was introduced to address the taste and reliability of water supplied.
- The Powder Activated Carbon Upgrade further removed organics and helped to improve the taste of water.
- Continuation of the Backflow Prevention Program to prevent potential contaminants from entering the drinking water network from the reverse flow of water.

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.
- Swabbing of our large water supply main to remove biofilm and sediment to provide better tasting water.
- 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	2020-21	2019-20	2018-19	Target	Notes
Average time (min) to attend to water bursts and leaks – priority 1	0	0	2	<30	1
Average time (min) to attend to water bursts and leaks – priority 2	34.71	30.6	40.4	<35	1
Average time (min) to attend to water bursts and leaks – priority 3	50.44	45.6	43.4	<300	1
Telephone calls answered within 30 seconds (%)	97.00	97.0	97.3	>97	2
Number of hardship grants approved	259	107	30	>25	3

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 due to the effects of COVID-19 Covid 19 response. Funding was again re-prioritised to hardship from debt recovery efforts.

Achievements

- Invested \$2.2 M to construct a 2.3 ML treated water storage tank and booster pump station, to reduce water supply interruptions on Phillip Island and provide customers with an ongoing supply of water even if the water main is shut down for repair.
- Completion of the Sewer Pump Station Electrical Switchboards Program will maintain our critical sewer pump stations. The renewal program is designed to proactively replace aging switchboards to keep sewerage services flowing.
- The \$1.2 M Sewer Junction Rebuild Program was completed renewing customer sewer service connections.
- Provided \$1,033,501 assistance to customers in financial hardship through concession rebates, utility relief grants, hardship grants and water efficiency household audits.

Future Projects

- A \$0.4M sewer main renewal program designed to reline the aging sewer mains and improve operations of essential services.



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	2020-21	2019-20	2018-19	Target	Notes
Number of community educational engagements	12	23	23	>22	1
Net Greenhouse Gas Emissions (CO2-e tonnes) produced	6,704	6,460	6,920	<5,974	2
Effluent reuse (%)	7.4%	14%	23.5%	>25%	3

Notes

1. With the implications associated with COVID-19, many planned community events and engagements were cancelled or postponed. Traditional face-to-face engagements transitioned online where possible, demonstrating the flexibility of our approach in this area and the strength of our relationships within the community. Due to the continuation of workplace restrictions, 12 community education engagements were completed and 13 community engagements were cancelled or postponed during the period.
2. Westernport Water Greenhouse Gas Emissions (GGE) have increased in comparison to last year due to an increase in fugitive emissions (direct scope 1 emissions) from increased inflows to both wastewater treatment plants. This is due to the combined impact from greater visitors to the region (restricted interstate and international travel) and the impact from stormwater entering the wastewater treatment plants from a greater than average rainfall year in excess of the 90th percentile. Westernport Water is responding with a comprehensive Inflow and Infiltration Program, targeting known stormwater inflow 'hotspots'. Please Note: Net Greenhouse Gas Emissions for 2019-20 are incorrectly reported in the 2019-20 Annual Report on page 47 as 6,629.7 due to incorrect grid emission factor conversions made at the time. The figure reported in the table above at 6,460 is the correct reporting figure of Total Net Emissions for 2019-20.
3. The 2022-23 effluent reuse target of 25% was not met in 2020-21. This can be attributed to a significant increase in inflows at both wastewater treatment plants, from a combination of people moving to the region with holiday homes now housing permanent residents and stormwater ingress to sewerage networks which also dramatically reduced irrigation demand due to above average summer rainfall. In addition, following rainfall in excess of the 90th percentile wet year, treated effluent was discharged to a local waterway from the King Road Wastewater Treatment Plant and the Class A recycled water treatment plant was not run over the summer period due to combination of operational issues and reduced demand for recycled water. Westernport Water is preparing for the Class A recycled water treatment plant to be back in operation before this summer's seasonal demand begins.



Solar installation at CWTP

Achievements

- State winner of an industry award for the preparation of an innovative idea to address key challenges facing the water sector. The winning initiative involves investigating the potential for carbon storage in a restored wetland filled with recycled water from the KRWTP.
- One of 16 water corporations to organise and host the inaugural National Water Week Online Learning Festival in October 2020, which: reached over 36,000 people via social media advertising; included over 13,000 teachers and schools via email; and saw over 4,000 participants watch the live and pre-recorded talks, lessons and tours.
- Installed 99.8kW of land mounted solar panels at CWTP, contributing to reducing our emissions.
- Expanded irrigation capacity at the KRWTP with the installation of a new pivot irrigator to allow for greater irrigation to land and contain treated wastewater to our site.
- Completed level two energy audits and identified opportunities for significant emissions reduction at Westernport Water's greatest emitting sites – CWTP and IBWPP.
- Commenced a Smart Energy Strategy and Net Zero Road Map to assist Westernport Water in understanding its pathway to net zero emissions, under two scenarios; by 2030 and 2050.
- Completed the actions included in the Environment Management System (EMS) improvement and carried out a review of the EMS and its alignment to the new *Environment Protection Act* legislation, specifically how well the EMS aligns to meet the General Environmental Duty (GED).
- Completed feasibility studies assessing carbon offsetting opportunities on Westernport Water's land, including environmental plantings and teal carbon sequestration potential.
- Extended the Class-B Recycled Water Trial to June 2023 in an effort to increase treated effluent reuse and reduce ocean outfall.

Future projects

- Progress emission reduction opportunities with detailed studies and business cases for customer consultation and consideration in pricing submission 2023-28.
- Continue to implement and align the EMS with requirements of the new legislation, such as the GED.
- Progress the wetland restoration project to the concept design phase and complete a business case comparing the wetland storage option with a traditional effluent lagoon, assessing cost and co-benefits for nature based solutions to increase treated effluent storage.
- Participate in a pilot trial with Water Services Association Australia (WSAA), research bodies and other water utilities to assess benefits of floating wetlands in effluent lagoons for improved water quality, emissions reduction and improved biodiversity.

Performance highlights and key achievements

The following summarises Westernport Water's performance against key initiatives 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 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 activities and provide services that minimise environmental impacts, mitigate climate change and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.

KPI	KPI – Measure	Definition	Delivered
E2 Emission reductions	Demonstration of reasonable progress toward achievement of the entity's emission reduction target specified in the Statement of Obligations (Emissions Reduction). Total net greenhouse gas emissions In tonnes of CO ₂ equivalent.	– Scope 1 and scope 2 emissions only for the whole business and its activities, as specified under the National Greenhouse and Energy Reporting Scheme.	– Completed Stage 2 of emissions reduction through installation of 99.8kw solar array at CWWTP. This will contribute to 150 tonnes of CO ₂ -e reduction for 2021-22 – Completed energy audits and commenced a Smart Energy Strategy & Net Zero Roadmap to provide a pathway to net zero emissions for the 2030 target – Further information on pg. 54-56.
E3 Adaptation to climate change and variability	E3 a. Qualitative description of how the Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria and demonstrate application in drought preparedness and urban water strategies	– N/A	– Continued to implement Climate Change Adaptation Plan actions, such as water resilience planning as part of the Urban Water Strategy
	E3 b. Qualitative description of how adaptation will be undertaken in each of the six business areas. Include consideration of short, medium and long-term changes.	– The six business areas, and adaptation considerations for each, are articulated in the WSAA Climate Change guidelines. DELWP encourages the use of the Guidelines for Victorian water corporations and has chosen to follow its approach to defining six parts of the business where adaptation is relevant.	– Continued implementation of the Climate Change Adaptation Plan – Actions implemented include the refinement of the sewer spill protocol and debrief following the recent extended power outage incident across the network. Lessons learnt which have been captured and analysed for resilience planning in 2021-22 – Assessment criteria for projects in the next pricing submission period included matrix for contribution toward climate change mitigation and adaptation, including how well projects provide local resilience – Further information on pg. 54-56.

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	Delivered
C1 Customer Satisfaction	C1 (u) Customer satisfaction survey.	– As per Essential Services Commission (ESC) definition.	<ul style="list-style-type: none"> – Completed the Annual Customer Satisfaction survey in collaboration with the Gippsland Regional Water Alliance (GRWA). – Benchmarking data indicates customer overall satisfaction 3.9 out of 5. This represents a decrease of 0.1 points and is at the bottom end of the Gippsland regional range which is 3.9 – 4.2. – Overall customer satisfaction measured from annual telephone survey 92% – Monitor the outcomes of the ESC customer satisfaction robot calls. On average customer satisfaction results have been reported above the industry average of 6.8, customers rating Westernport Water in the top five retailers in Victoria.
	(a) CR1 Water quality complaints.	– Number of water quality complaints regarding discolouration, taste, odour, stained washing, illness or cloudy water per 1,000 customers.	<ul style="list-style-type: none"> – Delivered the 2021-22 Water Quality Improvement Plan which works towards reducing water quality complaints. – Our target for the number of water quality complaints per 1,000 is 2.2. Our result for the year was 9.35 after a water quality event due to high flows after Covid restrictions.
	(b) CR4 Number of billing payment issues.	– Billing/payment issues complaints per 1,000 customers year on year.	<ul style="list-style-type: none"> – Our target for the number of billing and payment issue complaints per 1,000 is 1. Our result for the year was 1.19 due to lockdown restrictions where property owners who were unable to access their property questioned receiving a bill.
C2 Customer & community engagement	C2 Development and delivery of an engagement strategy/plan/policy and publication (via the water corporation's website) of the engagement strategy/plan/policy or equivalent explanation.	–	<ul style="list-style-type: none"> – A Community Engagement Strategy (2020-23) was adopted in October 2020, detailing a clear plan to deliver improved customer and community engagement to ensure the best possible outcomes for all. The strategy is available on the Corporation's website. – In addition to this a campaign was launched to drive customer engagement for PS23 called 'Choose your water future' Have your Say https://www.westernportwater.com.au/haveyoursay/

Water for Aboriginal Cultural, Spiritual and Economic Values

Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector.

KPI	Measure	Definition	Delivered
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.	– Deliver year one of the ‘Innovate’ RAP (2020-22) action 10. Increase Aboriginal and Torres Strait Islander supplier diversity to support improved economic and social outcomes. – Developed Social Procurement Strategy 2021-24. – \$29,500 of services procured through Aboriginal or Torres Strait Islander certified suppliers.
	AC1.2 Number/explanation of sponsorships of Aboriginal people in relevant study and training courses, Including scholarships, vocational education and traineeships.	– Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal Victorians.	– Delivered ‘Innovate’ RAP (2020-22) action 9. Improved employment outcomes by retaining Aboriginal and Torres Strait Islander employees, who benefited from professional development opportunities, including a Diploma in Conservation and Land Management and commencement of a Conservation and Land Management Traineeship.
	AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last 5 years.	–	– Delivered actions and initiatives detailed in the ‘Innovate’ RAP (2020-22) Action 5. Sought to increase understanding, value and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights through cultural learning, sharing resources, promotion of dates of significance through support for regional events and activities. – 84 employees have undertaken some form of cultural training offered over the last 5 years, including attending events, cultural training, ceremonies, guided tours and cultural heritage inductions.
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 when opportunities arise to access water entitlements within existing framework. Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners. Notify and engage with Traditional Owners to achieve shared benefits.	– Throughout the year 15 engagements with Traditional Owners were undertaken as part of RAP delivery. The Corporation’s RWG met six times, the BCRN met on four occasions, the Board of Directors met with Management of the BLCAC and Leaderships Teams come together on three occasions to progress initiatives. Additionally we supported four dates of significance/events and completed cultural heritage site inductions for a major project. More information can be found on pg. 47-48.
AC3 Aboriginal Inclusion Plan/ Reconciliation	AC3 Development of either an Aboriginal Inclusion Plan or a Reconciliation Action Plan, reflecting measures AC1.1 to AC1.3 and AC2.1 as appropriate.	–	– Westernport Water’s Innovate RAP was endorsed in July 2020. Further details on pg. 47-48.

Resilient and Liveable Cities and Towns

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

KPI	Measure	Definition	Delivered
L1 Integrated Water Management	Progress towards participation in, or establishment of, IWM forums in your region contribution to development and Implementation of Strategic Direction Statement(s) in your region. Implementation of priority IWM projects and plans as applicable delivering IWM outcomes for the region.	– Facilitating regional stakeholder collaboration (including local government and Traditional Owners) to deliver place based IWM outcomes for the community projects that support the liveability and resilience of cities and towns of the region.	– Ongoing collaboration and input into the Catchment Scale Western Port Catchment Integrated Water Management (IWM) Plan which includes indicators and measures to assess progress towards the delivery of the IWM vision and strategic outcomes for the Catchment. – Ongoing collaboration and input into the Bass Coast Region Integrated Water Management Plan.
L2 Water Efficiency	L2 Continue to collaborate on the Victorian Water Efficiency Strategy by: a. water corporations working together through a coordination group to develop Statewide initiatives.	– The Community Rebate and the Housing Retrofit Programs provide funding to water corporations to assist vulnerable and hardship customers.	– Ongoing promotion of Target Your Water Use, community rebate program, hardship support and Choose Tap messaging, more details on pg 48-49.
	L2 b. reporting the number of customers in need assisted by Community Rebate Program.	– As above.	– Ongoing promotion of Target Your Water Use, community rebate program, hardship support and Choose Tap messaging, more details on pg 48-49.
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 2020-21 was \$1,179
	L3 b. 200kL consumption.	– As above.	– In comparison, larger water users paid \$1,409 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 definitions, (UPP1) and (UPP6).	– We continue to promote flexible payments options to our customers with 278 installments at the end of 2021.
	L4 b. Number of customers awarded hardship grants.	– As above.	– There were 259 grants awarded in the 2020-21 year.

Recognise Recreational Values

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

KPI	Measure	Definition	Delivered
Rec 1 Recreational values	1. Number of site-based projects delivered to improve recreational enjoyment of water storages – for example, Boosting Recreational Water Use initiative projects or other projects to improve or maintain access, infrastructure and facilities.	<ul style="list-style-type: none"> – Explicit consideration of social and recreational uses and values of water ways through delivery of function areas. – Social and recreational uses and values in relation to waterways means: <ul style="list-style-type: none"> a) the uses of waterways for social and recreational purposes b) the economic, aesthetic and wellbeing benefits that the community derives from the use of waterways for social and recreational purposes. 	<ul style="list-style-type: none"> – Westernport Water currently have no site-based projects meeting this criteria however we will continue to consider opportunities to deliver improved recreational outcomes at its sites.
	2 a. Efforts around – number of engagement processes that identified and considered recreational objectives relating to management of waterways.	– As above.	<ul style="list-style-type: none"> – Westernport Water will continue to consider opportunities to deliver improved recreational outcomes at its sites. This will also consider the opportunities that re-use can contribute to recreational organisations within our service area.
	2 b. Efforts around – Number of improvements to information sources (e.g. online) to help recreational users plan their activities.	– As above.	<ul style="list-style-type: none"> – Provided general advice on restricted community access to water storages on the Corporations website and corporate signs. – Supported Community Orchard communications using online communications channels.
	2c. Efforts around – Collaboration with other organisations and government agencies to explore and progress opportunities to support recreational objectives.	– As above.	<ul style="list-style-type: none"> – Continued to make available support for the Phillip Island Community Orchard, providing funding, land and access to recycled water for community food production and community well-being.
	3. Number of accessible major water storages with land and recreation management plans in place, as per Water for Victoria action 7.3.	– As above.	<ul style="list-style-type: none"> – Westernport Water operates one water storage which is not accessible to the public for recreation.

Leadership and Culture

Reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership.

KPI	Measure	Definition	Comment
G1 Diversity and inclusion	G1.1. Development and delivery of a Diversity Inclusion Plan/s and publication (via the water corporation's website) of the Inclusion Plan or equivalent explanation.	– A Diversity Inclusion Plan/s that includes gender equity and cultural, Indigenous inclusion.	– Developed a new three-year Diversity & Inclusion Strategy. The WPW Diversity & Inclusion Strategy 2021-24 combines our learnings to date, the results of our Women in Leadership Review undertaken by Monash University, and the requirements of the new <i>Gender Equality Act 2020</i> . – Further information available on pg. 20, 31 and 38.
	G1.2. Number of females occupying senior executive positions over projected five-year period.	– As above.	– Eight out of 15 leadership positions are occupied by females. – This is expected to increase to 9 out of 15 in 2021-22 with the recent appointment of a new female Managing Director. – Further information available on pg. 38.
	G1.3. Adopt strategies and actions to achieve a 1% target for Aboriginal people in the business, noting the Victorian Public Service has a 2% target and work to a stretch target of 3% by 2020.	– As above.	– Achieved 3.3% Aboriginal people employed including one Board Director. – Further information available on pg. 38.
	G1.4. Actions taken to improve participation by Traditional Owners in Board committees and other organisational committees.	– As above.	– Our Board Deputy Chair Rueben Berg is a Traditional Owner, 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. – Traditional Owners represent on the Corporations RAP Working Group. – Further information available on pg. 38.
	G1.5. Number of Respondents to the Victorian Public Sector Commission (VPSC) People Matter Survey from each water corporation.	– Staff participation in the VPSC People Matter Survey. Water corporation to encourage staff participation to complete annual survey or equivalent survey.	– 78% of staff participated in the 2020 People Matter Survey. – Further information available on pg. 31.
G3 Health and Safety	G3. Performance indicators adopted to monitor OHS in line with FRD 22H, section 6.10.	–	– Delivered year three of the Workplace Health & Safety Improvement Plan designed to encourage a positive safety culture. – Developed a new three year WHS Strategy for 2021-24. – Further information is available on pg. 33-36.

Financial Sustainability

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

KPI	Measure	Definition	Comment
F1-F8 Financial Indicators	F1 interest cover F2 gearing ratio F3 internal financial ratio F4 current ratio F5 return on assets F6 return on equity F7 EBITDA margin	– Financial indicators as prescribed by Performance Reporting Framework.	– Refer Table B1 – Financial Performance Indicators, page 47.
	F8 Credit rating	– Credit rating based on TCV for FAL or independent credit rating.	– Report In Corporate Plan only.

Key initiatives and projects

Since 1 July 2020, Westernport Water has initiated programs and initiatives in line with our Corporate Plan, to deliver efficient and effective products and services.



Wimbledon heights Drinking Water Tank

We meet the expectations of our customers

Delivered Year Five of the Water Quality Continuous Improvement Plan (2018-21)

Year five actions from the Water Quality Continuous Improvement Plan continue to improve 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. Construction of a new dosing tank, mixers and walkway was completed in 2020-21. The upgrade to the PAC facility will allow for more consistent batching to maintain high-quality water.

During 2021-20, we invested \$284,000 in water quality improvements. Over the duration of the plan we have invested \$564,000 in water quality improvements, key projects include:

- a continuous vertical profiler in Candowie Reservoir to inform of raw water changes
- construction of an automated filter to waste system at IBWPP
- water quality instruments installed at key monitoring points across the network
- Grantville Water Storage Tank improvements
- construction of chemical storage shed and unloading bay at IBWPP.

Develop and deliver a channel management plan to promote customer payment options and reduce transactional costs

During the 2020-21 year, Westernport Water ran two successful campaigns to increase customer registrations on e-notices, transitioning customers to online channels. The initiative was a success, encouraging over 1,000 customers to adopt e-notice services. This portal now offers the option for customers to make payment on their bill for an improved customer experience. In addition to this, we commenced an 'opt-out' process, which automatically signs up tenants as e-notice customers, further helping to reduce transaction costs and postage delays.

Our people are safe and well, every day

Our workforce continued to embrace the importance of health, safety and wellbeing through the implementation of streamlined WHS tools

Streamlining the Corporation's WHS documentation in 2019-20 provided improved tools for all employees, empowering them to confidently and safely undertake their daily work. The tools included a suite of bespoke resources for employees to undertake their work both in the field and from the office. A targeted education and engagement program was delivered to support the successful adoption of the new resources. Whilst this initiative is now complete, as part of our commitment to continuous improvement, ongoing WHS education continues to make sure that all our people go home safe and well, every day.

Develop and implement a new three year Diversity & Inclusion Strategy

With the successful completion of the 2016-20 Diversity & Inclusion Plan, Westernport Water gained a real understanding of the barriers to a diverse workforce and identified opportunities, strategies and programs to increase workforce diversity and create an inclusive culture. In 2020-21, we researched and developed a new three-year Diversity & Inclusion Strategy. The WPW Diversity & Inclusion Strategy 2021-24 combines our learnings to date, the results of our Women in Leadership Review undertaken in partnership with Monash University, and the requirements of the new *Gender Equality Act 2020*.

The Strategy is a commitment to challenge ourselves and be an industry leader as a truly diverse and inclusive workplace as we deliver on the four key areas of Aboriginal & Torres Strait Islander Cultural Capability, Gender Equity, Generational Diversity and Breaking Down the Barriers.

Our assets enable the sustainable delivery of products and services

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

The Phillip Island Water Supply Security Project involves constructing a water storage tank in the Cowes water supply zone, providing service reliability to our customers and operational flexibility. Year three of the Phillip Island Water Supply Security Project included construction and commissioning of a 2.3 ML treated water tank and a booster pump station.

The steel tank was fabricated interstate, and the installation of the tank was delayed by three months due to travel restrictions and border closures arising from COVID-19. Nonetheless, the new tank and associated infrastructure was still commissioned and reached practical completion during 2020-21.

During 2020-21, the Corporation invested \$1.3 M on this project to improve water reliability for customers on Phillip Island.



Clarifier base

Delivered Year Two of the Cowes Wastewater Treatment Plant Upgrade, Stage 2 (2018-22)

Stage 2 of the CWTP Upgrade commenced in 2019-20 and continued during 2020-21. The significant upgrades for this project include construction of a new 24m diameter clarifier, refurbishment of the existing clarifiers and associated works. Clarifiers are settling tanks built with mechanical means for continuous removal of solids deposited by sedimentation. In addition, the clarifier will

improve the removal of solid particulates or suspended solids from the effluent. Year two of the CWTP Upgrade included the release of a public tender, selecting a suitably qualified contractor and the commencement of construction.

During 2020-21, Westernport Water commenced the construction phase of the project and invested \$1.5 M. The project is ahead of schedule and expected to be completed by January 2022. During 2021-22, we plan to invest another \$3.3 M on upgrades to meet wastewater compliance requirements and accommodate for future growth.

Develop an operating protocol for priority selection of water source in light of the successful connection to the Melbourne Water Supply System (DP6)

Delivery point six is our connection to the Melbourne Supply System through the desalination pipeline, which was connected in 2019-20. During 2020-21 we commenced the preparation of the Urban Water Strategy, which is due for completion in 2022. During the development of the UWS, demand forecasting and yield modelling of the system were reviewed. The entitlement to the Melbourne Supply System was included in yield modelling and priority selection to continue to meet the expectations of our community. Protocols to assist in determining selection of supply were developed and these will be refined ongoing.

We are a valued member of the community we serve

Deliver Innovate Reconciliation Action Plan (RAP) year one.

Westernport Water is committed to building resilient, liveable and healthy communities that recognise and respect Aboriginal and Torres Strait Islander cultures, histories and achievements. Westernport Water's 'Innovate' RAP received conditional endorsement in June 2020 from Reconciliation Australia after a year of engagement with the Bunurong Land Council Aboriginal Corporation (BLCAC), RAP working group, local Aboriginal and Torres Strait Islander Peoples, and community groups.

Under Reconciliation Australia's RAP Framework, an 'Innovate' RAP is stage two of four phases that focus 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 formally commenced in July 2020, the actions and deliverables detailed within will be delivered over two years to July 2022. During the reporting period, 22 of 38 actions and initiatives were delivered and a further six are underway. \$26,300 was invested in delivering reconciliation and recognition outcomes and engaging with Traditional Owners, these figures do not include cultural heritage works. Pleasingly, \$29,525 was spent supporting seven Aboriginal and Torres Strait Islanders owned businesses throughout the year. Further highlights for the year can be found on pg. 46-48.

Engage with Traditional Owners around Environmental Flows

Under the Environmental Flows Project, Westernport Water has begun its engagement with the BLCAC as the Registered Aboriginal Party to explore the opportunity for greater recognition of Traditional Owners' connection to land and water. The project will centre on its engagement with BLCAC to progress the idea further. The project aims to assess the opportunity 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 more significant consideration of local cultural values.

Develop and deliver an education plan to raise community awareness of the water treatment process

At Westernport Water we support community education outcomes that add value and build community knowledge about water and wastewater products and services. It is vital that we look beyond traditional ways of doing business and embrace working with our communities to develop water and wastewater literacy so that customers value the products and services we provide and are more likely to support projects and initiatives.

Westernport Water is a customer and community focused water corporation and takes great pride in its long history in being an education advocate, sharing knowledge and supporting community lead educational activities and behavioural change campaigns.

The Education Plan 2020-23 was developed and approved in October 2020. The plan provides clarity and a framework for how we will deliver improved customer and community education and has a particular focus on efforts to raise community awareness of the water treatment process and water quality results through targeted communications and activities to improve water literacy.

The three year plan focuses on five key goals and objectives:

- local water related differences are understood and accepted – measured via Customer Satisfaction Survey
- participate in a minimum of 20 community stakeholder engagements per annum

- undertake minimum of 22 educational engagements per annum
- increase overall customer satisfaction to 95 percent by 2021
- increase customer satisfaction with drinking water quality to 70.

Unfortunately, due to the restrictions and lockdowns during 2020-21, face-to-face engagement beyond mid-March was not possible. We were only able to undertake 12 of the planned 22 educational engagements. Over the last 12 months, we have made fundamental changes to the way we communicate and engage with our people, customers, community and stakeholders, moving to an online environment wherever possible.

We value and protect the natural environment

Delivered on Climate Change Strategy Actions (2017-23)

This strategy assists Westernport Water in meeting its eight percent emissions reduction pledge by 2025 and establishes measures to achieve net-zero by 2050, in accordance with the Victorian Government's Water Plan and the Take2 Pledge.

The project includes installing behind-the-meter solar photovoltaic (PV) renewable energy across the three top energy-consuming Westernport Water sites (Stage 1). That includes solar arrays at Church Street Pump Station, Newhaven office and depot, and KRWTP. Stage 1 was completed in 2019-20. Under Stage 2 of the project, 99.8kW ground-mounted solar PV at CWTP was successfully installed. Construction works have reached practical completion and system commissioning was completed.

The total project spend for the installation at the CWTP was \$268,900. Total investment in the Emissions Reductions Pledge Program over the five years to 30 June 2023 is estimated at \$444,000.



CWTP solar installation

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

Westernport Water continued its collaborative approach to water planning with stakeholders who have an interest in all aspects of the water cycle. In 2020-21 we participated in the IWM forums for the Western Port Region and contributed to the development of clear indicators and measures to assess progress towards the delivery of the vision and strategic outcomes for the Catchment.

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

Following the development of the EMS Improvement Plan, two sets of actions were prioritised to be completed over a two year period. The actions relate to:

- the ongoing continuous improvement of the EMS
- updates to the specific documents in the EMS.

In 2020-21, Westernport Water closed out all actions of the Improvement Plan including Priority Two (51 actions) and Priority Three (26 actions). The EMS was then reviewed to assess how well it aligns with the new requirements of the 2017 Environment Protection Act, which come into effect on 1 July 2021. Precisely, how well the EMS aligns in meeting requirements of the General Environmental Duty (GED). The assessment recommendations will be carried out in 2021-22 as the EMS is implemented across the organisation.

Our business is financially sustainable through sound governance and prudent investment

Complete Phase One of the Corporate System Replacement Project and Undertake a Post Implementation Review

Westernport Water is addressing key risks associated with its existing corporate systems through the replacement of finance, payroll and HR information systems. The systems implemented have met 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 completed implementation of five modules of the new HR information system, delivered a new payroll system, and finalised the design of a new finance system. Existing performance issues, functional constraints and business risks associated with prior HR and payroll have now been addressed.

The replacement of multiple corporate systems is a significant change for the business. The successful delivery and uptake of new systems relies on effective change management support and staff training. Remote working arrangements due to COVID-19 made this difficult, leading to schedule delays, which in turn increased project costs.

The finance system implementation was not able to be completed as it is on hold pending a review to ensure that the solution design realises all planned benefits.

Total budget allocation for the project is \$3,259,734 and the total spend to date is \$3,979,038.

Develop Project Plan for 2023 Price Review and build on ongoing customer engagement to determine priority areas

The team has developed a comprehensive pricing submission project plan supported by a customer engagement plan to ensure that customers are provided with opportunities to determine what matter most. To support engagement efforts, early planning has taken place with subject matter experts to develop plans and options to support deliberative discussions that address customer priorities. Our campaign 'Choose your water future', encourages customers to have their say.

It's important to us that we deliver what matters most to our customers. Our priorities will reflect their needs and expected service levels and the upcoming price submission will detail our proposed prices for the period 1 July 2023 to 30 June 2028.



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 that ultimately benefit staff, customers and the Gippsland community.

The GRWA completed the ICT Shared Benefits Project and presented recommendations to managing directors for consideration in September 2020. The project identified shared challenges and opportunities to collaboratively enhance technology through shared procurement or service provision. A syndicate of GRWA members (Westernport, South Gippsland and East Gippsland Water) has commenced work on a Utility Billing Enhancement Feasibility Study, which will identify a preferred business model to achieve technology uplift across the three corporations and deliver an improved customer experience. It is hoped that findings from the study will inform a future business case for investment.

In addition to exploring shared ICT benefits, the GRWA continued to seek new ways to support vulnerable customers through the Thriving Communities Partnership and again explored customer perceptions and priorities via the annual customer satisfaction survey.

Commence Phase Two of the Corporate System Replacement

Consistent with Westernport Water's Customer Service Strategy 2018-21, planning commenced on the delivery of a new customer relationship management system to meet the expectations of our business and our customers for accurate, accessible, efficient and timely information and services.

Work has now commenced on the Gippsland Region Water Syndicate's Utility billing Enhancement Feasibility Study. The study will identify shared requirements across Westernport Water, East Gippsland Water and South Gippsland Water along with a preferred business model.

Expenditure was not anticipated for 2020-2021.

Review our approach to Organisational Development (OD) through the alignment of our new business processes to the key commitments of the OD Strategy

In 2020-21 Westernport Water implemented new HR and Payroll corporate systems as part of Phase one of the Corporate System Replacement. As a result of this implementation, the Corporation has undertaken a 2018-21 OD Strategy review. The review considered opportunities for maximising the benefits of the new systems and aligning those benefits with our approach to the areas of recruitment and onboarding and reward and recognition. The benefits of these new systems have allowed us to fine-tune our processes and provide more efficient management practices. Two additional modules are yet to be implemented and will see further improvements in the areas of learning and development and succession planning.

5 year financial summary

Profit and loss – summary	2020-21 \$ 000	2019-20 \$ 000	2018-19 \$ 000	2017-18 \$ 000	2016-17 \$ 000
Core revenue	22,990	22,227	21,790	20,420	20,086
Developer contributions and gifted assets	3,688	6,408	2,866	1,574	1,261
Other revenue ¹	1,047	898	831	811	806
Total revenue	27,725	29,533	25,487	22,805	22,153
Operating expenditure	10,798	10,906	10,284	9,063	8,383
Depreciation ²	6,749	6,667	6,242	6,089	6,518
Finance costs	238	263	285	347	350
Other expenditure ³	6,668	6,947	6,869	6,128	5,957
Total expenditure	24,453	24,783	23,680	21,627	21,208
Net profit before tax	3,272	4,750	1,807	1,178	945

Notes

1. Other revenue is derived from non service and non usage revenue and includes net gain on disposal of non-financial assets.
2. Depreciation includes impairment and amortisation.
3. Other expenditure includes net loss on disposal of non-financial assets.

Net profit

Net profit / (loss) before tax for the year was \$3.3M which was ahead of budget expectations. The key drivers of the improved result were higher than budgeted non-cash Capital revenue income and strong cost control over the financial year.

Revenue

Total revenue for the year was \$27.7M, a decrease of \$1.8M in non-cash revenue compared to prior year results. This is attributed to a decline in growth in Capital new developments compared to prior year however developments across the service area still outperformed annual budget expectations.

The underlying tariffs were increased in line with Essential Services Commission (ESC) approved guidelines of 2.19 percent. Water consumption was slightly below forecast levels due to the reduction in visitors to the area resulting from COVID-19 travel restrictions imposed throughout the year.

Expenditure

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. 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.

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 by Victorian General Valuer (VGV) in the 2020-21 year 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	2020-21 \$ 000	2019-20 \$ 000	2018-19 \$ 000	2017-18 \$ 000	2016-17 \$ 000
Current assets	5,485	7,433	9,876	9,075	6,681
Non-current assets	285,167	214,312	208,486	206,413	207,331
Total assets	290,652	221,745	218,362	215,488	214,012
Current liabilities	11,053	9,320	8,911	7,695	6,941
Non-current liabilities	51,009	35,917	39,266	40,370	40,410
Total liabilities	62,062	45,237	48,177	48,002	47,351
Net assets	228,590	176,508	170,185	167,486	166,661

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 \$9.2M against a target spend of \$8.2M which 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 Cowes Wastewater Treatment Plant Upgrade (CWTP) Stage 2. This \$4.7M project which is scheduled for completion in 2021-22 will provide additional treatment capacity at CWTP to meet future demand to 2036.

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 at this link: <https://www.budget.vic.gov.au/budget-papers>. There were no capital projects completed during the 2020-21 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 2020-21 accounts however, a National Tax Equivalent Regime (NTER) tax rate change from 27.5% to 26% as per AASB 108 was applied as at 1 July 2020, (refer note 8.1.1 of the Financial Statements).

Disclosure of grants and transfer of payments

Nil grants were received or paid during the 2020-21 financial year.

Subsequent events

On Tuesday 1 August 2021, the board appointed Ms. Dona Tantirimudalige as the new CEO. As a result of the appointment, Ms. Tantirimudalige will be the Accountable Officer for the Corporation from 1 September 2021. For further details see Note 9.3 to the Financial Statements.

On Friday 1 October 2021, Mr Rueben Berg was appointed as the new Chair. As a result of the appointment, Mr Rueben Berg will sign off as Chair for the Corporation from 1 October 2021. For further details see Note 9.3 to the Financial Statements.

Governance and organisational structure

Organisational structure and corporate governance arrangements

The Minister for Water

The Hon. Lisa Neville MP was the Minister for Water from 1 July 2020 to 30 June 2021. 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 from 1 July 2020 to 30 June 2021.

- 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 2021, 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 2021-26
- 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.

The following Board Directors were appointed by the Hon. Lisa Neville MP, Minister for Water for the duration of the 2020-21 reporting period.

From 1 July 2020 to 30 June 2021

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 is also Chair of Inverloch and District Financial Enterprises Limited (Inverloch Bendigo Bank). He was formally a director at City West Water, African Energy Resources Limited, ATEC Australia-International Limited and 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. Philip 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 board member of the Australian Communities Foundation. He is also a founder and director of the Indigenous Ultimate Association and the Chair of the Ultimate Rules Subcommittee 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 VicWater.

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.

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. Joanne is also a Board director at Taswater and was previously 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 MBA 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, leading investment strategy on climate change, diversity & inclusion and labour rights. He has worked for several years as an Executive 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 MBA 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 is Vice President 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 *Greenology* 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 the Chief Information Officer of ActewAGL, the primary energy supplier to the ACT and southern NSW. 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' prior 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) and a Bachelor of Arts. Annabelle is also a non-executive Director at Box Hill Institute.

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 2020-21, 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 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 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 from 1 July 2020 – 30 June 2021.

Board Members	Board ¹	ARC	SSIC	PDCC
Phil Clark (Chairperson)	9/9	4/5*	2/2	2/2
Peter Quigley (Managing Director)	8/9	4/5*	2/2*	1/2*
Chris Newton (Director)	9/9	5/5	N/A	2/2
Joanne Pearson (Director)	9/9	5/5	1/2*	2/2
Rueben Berg (Director)	8/9	4/5	2/2	N/A
Yvonne Dickson (Director)	8/9	N/A	1/2*	2/2
Leigh Berrell (Director)	9/9	5/5	2/2	N/A
Tanya Ha (Director)	9/9	3/5*	2/2	2/2
Annabelle Roxon (Director)	8/9	4/5	1/2	N/A

Notes

- Eight regular Board Meetings held, one additional Special Board Meeting held 15th December 2020.
- *Denotes attendance by a Director not a member of the Committee.

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 and has completed its implementation in 2021. 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 delivered on its commitment to implement the OD Strategy 2018-21, with 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 robust 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.

The Strategy is now complete with the exception of the succession planning action which will be developed into a stand-alone project.

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.

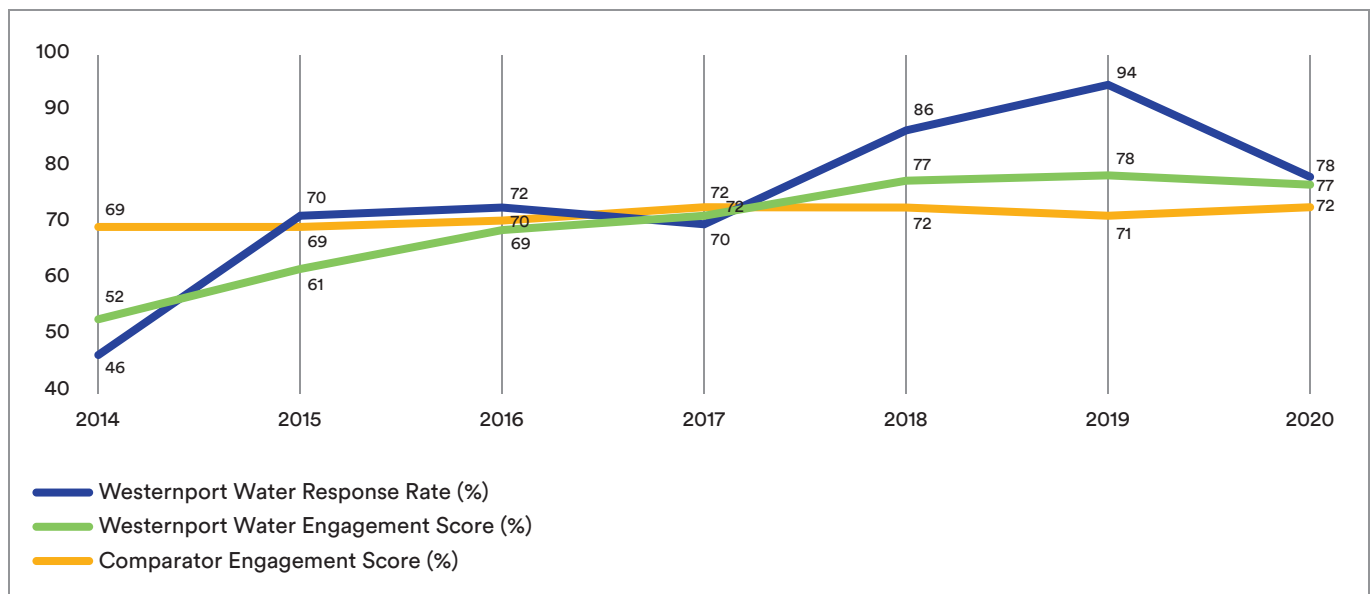
With the successful completion of the 2016-20 Diversity & Inclusion Plan, Westernport Water spent 2020-21 researching and developing a new three-year Diversity & Inclusion Strategy. The Westernport Water Diversity & Inclusion Strategy 2021-24 combines our learnings to date, the results of our Women in Leadership Review undertaken for us by Monash University, and the requirements of the new *Gender Equality Act 2020*.

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.

Celebration of our employees' abilities, qualities, achievements and years of service regularly takes place. In 2020-21, Westernport Water congratulated six staff members who reached an outstanding 10, 15 or 20 years of valuable service to the Corporation.

People Matter Survey participation and engagement scores 2014 to 2020 (%)



Note

1. Engagement scores have been lower than usual across the sector and this is largely attributed to the shift to working from home and less in person communications about the Survey.

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.

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. In September 2020 we launched our new HR Information System (SAP Success Factors) and refined our recruitment procedures to ensure increased accessibility to all applicants.

Governance training

The Governance Matters training program was delivered to all staff. The program featured subject matter experts from within the business as well as online training programs providing updates to staff on ICT information, cyber-security, the asset management cycle, value creation and contractor management obligations. 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 new four year agreement was successfully negotiated for 2021-25, 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 2020-21. The Corporation conducted a broad range of training programs, with a strong theme of diversity and leadership.

During the year:

- one trainee commenced a Certificate III in Conservation and Land Management due to be completed later in 2021
- one employee completed a Diploma in Conservation & Land Management funded by Westernport Water
- one employee continued study for a Graduate Certificate in Information Technology Systems partially funded by WPW
- all employees attended the three mandatory 'Governance Matters' training as a commitment to uphold the improved compliance culture
- all employees completed a range of internal system training to ensure competency in three new IT systems – CM9 - Content Management System (Records), SAP Success Factors (HR Information System) and ADP Payforce (Payroll/timesheet system)
- a wide range of WHS training was provided that covered off on both mandatory requirements and refresher and upskilling training including high risk activity training such as Jetta training for all operational employees
- a range of diversity training was conducted including targeted leadership training for female staff and Family Violence - MATE Bystander training
- two people leaders received coaching to enhance leadership skills
- one employee participated in the Women in Leadership Development Program (WILD)
- 'Leading Teams Through Change' training was provided to the leadership team and all new supervisors were put through 'New Supervisor' training, both facilitated by Swinburne University
- the Executive and Leadership teams completed an unconscious bias training workshop and coordinators and team leaders were provided online unconscious bias training
- four Customer Service Officers participated in 'Working with Challenging and Aggressive Behaviours'
- a range of business skill training was conducted including advanced Excel, conflict resolution, governance essentials, and time management
- a member of the Executive Team participated in DELWP's inaugural Insight Executive Leadership for Women in Water Program
- all employees were provided monthly wellbeing, interactive webinars throughout the year covering a range of topics ranging from positive parenting to sleep and your health.

Workplace health and safety (WHS) matters

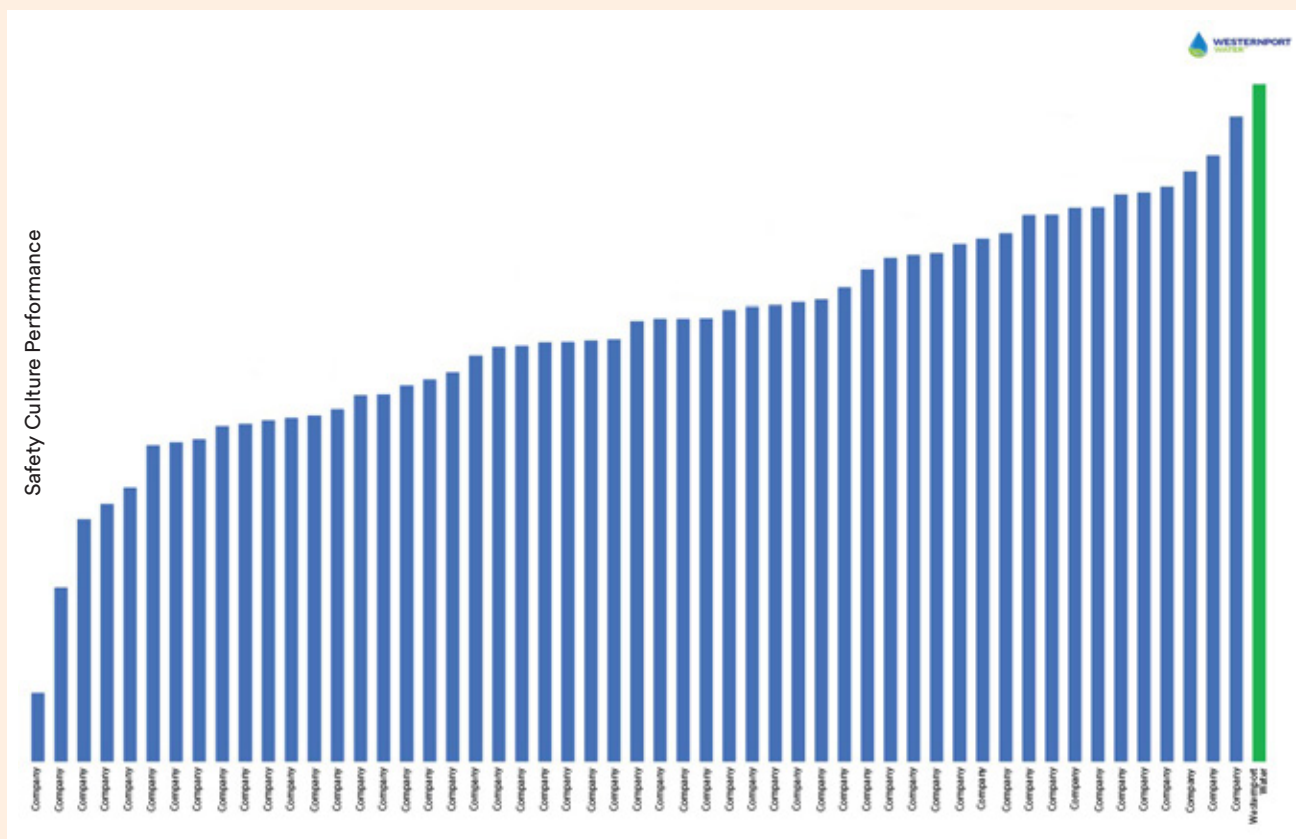
Westernport Water's WHS approach is to ensure **all staff go home safe and well**, every day. During a year that has seen a global pandemic, this has presented the additional challenge of home becoming the full-time work environment for many. Our staff embraced this challenge and adapted quickly and safely to working from home by undertaking ergonomic workstation assessments and the provision of office chairs delivered to individual's homes. As a result, there were no incidents or injuries reported by staff while working from home.

The final year of the WHS Improvement Plan was delivered in 2020-21 with the delivery of 14 initiatives that have improved the efficiency of our WHS system, promoted a safety culture through communication and consultation, and prioritised WHS training. These initiatives have provided the building blocks for the development of the WHS Strategy 2021-24, which is our blueprint for continuous improvement of safety performance and culture at Westernport Water.

Case Study – Our Safety Focus

Everyone home safe and well, every day.

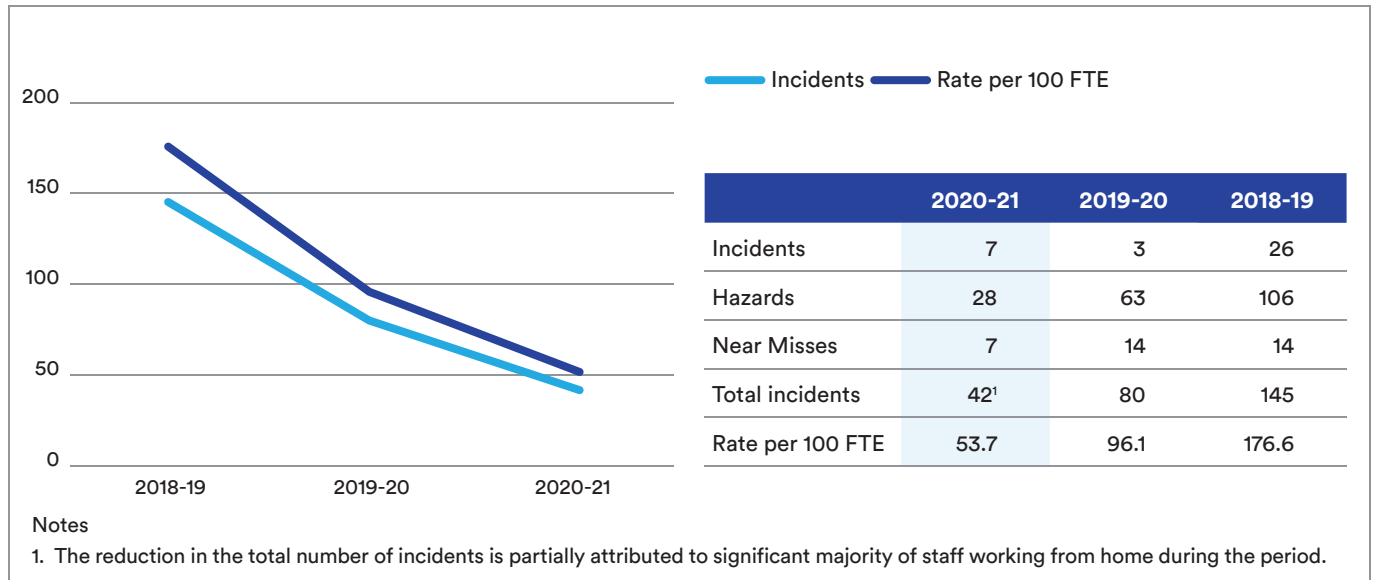
In 2021 staff participated in the Global Safety Index (GSI), Safety Culture Index Survey that measures and benchmarks an organisation's safety culture by objectively assessing the highlighted strengths and weaknesses. In comparison to the survey undertaken in 2019, there was a 16 percent increase in the participation rate and an overall increase in the Safety Culture Index score from 71.8 to 74.4. This represents progress towards a high performing rating (60-80 is sustainable and 80-100 is considered high performing). Westernport Water is currently ranked in top position when benchmarked externally with other water corporations participating in the survey.



Incident management

Included in the reported number of incidents, hazards and near misses, five incidents related to property damage or security breaches. In addition, seven high potential near misses were recorded during the period and Incident Cause Analysis Method (ICAM) investigations were conducted to ascertain and address the root causes to ensure appropriate corrective actions were applied. There were no incidents that required notification to WorkSafe Victoria, and no worker's compensation claims were lodged as a result of a reported incident.

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



WorkCover

In the 2020-21 period there were two worker's compensation claims lodged.

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

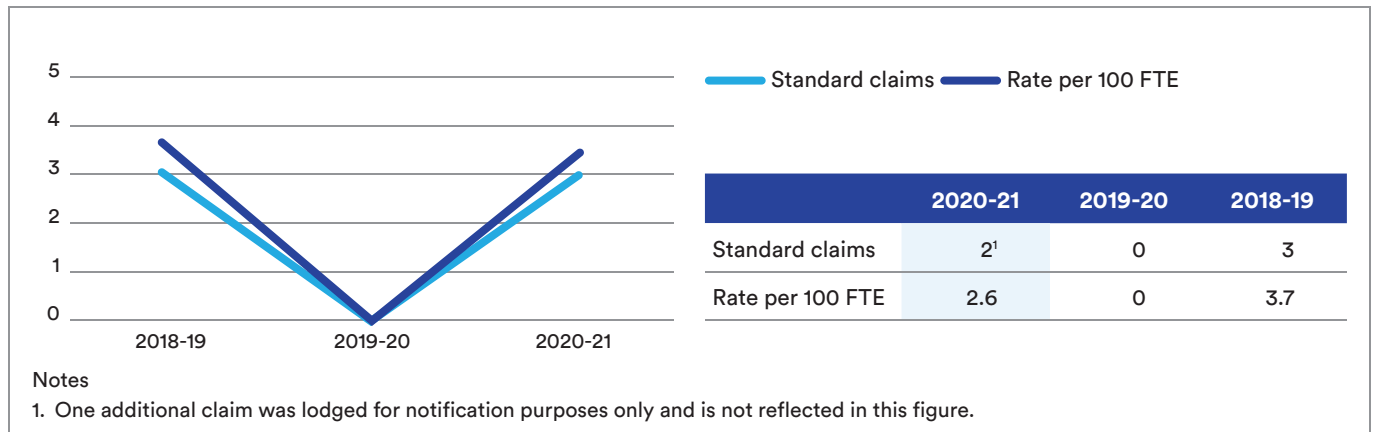


Figure 3: Lost time standard claims and rate per 100 FTE

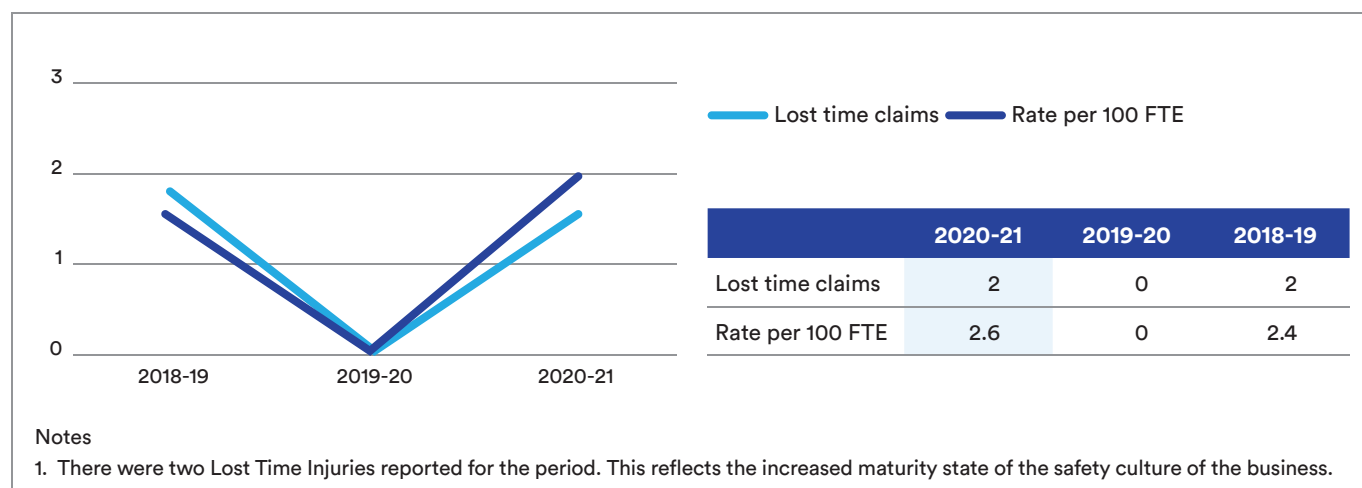
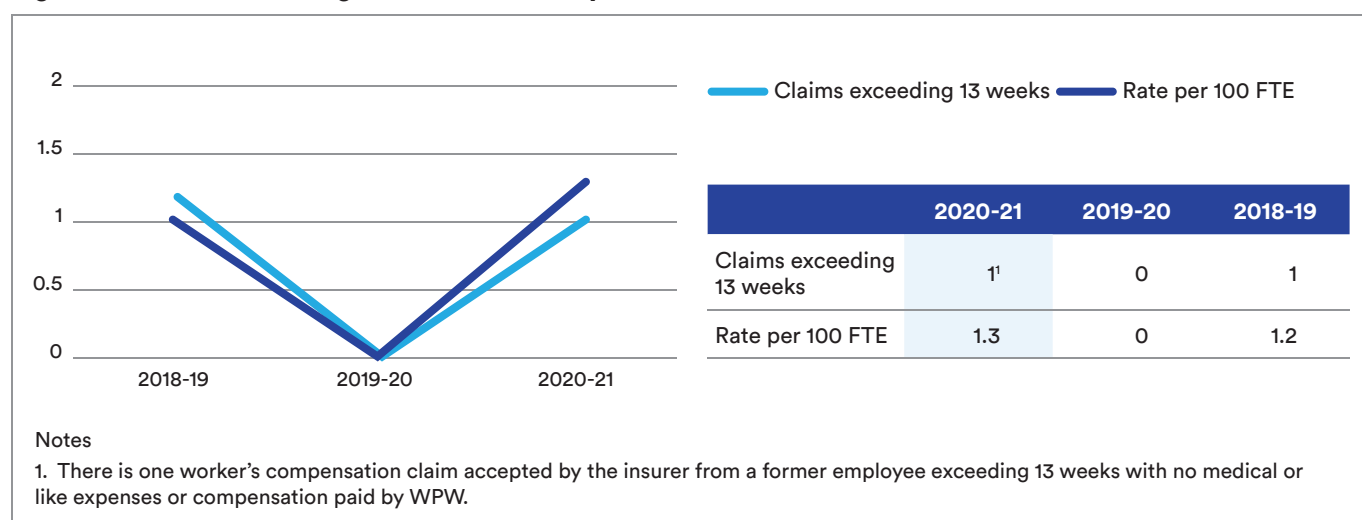


Figure 4: Claims exceeding 13 weeks and rate per 100 FTE



2021 Global Safety Index Safety Culture Survey

Safety Culture Index

74.4 Achieved highest score of all participating water corporations

Safety rules and procedures

Performance rating

62.3 Biggest improvement with increase from **53.1** in 2018

TRIFR

Total Recordable
Injury Frequency Rate



2020-21

10.87 up from **0** the year prior due to two lost time injuries

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

Westernport Water's performance against WH&S management measures

Measure	KPI	2020-21	2019-20	2018-19
Incidents	No. of Incidents / hazards / near misses ¹	42	80	145
	Rate per 100 FTE	53.7	96.1	176.6
Claims	No. of standard claims ²	2	0	3
	Rate per 100 FTE	2.6	0	3.7
	No. of lost time claims ³	1	0	2
	Rate per 100 FTE	1.2	0	2.4
	No. of claims exceeding 13 weeks ³	1	0	1
	Rate per 100 FTE	1.3	0	1.2
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim ⁴	\$0	\$0	\$41,033
Return to work (RTW)	Percentage of claims with RTW plan <30 days	0	0	33%
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	13	13	12
Risk Management	Percentage of internal audits/inspections conducted as planned ⁴	100%	100%	57%
	Percentage of reported incidents investigated ⁵	100%	100%	100%
	Percentage of issues identified arising from:			
	– internal audits	100%	100%	100%
	– HSR provisional improvement notices (PINs)	–	–	–
	– Work Safe notices	–	–	–
Training	Percentage of managers and employees that have received OHS training: ⁵			
	– induction	100%	100%	100%
	– management training	100%	100%	100%
	– contractors, temps, visitors	100%	100%	–
	Percentage of HSR's trained:			
	– acceptance of role ⁶	0%	25%	100%
	– re-training (refresher)	100%	–	–

Notes

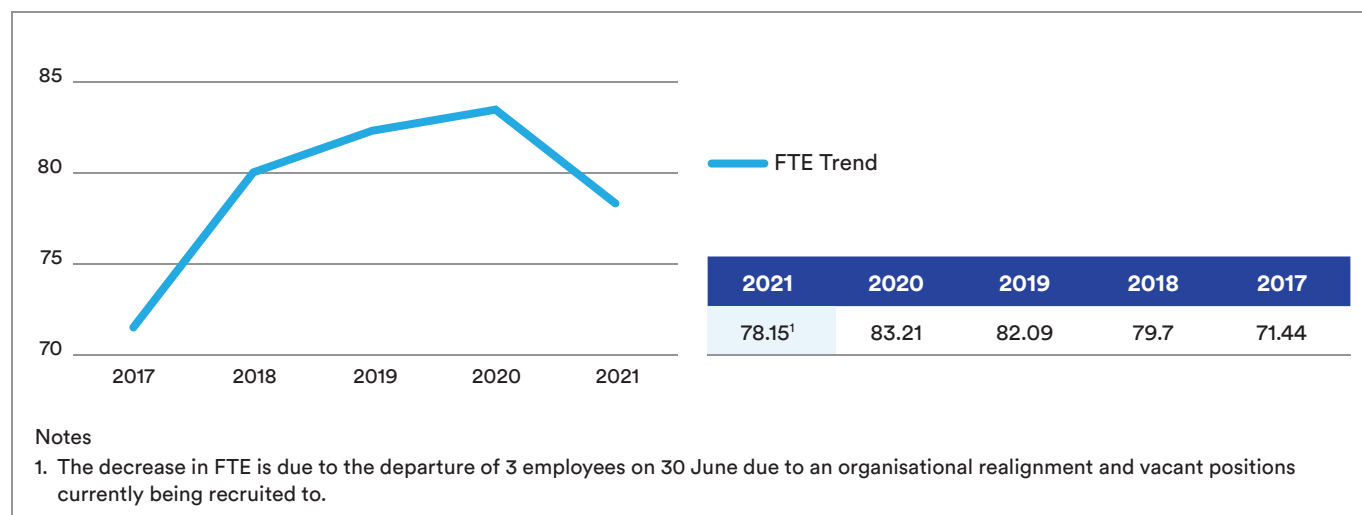
1. The increase in TRIFR is attributable to the number of reported incidents continues to decline and is an indicator of the increased safety maturity.
2. Two worker's compensation claims were lodged for the period. One additional claim was lodged for notification purposes only.
3. This relates to a former employee who has lodged a claim for an injury that occurred in 2019.
4. No medical or like expenses have been incurred or compensation paid to date for the current worker's compensation claims.
5. Our Rapid Global contractor and visitor management system includes an induction for all contractors, temps and visitors on arrival.
6. We had one new HSR commence in 2020-21. The five day full HSR training was scheduled however postponed to July 2021 due to COVID-19 restrictions. The HSR was provided with an internal training session by the WHS Senior Advisor as an interim measure.

Workforce data collections

Westernport Water experienced a decrease 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 2021. Employees have been correctly classified in workforce data collections.

Comparative workforce data - FTE employee trends for 2017-21



Classification	2020-21 ¹		2019-20	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive ²	4	4	4	4
Senior managers ³	15 ⁶	14.26	13 ⁶	11
Administration staff ⁴	37 ⁷	34.57	48 ⁷	42.58
Field staff ⁵	26 ⁸	25.32	25 ⁸	25.63
Total	82		90	83.21
Male	53	50.71	53	51.63
Female	29 ⁹	27.44	37 ⁹	31.58
Total	82¹⁰	78.15	90	83.21

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.
- An additional ongoing SEO position was created during 2020-21 and one fixed term SEO has been employed to support PS23 resulting in a minor adjustment to this figure.
- Two temporary administration based roles ceased and additional roles removed due to organisational realignments. Additionally employees on unpaid parental leave and other established vacant positions had not yet been filled resulting in a significant adjustment to this figure.
- Additional field staff positions were created as part of an organisational realignment resulting in a minor adjustment to this figure. A number of these are still currently vacant.
- The adjustment to this figure is due to the conclusion of temporary administration positions, employees on non-reportable unpaid parental leave and the removal of positions due to organisational realignments.
- Variation due to conclusion of temporary administration positions, employees on non-reportable unpaid parental leave, the removal of positions due to organisational realignments and current vacancies being recruited to.

Gender categories – June 2021

Gender	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
Women	29	27.44	20	4	23.31	5	4.13
Men	53	50.71	45	3	46.89	5	3.82
Self-described	0	0	0	0	0	0	0

Gender equity

As part of our commitment to an inclusive and diverse workplace, we are 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 exceeded our gender balance target, with a senior leadership team made up of 53 percent female employees. As part of the Diversity and Inclusion Plan, Westernport Water targeted the percentage of women in senior leadership roles to 50 percent by 2021¹.

The following table outlines Westernport Water's actual progress against the target in 2020-21 and 2019-20.

Workforce inclusion policy initiative	Target	Progress in 2020-21	Progress in 2019-20
Gender equity	By June 2020, 50% of senior leadership positions ¹ will be held by women	53% ¹ of senior leadership positions held by women	47% of senior leadership positions held by women

Notes

1. Senior leadership positions include those holding an executive or manager title.

Workforce inclusion policy

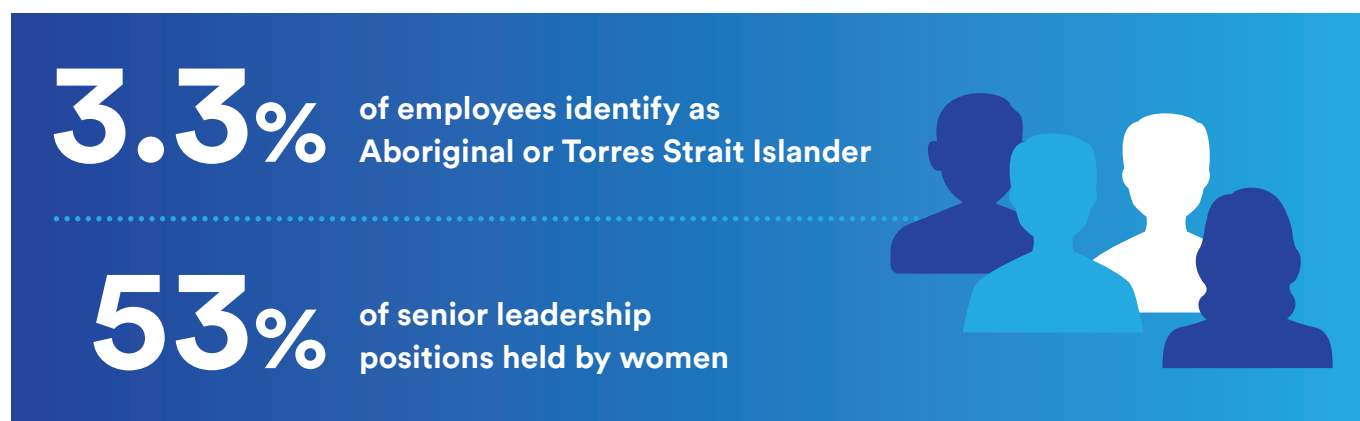
Westernport Water is working towards creating a balanced working environment where equal opportunity and diversity are valued. As part of the workforce inclusion policy, Westernport Water has a target of having 3% of our workforce who identify as being Aboriginal and/or Torres Strait Islander by 2024.

Workforce inclusion policy initiative	Target	Progress in 2020-21	Progress in 2019-20
Increase % employees who identify as Aboriginal and/or Torres Strait Islander ¹	Employees who identify as being Aboriginal and/or Torres Strait Islander: 3% ² by 2024	Employees who identify as being Aboriginal and/or Torres Strait Islander: 3.3%	Employees who identify as being Aboriginal and/or Torres Strait Islander: 4.1%

Notes

1. Total number of employees includes Board Directors.

2. Target has been set taking into account the temporary nature of Board Directors.



Details of employment in June 2020 and 2021

	June 2021			June 2020		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender						
Male	53	46.89	3.82	53	45.37	6.26
Female	29 ⁵	23.31	4.13	37	24.91	6.67
Age						
Under 25	3	2.00	1.00	2	2.00	2.00
25-34	8	7.00	1.00	9	7.13	3.00
35-44	24	19.15	3.13	21	19.84	4.04
45-54	19	18.63	0	19	18.26	3.26
55-64	24	20.79	2.19	22	21.31	0.63
Over 64	4	2.63	0.63	2	1.74	0
Classification¹						
Broadband 1	1	0	1.00	0	0	1.00
Broadband 2	13	11.47	0.63	14	12.86	2.63
Broadband 3	10	9.00	0.84	12	10.79	2.26
Broadband 4	15	12.84	2.00	11	10.31	3.42
Broadband 5	19	14.63	2.48	16	14.58	2.60
Broadband 6	5	5.00	0	6	6.00	0
SEO ²	15 ⁶	13.63	0.63	12	11.74	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 2021.
5. Decrease in female employees due to the cessation of temporary contacts, employees on unpaid parental leave, removal of positions due to organisational realignments and current vacant positions.
6. Increase in SEOs due to new Senior Engineer position and creation of temporary Senior Financial Advisor position.

Executive officer (EO) data

The following tables disclose the EO data of Westernport Water for 30 June 2021:

- 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

		2021	2020	2019
	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	–	11
\$160,000 – \$179,000	–	4
\$180,000 – \$199,000	1	–
\$200,000 – \$219,000	2	–
\$220,000 – \$239,000	–	–
\$240,000 – \$259,000	–	–
\$260,000 – \$279,000	1	–
Total	4	15

Water consumption and drought response

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. This year was different as the COVID-19 pandemic has caused tourism disruptions and impacted the demand for tourism. Although the tourism impact is not fully understood yet, we know that domestic mobility and the area's non-permanent accommodation occupancy rates have changed.

Per capita drinking water consumption in 2020-21 was 238 litres per day, an increase of 94 litres due to non-permanent residents relocating to their secondary place of residence in our service area for a significant portion of the year. This is evident in the number of primary address changes required during the reporting period.

The average residential household bills in 2020-21 were \$1,179, based on 87 KL of consumption. In comparison, larger water users paid \$1,409 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.

Household drinking water consumption (KL) – Residential

Quarter 1	284,127
Quarter 2	311,224
Quarter 3	466,553
Quarter 4 ¹	371,466
Total annual residential consumption	1,433,370

Notes

1. It is assumed that the increase in consumption is attributed to an increase of non-permanent residents moving to the area temporarily. This is supported by a large increase in change of address work orders.

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.

Customer satisfaction trends for drinking water

Satisfaction with drinking water

72%



61%

Do you receive value for money for services

XX%

Customers that drink tap water



Water consumption report

Water Consumption										
District Name	Residential Customers					Non-residential customers				Total number of customers (9)
	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)	
WPW district 2020-21	16,543	865	1,516 ¹	28	–	1,109	706 ²	55	–	17,652
WPW district 2019-20	16,169	694	1,414	22 ²	–	1,087	633	69	–	17,256

Water Consumption										
District Name						Non-revenue water				Total water (all sources) (12)+(16)
	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)		
WPW district 2020-21	2,222	83 ⁴	2305	2,060	3.52	0	126.48	130		2,435
WPW district 2019-20	2,047 ³	91	2,138	1,974	1	0	123	124		2,262

Notes

- The increase in domestic consumption may be attribute to larger volumes of people residing in the region on a more permanent basis and more people working from home consuming water.
- The upwards trend in non-residential consumption is likely attributed to business resuming operations following extended periods of lockdown.
- The increase in total potable water may be attributed to larger volume of water residing in the region on a permanent bases and the easing of restrictions.
- The reduced demand from non-domestic recycled water customers is due to wetter than average year reducing demand for outdoor watering.

Water quality performance against target 2020-21

Water quality indicator	2020-21 Actual %	2020-21 Target %	Target met	2019-20 %	2018-19 %	2017-18 %	2016-17 %
E. coli (% samples containing zero organisms per 100ML)	100	100	Yes	100	100	100	100
Turbidity (Nephelometric Turbidity Units, NTU)	100	100	Yes	100	100	100	100
Trihalomethanes (ug/L)	100	100	Yes	100	100	100	100

Notes

- 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”.
- 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”.
- 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 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 water availability. The Drought Preparedness Plan was not enacted in 2020-21, as the reservoir level remained above the drought response trigger.

Seasonal challenges

Challenges to water quality are generally related to naturally occurring algal blooms, mainly blue-green algae that can lead to distinctive taste and odour issues. Algal blooms are an ever present risk and remain a constant challenge because of the shallow nature of the reservoir. During December 2020 a bloom occurred which is earlier than is traditionally seen. This resulted in taste and odour impacts to a portion of our customers. Process improvements, coupled with a focus on treatment plant management allowed it to be resolved quickly.

Corporate water consumption

Water consumption at the Newhaven Office and the depot experienced a significant decrease from the previous year due to limitations on numbers of employees attending sites and working from home arrangements. Additionally, new water efficient appliances were installed which also contributed to the reduction.

Our sites water use was also monitored through the VicFacilities online tool. The tool identifies anomalies and sends alerts to site managers, providing early detection of any 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 a vital 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 percent to 35 percent by 2025 and 50 percent 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.

Westernport Water has extended the trial to supply Class B recycled water from the CWTP to a neighbouring farm to June 2023 to align with the pricing submission period. A total of 35.8 ML was supplied over the past three irrigation seasons of 2018-19, 2019-20 and 2020-21. A very wet summer in 2019-20 followed by another wet year over the 90th percentile saw usage drop from 21.9 ML in year one to 6.9 ML in year two to 7.0 ML in year three.

During 2019-20 Westernport Water purchased additional land adjacent to the KRWTP and CWTP, allowing for irrigation to be expanded across both sites to meet 2025 reuse targets. In 2020-21 a pivot was installed and commissioned at KRWTP which will be ready to irrigate in the upcoming irrigation season.

Indicator	2020-21	2019-20	2018-19	2017-18
W1. Total water consumption (kilolitres)	219	473	490	559
W2. Units of office water used per FTE (kilolitres/FTE)	2.8	5.6	6	7
W3. Units of office water used per office area (kilolitres/m2)	0.23	0.4	0.5	0.6

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

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 was at capacity on 1 July 2020 and 2,200 ML was spilled over 126 days during this period. In accordance with the environmental flow conditions of the BE, 142 ML was released. The environmental flow enhances the downstream creek environment, assisting the flora and fauna to remain healthy.

Bass River Bulk Entitlement was not used during 2020-21. Westernport Water complied with all conditions of the BE during the reporting period.

Greater Yarra System – Thomson River Pool Bulk Entitlement was used during 2020-21. 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 2020-21, South East Water and Westernport Water undertook reciprocal trades of 252.7 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 0.02 ML of water from the Greater Yarra System whilst the Victorian Desalination Plant was off. A total of 252.8 ML was extracted from the Greater Yarra System in 2020-21.

The latest information from the resource manager is that Westernport Water has a water allocation of 501.8 ML, a carryover of 3,748 ML, and a balance of available water of 4,250 ML (equivalent to 23 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 Order 1997 as at September 2015 ¹			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 ³	Amendment of programs
Tennent Creek	Candowie Reservoir	2,911	13.2	5.0 winter 0.1, summer 7.5 fresh	4,463	2,106	142	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	No	Nil

BE (Westernport – Bass River) Order 2009			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	0	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			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	253	4,250	Yes	Nil	Nil	Nil
			13.1(g)	13.1(h)	13.1(i)			
			New entitlement	Failure to comply	Difficulties and remedial actions			
			Nil	Yes	No			

Notes

1. Water storage level at 30 June 2020.
2. Daily flow in waterway must exceed 40 ML/d during any extraction periods.
3. Environmental flow released through the environmental flow pipeline.

Environment and social sustainability

Our RAP Working Group

Westernport Water's RAP Working Group (RWG) oversees progress towards meeting the obligations set out in 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 Corporation's 'Reflect' RAP, which concluded in May 2019. Westernport Water launched the first year of its two year 'Innovate' RAP in June 2020.

Westernport Water's RAP Working Group has both internal and external Aboriginal and Torres Strait Islander representatives and includes members from the Registered Aboriginal Party the Bunurong Land Council Aboriginal Corporation, Yowengarra Bun Wurrung Balug Clans Aboriginal Corporation (YBWBCAC), Traditional Custodians and local Aboriginal and Torres Strait Islander community members living on Bunurong Country as well as Westernport Water's Leadership Team and employees from across the organisation.



Uncle Eric Edwards and Uncle Anthony Egan - Sorry Day

Over the past year, engagement efforts have focused on strengthening relationships and completing deliverables and actions from the first year of our Innovate RAP. An Innovate RAP is stage two of four stages (represented in Reconciliation Australia's RAP framework) that focuses on developing and strengthening relationships with Aboriginal and Torres Strait Islander peoples, engaging staff and stakeholders in reconciliation, and developing and piloting innovative strategies to empower Aboriginal and Torres Strait Islander peoples.

The Bunurong Land Council Aboriginal Corporation

We acknowledge and respect Aboriginal and Torres Strait Islander Peoples as the first Australians. We provide services on the traditional lands of the Bunurong Peoples. Bunurong Land Council Aboriginal Corporation (BLCAC) is the Registered Aboriginal Party and represents the interests of Bunurong Traditional Owners. Appointed pursuant to the *Aboriginal Heritage Act 2006* (Vic) the BLCAC covers part of metropolitan Melbourne, the Mornington Peninsula, the Bass Coast and West Gippsland.

The BLCAC is an inclusive organisation that represents Bunurong people, their culture and heritage. The BLCAC provides a unified voice for its members and supports its people's cultural goals and aspirations. Westernport Water seeks to go beyond the minimum requirements of the Statute and the Act, to prioritise and protect the self determination of the Bunurong people, through the BLCAC and support their inherent cultural rights and aspirations for their people, lands and waters.

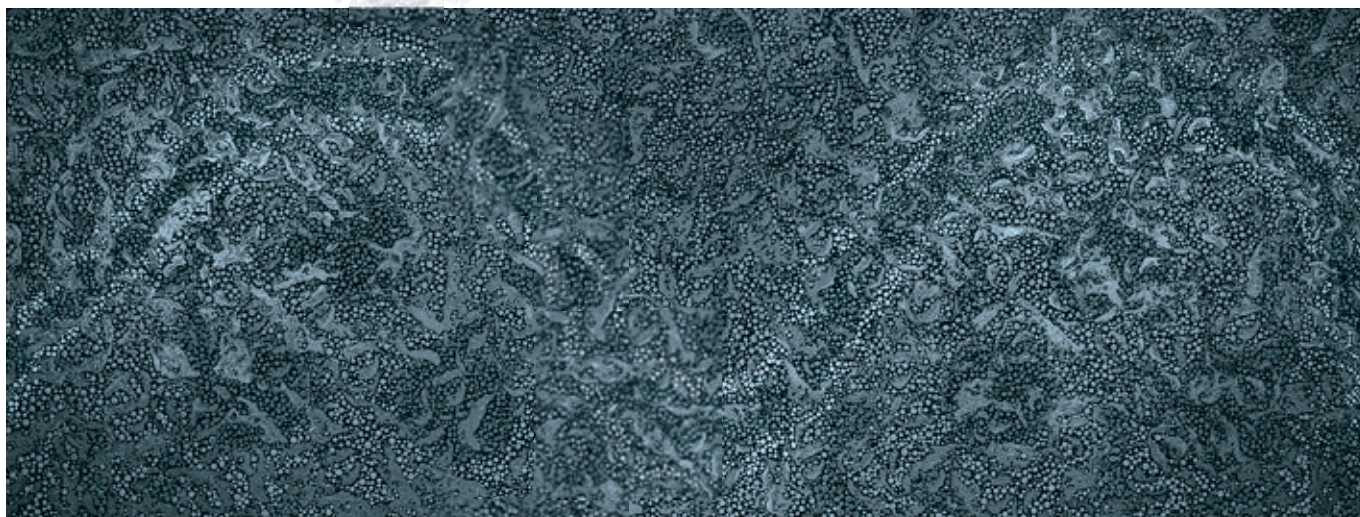
Recognising and managing for Aboriginal values

Under the Environmental Flows Project, Westernport Water is exploring the opportunity for greater recognition of Aboriginal Traditional Owners' connection to land and water. This project aims to support 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 aims to support the Victorian Government's commitment to recognise and manage for Aboriginal values as outlined in Water for Victoria. Efforts will focus on continued engagement with the Registered Aboriginal Party, the Bunurong Land Council, to progress the project.

Cultural heritage

Cultural heritage management plans are prepared by Westernport Water to protect and manage Aboriginal cultural heritage. During the reporting period, Westernport Water undertook three Cultural Heritage Due Diligence Assessments, more information can be found on pg. 66.



Clans Water Connection, art by Melissa McDevitt-Weston

Water sector opportunities for Aboriginal and Torres Strait Islander employees

A traineeship was developed by Westernport Water to enable working on country in the Environment & Product Quality Team. The traineeship involved completion of a Graduate Certificate in Conservation and Land Management through Trust for Nature. Work experience included land, water and farm management and experience with our strategic partners the Phillip Island Nature Parks and Barb Martin Bush Bank who assist in plant identification, with a particular focus on wetland plants.

Other leadership opportunities for Aboriginal and Torres Strait Islander employees included the completion of the Gippsland Community Leadership Program, and work experience as a wastewater treatment plant assistant.

Traditional Owner and First Nations Water Industry Working Group

The working group was formed to make sure the aspirations of the Bunurong people are highlighted in water strategies and planning in Bunurong Country and delivered in partnership with the relevant water corporations and government agencies. The working group comprises eight water corporations who meet bi-monthly to work together, share information and build capabilities and resources water corporations aim to facilitate greater change.

The Working Group priority focus areas are aligned to Water for Victoria. It ensures that water resources and waterways in Bunurong country are managed in a way that considers Bunurong cultural values and uses of waterways. Furthermore, it includes the need to support Bunurong people in water resource planning and the development and review of water strategies.

As statutory instruments required under the *Water Act 1989*, Sustainable Water Strategies are an important tool for the Victorian Government to work in genuine partnership with Traditional Owners to understand and set actions to achieve outcomes for Traditional Owners, including restoration of water rights. The Central and Gippsland Region Sustainable Water Strategy aims to reflect the value of water to the health, wellbeing and economic outcomes of Traditional Owners through enabling self-determination of water management.

Bass Coast Reconciliation Network

The Bass Coast Reconciliation Network (BCRN) has members from Bass Coast Shire Council, Bass Coast Health, Westernport Water, Phillip Island Nature Parks, Bunurong Land Council, Bass Coast South Gippsland Reconciliation Network and Aboriginal and Torres Strait Islander Community members. The BCRN was established in 2019 and seeks to create a shared future of recognition, opportunity and true partnerships with Traditional Owners and our Aboriginal and Torres Strait Islander community.

The BCRN is an action-based group of Bass Coast organisations committed to:

- sharing time, resources, and knowledge
- being a conduit for organisational and community networking
- building organisational and community knowledge and understanding of reconciliation
- driving positive social change
- presenting a united 'organisational' approach to reconciliation.

This year the BCRN was pleased to see organisations come together with community to acknowledge and celebrate important dates of significance for Aboriginal and Torres Strait Islander people, particularly under trying circumstances with a number of events and initiatives cancelled or postponed.

Event highlights supporting dates of significance

In January 2021, the BCRN contributed to a moving community commemoration of Tunnerminnerwait and Maulboyheener, held in Wonthaggi's Wishart Reserve. The ceremony was held by the Bass Coast South Gippsland Reconciliation Group to remember these freedom fighters, who were captured at Harmers Haven in 1842, and after being convicted of murder, became the first people hanged in Melbourne.

Hosted by the Bass Coast Reconciliation Network, corporations and community came together to acknowledge the strength of Stolen Generations Survivors and reflect on how we can play our part in the healing process. The event was held at the Cape Paterson Surf Lifesaving Club and provided an opportunity to gather in person to learn, heal and explore how each of us can contribute to achieving reconciliation.

Unfortunately due to restrictions, plans for a bridge walk and ceremony to celebrate National Reconciliation Week were postponed and shifted online. In spirit with the theme of the week, 'Reconciliation Takes Action: More than a word' we encouraged people to explore how we could contribute to reconciliation by being active participants.

In celebration of NAIDOC Week, Westernport Water supported the annual Bass Coast/South Gippsland Reconciliation Group Art NAIDOC Week Indigenous Art Exhibition, which showcases local Aboriginal and Torres Strait Islander artists. This year the exhibition was also made available in a virtual environment to support people to access the exhibition.

Community engagement

During the year many community engagement events and meetings were cancelled or postponed due to implications associated with COVID-19, however where possible, 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.

During the year our focus was on keeping our people informed and connected, while also reassuring our customers that their water was safe, that we would continue to provide their water and wastewater services to our usual high standard, and that support was available if they were experiencing financial hardship.

Pricing Submission 2023-28 (PS23) customer engagement preparations dominated the second half of the year. Planning focused on reviewing available data, models, forecasts, customer feedback and strategies, as well as engaging with subject matter experts to consider approaches for customer and community engagement in 2021-22. Our campaign 'Choose your water future' encourages customers to have their say and sets out to make sure that customers are given opportunities to determine what areas matter most.

Building on existing customer insights, we once again conducted an annual telephone customer satisfaction survey. The survey has been conducted in conjunction with Gippsland water corporations since 2014. By coming together, each organisation has realised savings and information obtained have enabled benchmarking of results and identification of opportunities for collaboration. Overall customer satisfaction was 93% down 1% on the previous year.

Education

During the reporting period, 12 educational engagements were delivered despite the limited opportunities and the cancellation of most tours or incursions during 2020-21. Despite the challenges, the team continued to strengthen relationships and make information available to education providers online.

Due to the continuation of restrictions, a total of 13 planned community engagement events were cancelled or postponed during the period.

Four campaigns that remain a focus for Westernport Water are: Choose Tap; Stop it. Don't block it; National Water Week; and Target Your Water Use.





Pivot irrigation KRWTP

The Victorian Water Efficiency Strategy (VWES)

adopted in 2017 continued during the year to bring focus to 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 Target Your Water Use (TYWU) campaign is a regional Victorian water efficiency program that highlights common programs across Victoria. The program provides useful information to regional Victorians to help them make informed decisions about how they use water 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 water efficiency programs and initiatives available during 2020-21 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 primary and secondary schools with data loggers linked to an online portal, giving 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 percent of schools in the service area continue to benefit from the program. During 2020-21, all eight local schools were notified a total of 72 times about higher than average water usage and possible leaks, saving 1.3 ML of water at a cost of \$2,800 (savings are lower than average due to COVID19 and school closures). Since 2012, schools have saved a total of 32.9 ML of water at a retail value of equivalent to \$51,800.

Choose Tap

Westernport Water is one of 20 businesses nationwide to sign on as partners to the Choose Tap Coalition to help spread the Choose Tap message around the country. The coalition includes councils and water corporations from around Australia united together under the Choose Tap brand. It allows for sharing of learning and experiences, resources and the ability to benefit from a consistent and recognised brand and message. The Choose Tap National Coalition provides a united platform to build a common brand that advocates the very product that we, as water utilities provide – tap water. Research has proven that messages are more effective when repeated. A consistent message increases trust and familiarity, clarity on what we stand for and offer, and increased recall and recognition. Some of the Choose Tap highlights for Westernport Water during the period include:

- installation of three water refill stations installed during the reporting period in local outdoor spaces in partnership with the Bass Coast Shire Council
- supporting students to return to the class room following periods of lockdown, by providing free reusable water bottles to ensure all students had convenient access to drinking water
- continuation of the grade prep water bottle initiative in all local schools and kindergartens, distributing 350 bottles in January 2021
- leading a change in direction of the South Coast Water Partnership to align with the Choose Tap campaign. The regional partnership includes two local Councils, South Gippsland Water and the health sector, who aim to promote benefits of drinking tap water within their businesses and communities.

National Water Week 2020

Partnering with educators from Victorian Water Corporations, Westernport Water and its employees provided significant contributions to the delivery of a weeklong online learning festival. The transition to online proved a success reaching over 36,000 people via social media advertising, communicating with over 13,000 teachers and schools via email, and saw over 4,000 participants watch the live and pre-recorded talks, lessons and tours.

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 2020-21 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 efficient behaviours.

Recognising recreational value

During the reporting period, the Corporation supported the delivery of 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 (both online and in person)
- delivery of combined community events
- installation of community water refill stations
- funding and support for the Phillip Island Community Orchard.

Sustainable and resilient water sensitive systems

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 Catchment Scale IWM Plan for the Western Port Catchment sets out clear indicators and measures to assess progress towards the delivery of the vision and strategic outcomes for the Catchment. The Plan includes outcome focussed targets that will guide and inform Government decision making and strategic investment of major infrastructure over the next 30 years. The Regional IWM Plan is a place based plan that includes opportunities across the water cycle to adapt to climate change, create and manage green open space and improve stormwater management.

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.

The Class A Recycled Water Treatment Plant remained offline over 2020-21 due to the combined impact from operational issues experienced at the treatment plant and a reduced demand from recycled water customers from higher than average rainfall. Westernport Water is preparing to have the plant operational before demand for recycled water commence in late 2021.

Class-B recycled water offers a lower class of recycled water suitable for pasture irrigation and livestock care on farms. Westernport Water has extended its 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 and the next pricing submission period.

Overall, across Westernport Water's two wastewater treatment plants, 126 ML of treated effluent was reused. This equates to 7.7 percent reuse of treated effluent in 2020-21, a decrease of 6.3 percent reuse achieved in 2019-20, which was also a lower than average year for recycled water use.

This reduction over the past two years is due to excessively high rainfall years, which resulted in Westernport Water requiring a wet weather discharge of recycled water from the KRWTP in accordance with its licence. This resulted in the discharge of 200 ML of treated effluent of a Class B recycled water quality to the local waterway Guys Creek. The discharge was permissible under Westernport Water's EPA licence due to the excessive wet conditions that exceeded a 90th percentile wet rainfall year. A comprehensive monitoring program was carried out throughout the discharge which was submitted to the EPA which found little impact to the receiving environment. This higher rainfall increased inflows to wastewater treatment plants by 17 percent over the past two years compared to the five year average and decreased the demand for irrigation water by commercial customers during the 2019-20 and 2020-21 summer and the Corporation's ability to irrigate its own land. A new pivot has been commissioned at KRWTP over 2020-21 which will be operational prior to the next season.

Recycled Water Grant Program

Following a new round of funding to support connection to the recycled water scheme, funds were awarded to the Cemetery Trust to assist in expanding its recycled water use to irrigate the cemetery grounds. The funding agreement has been signed and there are plans to install the infrastructure in September 2021.

Planning for the future

Increasing the irrigation capacity at the KRWTP 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. A new centre pivot was commissioned on this land in 2020-21 to increase the irrigation capacity from the KRWTP site in 2021-22.

Westernport Water also purchased 32.6 ha of land at Lot 1, Pyramid Rock Road, Cowes which adjoins the southern boundary of the Corporations CWTP. 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.

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 for up to three months and 259 hardship grants were awarded to customers experiencing hardship, an increase of 152 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. Due to COVID-19, the program was on hold for much of the reporting period, but three customers were assisted. There is \$15,507 remaining in the program for 2021-22.

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, \$28,423 of payments were granted to customers under the scheme.



Case Study

eNotices campaign

Incentivising customers to sign up to eNotices to receive bills online instead of in the mail proved effective.

Electronic billing is a safe, secure contactless service that helps customers keep on top of their bills by receiving accounts in one central location. Customers can login to view previous bills, make a payment or update details online anytime.

Since this channel is more efficient, better for the environment and more cost effective than traditional billing approaches, we now register new customers automatically for e-notices as the default billing option.

Over the two billing quarters from January to June 2021, 1,342 customers registered to receive their bills directly to their inbox - that's six percent of our entire customer base, or an uplift of 44 percent on registrations prior (2,985) to the incentive based initiative. Additional to this, Westernport Water has 1,433 BPay customers that do not require paper bills. Total customers that now receive their bills online as at 30 June 2021 is 5,760 or 26 per cent of all customers.



Value of community service obligation provided

Performance indicator	2020-21 (\$)	2019-20 (\$)	2018-19 (\$)	2017-18 (\$)	2016-17 (\$)
Concession rebates to customers	905,043 ¹	867,493	803,965	743,114	751,328
Rebates for not-for-profit organisations under the water and sewerage rebate scheme	32,626	27,889	28,470	28,660	28,695
Utility relief grant scheme payments	28,423	28,733	21,154	16,280	16,743
WPW hardship grants	15,507 ²	\$4,850	\$4,800	\$3,825	\$3,360
Water concession for life-support machines	0	0	0	0	0
Community Rebate Program	1,371	2,807	16,523	18,063	0
Industry and community sponsorship and donations, including in-kind support – real value to the community	50,531	64,451	57,171	61,230	63,247
Total community service obligation provided	1,033,501	996,223	932,083	871,172	863,373

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.

Sponsorship and community support was provided to 27 recipients during the 2020-21 period, supporting engagement and educational outcomes in our community. We also delivered twelve educational engagements, sponsored six community events and attended 33 community stakeholder engagements. During the reporting year, Westernport Water supported community-based activities and initiatives to the value of \$50,531.

Sponsorship was provided both financially and in-kind through the provision of goods and services. Our first Community Support Program (CSP) was launched during this period streamlining the application and review process. The 2020-21 CSP provided over \$30,000 to 12 local community not-for-profit organisations for projects or events that aligned with our commitment to support a more sustainable community. Key themes included *healthy people, healthy communities and healthy planet*, and at least one of the following six categories:

- water and wastewater literacy and education
- water conservation
- environmental wellbeing/sustainability
- health and liveability of our community
- social wellbeing of our community
- cultural heritage/Aboriginal water values



Community Support Program Recipients Phillip Island Landcare
– Urban Garden Program

Unfortunately, some supported events in 2020-21 were either postponed or cancelled due to COVID-19 as the events could not take place. Where possible we have rolled over support and re-booked for later dates.

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 is currently supporting an employee through a traineeship in Environment & Sustainability and employed a local graduate engineer for a two year development placement.

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 2020-21, Westernport Water completed adaptation actions such as the refinement of the sewer spill protocol, water resilience planning as part of the Urban Water Strategy development and carried out incident debriefs following power outages to understand how these impact on Westernport Water's operations. Westernport Water embedded a matrix assessing the contribution toward climate change mitigation and adaptation for projects in the next price period, which included how well the projects can provide for local resilience. Incident debriefs will be analysed in 2021-22 along with a review of the adaption plan considering alignment opportunities with DELWP's draft Water Cycle Climate Change Adaptation Plan 2022-26.

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, 77 percent

- water treatment plant, 16.4 percent
- office facilities and other activity such as waste disposal, 3.3 percent
- transport 3.3 percent.

GGE during 2020-21 increased by 244 t CO₂-e, or three percent from 2019-20 emissions. This is due to an increased load entering wastewater treatment plants from a combination of increased tourism to the region from COVID restrictions limiting interstate and international travel and the impact from a wet year in excess of 90th percentile rainfall. During wet weather events, stormwater ingress and inflow enter the sewerage network resulting in additional pumping and direct fugitive emissions from the additional water treated. Emissions from wastewater treatment increased by 300 tonnes from an even spread across direct (fugitive) emissions and electricity consumption from wastewater treatment in comparison to last financial year. There was an increase in renewable energy use from 0.93 percent to 2.2 percent as a result of the solar installations over 2019-20 and 2020-21. Further renewable energy use and emissions reduction will be evident in 2021-22 after an entire year of output from the 99.8kw solar installation in May –June in 2019-20.

GGE adjusted for 2019-20

Net GGE for 2019-20 were incorrectly reported in last year's 2019-20 Annual Report on page 47 as 6,629.7 tonnes CO₂-e due to incorrect grid emission factor conversions made at the time. The figure reported as 6,460 for GGE in Environment Performance Indicator Table of this Annual Report is correct.

Zero Emissions Water (ZEW) - A Victorian water sector initiative

Westernport Water is pleased to be an active partner in the Zero Emissions Water (ZEW) program. Partnering with 13 participating Victorian water corporations we receive a solar energy offtake from the Kiamal Solar Farm at Ouyen, Victoria's largest solar farm.

This renewable energy project is a major contributor towards meeting the emissions reduction targets of net-zero by 2030.

Purchasing as one large organisation means the water corporations will procure energy at a cheaper rate compared to going it alone.

Breakdown of GHG Emissions

Performance Indicator	Greenhouse gas emissions (t CO ₂ -e)				Variance	Commentary
	2020-21 projected emissions	2020-21 result				
		Scope 1	Scope 2	Total emissions		
Water treatment and supply		0.6	1,100.7	1,101.3		
Sewerage collection, treatment & recycling		2790.2	2374.1	5,164.3		
Transport		220.1	n/a	220.1		
Other		119	99.3	218.3		
Total Emissions (a)		3,129.9	3,574.1	6,704		
Self-generated offsets retired (b)						
Net Emissions (a-b)	5,974	3,129.9	3,574.1	6,704	12.2%	1

Notes

1. The variation in projected emissions to the actual emissions of 12.2 percent is largely due to increased volumes of wastewater entering the wastewater treatment plants from increased visitors to the region from the covid pandemic (limiting interstate and international travel) and wet weather events that cause additional wastewater volumes to enter the treatment plants. Inflow volumes are largely a result of storm water ingress 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 GGE 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 percent 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 2020-21, the Corporation delivered the following actions outlined in the strategy:

- Implementation of year three of the Emissions Reductions Pledge which included installation of 99.8kw solar panels at the CWTP. Solar panels are now installed at the Corporation's Newhaven Office, KRWTP, and Church Street Sewer Pump Station, with the largest 99.8kw solar system installed this year at the CWTP. The total project spend for the installation at the CWTP was \$268,900. Total investment in the Emissions Reductions Pledge Program over the five years to 30 June 2023 is estimated at \$411,000.

- Completion of level 2 energy audits at Westernport Water's greatest emitting sites – CWTP and IBWPP. This audit identifies opportunities for emissions reduction, with a focus on efficiency measures and equipment replacement to primarily reduce scope two emissions.
- Commenced the Smart Energy Strategy and Net Zero Road Map to provide a strategic pathway to net zero emissions under two scenarios; by 2030 and 2050. This work will provide the foundation for Westernport Water's next pledge target for 2030 and will provide an improved forecasting and predictive tool to support the emissions reduction pathway.

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

- Progressing the 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.
- Continued participation in the sustainability working group with strategic partners, BCSC and PINP, with a shared vision for increased renewable energy production on Phillip Island.
- Refinement of the sewer spill protocol and debrief following power outage incidents. The incidents will be used to improve Westernport Water's resilience planning for such events in future, crossing all business areas, which will be further analysed in 2021-22.
- Continued research into carbon sequestration and offsetting opportunities on Corporation owned land, such as through environmental plantings and investigation the potential for carbon storage in sediment below wetlands, referred to as teal carbon storage.

Energy consumption and renewable energy production

During 2020-21, the Corporation generated 2.2 percent of its total energy from renewable energy from the behind the meter solar installations at the Newhaven head office, KRWTP, Church Street sewer pump station and the CWTP. For the period there were no large scale generation certificates generated by Westernport Water, or sold or surrendered.

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	2019-20 result (MWh)	2020-21 result (MWh)	Commentary
Water treatment and supply	1,118.7	1,123.1	1
Sewerage treatment and management	2,180.7	2,422.6	2
Other (office, workshops, depots)	133.4	101.4	3
Total	3,432.7	3,647.1	

Notes

1. Similar energy consumption in water treatment and supply to last year.
2. Increase in sewerage treatment by 242 MWh due to increased pumping in network and increased load entering the wastewater treatment plants from increased tourism and wet weather inflows.
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	2019-20 result (MWh)	2020-21 result (MWh)	Commentary
1. Solar	32.1	75.61	1
2. Hydroelectric	–	–	2
3. Wind	–	–	2
4. Biogas	–	–	2
5. Green power	–	–	2
6. Other (retirement of RECs)	–	–	2
Total (b)	32.1	75.61	1
% renewable electricity=(b)/(a)*100	0.93	2.20	

Notes

1. Increased renewable energy in 2020-21 was due to completion of solar installations at all four sites. Greater performance in renewable energy is anticipated next financial year as the 99.8kw system at Cowes Wastewater Treatment Plant was only commissioned in May 2021.
2. There are no current renewable energy projects in these areas and there was no retirement of Renewable Energy Certificates in 2020-21.

Case Study

IWN Hydrovation Challenge

Westernport Water was the proud winner of the Intelligent Water Networks (IWN) 2020 Hydrovation Challenge for a proposal to assess carbon capture in a restored wetland at the King Road Wastewater Treatment Plant in Corinella.



Proposed wetland site at the KRWTP

The Hydrovation Challenge for 2020 provided Westernport Water with \$10,000 in seed funding to go towards the proposal presented and \$5,000 in funding for professional development.

Created by the IWN the Hydrovation Challenge celebrates innovation and searches for solutions to common challenges in the Victorian water sector through inventive thinking and practices. The IWN is a unique sector-wide partnership between 16 Victorian water corporations and the Victorian Department of Environment, Land, Water and Planning.

The proposal aimed to see if it was feasible to regenerate a wetland with recycled water at the KRWTP, and store carbon providing offset

opportunities and an overall net sink for carbon. There will be multiple potential benefits from the project such as improved biodiversity, habitat, water quality, and an improved scientific understanding of the capacity to store carbon in water, which is an emerging area of research.

The initiative also addresses a common challenge for the water industry in managing treated effluent and emissions produced from wastewater treatment plants.

The feasibility study has been completed and the project is now looking at a concept design for the wetland which will be followed by a business case in 2021-22.

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 (MPSG) 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 2020-21, Westernport Water commenced two Local Jobs First Standard projects totalling \$6.4 million. Of the two projects one in the Bass Coast Shire with a commitment of 91.03 percent local content, and the other was also located in the Bass Coast Shire, with a commitment of 92.46 percent local content.

The outcomes expected from the implementation of the Local Jobs First Policy to this project where information was provided are as follows:

- an average of 91.75 percent local commitment was made
- an average of 33 SME's, representing 69.99 percent of all suppliers engaged on this project, will be engaged in their supply chains
- a total of seventeen (17.62) standard employees were committed and retained
- a total of one (1.21) apprentice positions were committed and retained.

During 2020-21, Westernport Water completed one Local Jobs First Standard project totalling \$1.8 million. This project is in the Bass Coast Shire and had an average commitment of 87.1 percent local content.

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

- a 87 percent local commitment was made with 51 SME's, representing 66 percent of all suppliers engaged on this project
- a total of five (5) standard employees were supported and retained
- a total of two (2) apprentices and trainees were created.

Social Procurement Framework

Westernport Water is fully committed to supporting the Government's directions under the Social Procurement Framework (SPF) and we recognise that we play a key role in advancing social and sustainable outcomes for Victorians.

In 2020, Westernport Water developed a Social Procurement Strategy to enable a strategic, agency-wide approach on how it will deliver social and sustainable outcomes through procurement in accordance with the Social Procurement Framework and beyond.

In that Strategy, Westernport Water prioritised three SPF objectives as detailed in the table below, with associated reporting metrics. These SPF objectives were chosen based on their high degree of alignment with Westernport Water's strategic direction and values as well as being best positioned to advance our identified social procurement opportunities.

Objective prioritised	Outcome sought	SPF Reporting Metric
Opportunities for Victorian Aboriginal People	<ul style="list-style-type: none"> – Employment of Victorian Aboriginal people by suppliers to Victorian Government – Purchasing from Victorian Aboriginal businesses 	<ul style="list-style-type: none"> – Number of new suppliers that employ Victorian Aboriginal people – Number of Victorian Aboriginal businesses engaged
Sustainable Victorian social enterprise and Aboriginal business sectors	<ul style="list-style-type: none"> – Purchasing from Victorian social enterprises and Aboriginal businesses 	<ul style="list-style-type: none"> – Number of Victorian social enterprises engaged – Number of Victorian Aboriginal businesses engaged
Opportunities for Victorians with disability	<ul style="list-style-type: none"> – Employment of people with a disability by suppliers to Victorian Government – Purchasing from Victorian social enterprises 	<ul style="list-style-type: none"> – Number of new suppliers that employ Victorian people with a disability – Number of Victorian social enterprise businesses engaged

Achievements

- Westernport Water undertook capability and awareness activities to support our Social Procurement Strategic Plan
- To raise awareness amongst staff and potential suppliers, we improved on existing social procurement reporting templates in our request for quotation and tendering process.

While the three prioritised SPF objectives guide our procurement delivery, Westernport Water is committed to pursuing any opportunities to advance social and sustainable outcomes for Victorians.

To address Opportunities for Victorian Aboriginal People, we:

- continued to look for opportunities to increase the number of small-medium Aboriginal businesses engaged by Westernport Water
- included social procurement actions and commitments in the Corporations Innovate RAP
- continued to work and identify opportunities for the Aboriginal and Torres Strait Islander community through the Bass Coast Reconciliation Network.

To address Sustainable Victorian social enterprise and Aboriginal business sectors, we:

- developed an approved panel of Aboriginal businesses to conduct cultural heritage management plans and related activities
- participated in the VicWater Social Procurement working group to identify opportunities across the water sector
- communicated opportunities for procurement from Aboriginal and Torres Strait Islander businesses to staff.

To address Opportunities for Victorians with disability, we:

- developed a Disability Recruitment Strategy to complement our existing Recruitment and Selection Policy.

All individual procurement activities undertaken in 2020–21 fell within the 'below threshold' band of Victoria's Social Procurement Framework where social procurement approaches are encouraged but not mandatory.

Westernport Water will commence reporting on its progress against the SPF objectives using the reporting metrics detailed in the table above in subsequent annual reports.

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.

Westernport Water continues to comply with the requirements of the Competitive Neutrality Policy.

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

In 2020-21, there were eleven consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies was \$53,543 (excl. GST).

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

In 2020-21, there were sixteen consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies was \$801,014 (excl. GST). Details of individual consultancies can be found on the Westernport Water website and are outlined in the table on the following page.

Consultancies awarded 01 July 2020 to 30 June 2021

Consultant	Purpose	Start Date	Finish Date	Total Approved Project Fee \$ (ex GST)	Expenditure (\$) 2020-21 (ex GST)	Future Expenditure (\$)
Bunurong Land Council	Representation at meetings and cultural heritage assessments	Jul 2020	June 2021	10,490	10,490	0
DXC Red Rock Pty Ltd	Independent program review	Feb 2021	Mar 2021	24,000	24,000	0
DWF (Australia)	Workplace investigations and advice	Aug 2020	Feb 2021	19,472	19,472	0
East Gippsland Water	2020 Customer Satisfaction Survey	July 2020	Nov 2020	13,537	13,537	16,000 ¹
GHD Pty Ltd	Engineering Design	Jan 2021	Jun 2021	135,405	135,405	0
Janson Projects	Project consultant	May 2021	June 2021	12,420	12,420	0
Moray & Agnew	Employment advice	Dec 2020	June 2021	30,662	30,662	0
CMP Consulting Group Pty Ltd	Engineering Support Services for Capital Works	Jan 2020	June 2023	401,935	330,128	75,986 ²
Price Waterhouse Coopers	Accounting services	Jul 2020	June 2021	44,809	44,809	0
IMM Consulting	Trade waste site inspections	Mar 2021	May 2021	23,648	23,648	0
Ag-Challenge Consulting	Soil testing and farm consulting	Jul 2020	June 2021	12,725	12,725	0
Water Futures	Water quality event management	Nov 2020	Mar 2021	29,586	29,586	0
Resonance Consulting	Trade waste application advice	Oct 2021	Feb 2021	13,659	13,659	0
CEE Pty Ltd T/AS Consulting	Water quality monitoring	Oct 2020	Apr 2021	15,190	15,190	0
SMEC Australia	Engineering Support Services Capital Works	Sep 2020	Jun 2023	175,040	49,264	0 ³
StanTec Australia	Solar engineering consulting	Aug 2020	Aug 2021	36,019	36,019	0

Notes

1. Ongoing investment through the GRWA, annual investment will be approximately \$16,000.
2. Includes capital program consultancy work to be completed in 2021-22.
3. The SMEC listing is a consultancy contract with an estimated value of \$40,000 each year. However, there is no committed expenditure.

Government advertising campaign expenditure

In 2020-21, Westernport Water had 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 2020-21.

Information and Communication Technology expenditure

The Corporation undertook one ICT project or initiative during 2020-21 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. 23.

For 2020-21, total ICT expenditure of \$3,282,391, 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)	Capital expenditure CAPEX
(Total) \$1,444,481	(Total = Operational expenditure and Capital Expenditure) (\$1,837,910)	\$94,163	\$1,743,747
(\$,000) 1,444	1,838	94	1,744

Notes

1. ICT Project Operational Expenditure decreased in comparison to FY2019-20 reflecting a reduction in OPEX projects being completed.

DataVic Access Policy

Westernport Water will be reviewing categories of data sets under the DataVic Access Policy that will be made available for 2020-21.

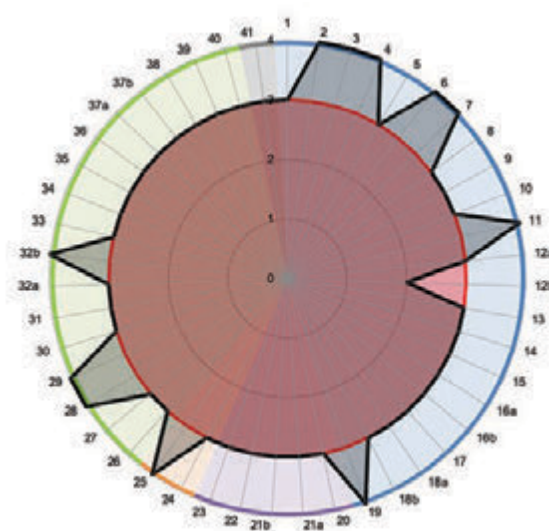
Asset Management Accountability Framework (AMAF) maturity assessment

The Department of Treasury & Finance (DTF) requires Westernport Water to complete a self-assessment of our asset management maturity every three years. To support this compliance requirement, Westernport Water participated in the 4-yearly Asset Management Customer Value (AMCV) project lead by the WSA. The primary goal of the AMCV 2020 project is to improve maturity (standard) of Asset Management within the water industry through the identification and promotion of leading practice, coupled with the identification of tailored improvement initiatives for each participant.

The graph illustrates Westernport Waters asset management maturity as of 1 July 2020 rated against the Maturity Rating Tool developed by DTF. The tool assesses the asset management maturity against AMAF requirements. This tool allows Westernport Water to:

- establish a target maturity level for the AMAF requirements (which may change over time)
- assess the system status and effectiveness of application for the AMAF requirements
- present evidence to substantiate an assessment
- consider whether a compliance deficiency is material
- outline remedial actions and a timeframe, where applicable.

Westernport Water's Asset Management Compliance & Maturity Rating



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

Target	■
Overall	■

Content	Description
Overall target maturity rating	Westernport Water's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.'
Performance against the target maturity – Leadership and accountability (requirements 1-19)	Westernport Water has met or exceeded its target maturity level under most of the requirements in this category. Westernport Water did not comply with requirement 12b - process for monitoring performance. The 2020 AMCV maturity assessment rated Westernport Water's maturity for requirement 12b as 'Developing'. However, it is considered that this does not have a material impact on Westernport Water's service delivery outcomes. Westernport Water has recognized performance monitoring as an area of improvement and therefore has been identified in our Strategic Asset Management Improvement Plan.
Performance against the target maturity – Planning (requirements 20-23) – Acquisition (requirements 24-25) – Operation (requirements 26-40)	Westernport Water has met or exceeded its target maturity level in these three categories.
Performance against the target maturity – Disposal (requirement 41)	Westernport Water has met its target maturity level in this category.

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 2020-21.

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 \$30.10 applies from 1 July 2021. 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/timeliness

During 2020-21, Westernport Water received no (zero) FOI applications.

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.

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.

Disability Act 2006

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.

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 the Energy and Water Ombudsman Victoria (EWOV) received nineteen complaints (0.88 complaints per 1,000 customers) four of these complaints were unassisted referrals and resolved by EWOV, eleven of these were assisted referrals that we were able to resolve and four required an investigation.

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 Public Interest 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.

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

Disclosures under the *Public Interest Disclosure Act 2012*

	2020-21 number	2019-20 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	0

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 2020-21, 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
- Reviewed the Catchment Condition & Rehabilitation Plan for the Candowie Catchment
- Commenced work arising from the successful grant application from Melbourne Water to plant 800 trees below the Candowie Dam wall
- 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 2020-21 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 involving planting 1,520 seedlings at CWTP to rehabilitate an area 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.

Sustainable Water Strategy (SWS) is 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.

During 2020-21, 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. Development of the next Urban Water Strategy commenced during 2020-21 which is due for submission in March 2022.

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 KRWTP as a high priority for establishing and/or maintaining vegetation buffers. A 400m section of Guys Creek within newly purchased land has been fenced to exclude stock and create a 10m wide vegetated buffer consistent with Melbourne Water advice. Future revegetation and associated works on Guys Creek are planned with a grant application submitted to Melbourne Water to cover the works.

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.

The **Environmental Reference Standard (ERS) 2021** is a new tool made under the *Environment Protection Act 2017*, which will come into effect on 1 July 2021. Specifically, the ERS identifies environmental values that the Victorian community want to achieve and maintain and provides a way to assess those values in locations across Victoria. The ERS is made up of 'reference standards', including ambient air, ambient sound, land and water (surface water and groundwater). Each reference standard identifies an environmental value. Most reference standards also have indicators and objectives. These tools help to assess if the environmental value is being achieved, maintained, or threatened.

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 was completed in 2020 which assessed the impact of the discharge of treated effluent from the CWTP at Pyramid Rock, assessing if Westernport Water meets requirements specified in SEPP (Waters) and other requirements specified by the EPA. As the ERS does not make any reference to a mixing zone, SEPP Waters 2018 is used to assess compliance within Westernport Water's mixing zone. Marine studies will continue to assess the condition of the mixing zone extending 200 m from the effluent discharge near Pyramid Rock.

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 undertook three Cultural Heritage Due Diligence Assessments for following projects.

- CWTP ground mounted solar system installation
- CWTP Stage 2 upgrade and
- Ventnor rising main extension projects.

Preparation of a mandatory Cultural Heritage Management Plan (CHMP) was not required under the Aboriginal Heritage Regulations 2018 for the Cowes WWTP ground mounted solar project and CWTP Stage 2 upgrade.

The Due Diligence Assessment for the Ventnor Rising main extension project has recommended as per the requirements in the Aboriginal Heritage Regulation 2018, a mandatory Cultural Heritage Management Plan and Westernport Water's Heritage Management Consultant is preparing the complex assessment for this project.

There is no requirement under the *Heritage Act 2017* to undertake an assessment of historical heritage of the subject area.

Environmental incidents are unplanned incidents that have the potential to impact on the environment or community. There were two environmental incidents in 2020-21, a small sewer spill of 100 litres in Wimbledon Heights that entered the stormwater roadside drain and an incident where sewerage had directly entered the stormwater system from an illegal stormwater connection to the sewerage network that had broken the sewer and stormwater pipework allowing sewerage to enter the stormwater pipe in San Remo. The issue was identified after odour complaints were received on 1 January 2021 where the source of the odour could not be found in Westernport Water's assets. After locating the source of the sewerage that had entered the underground stormwater pipework, a volume of 60,000 litres of

sewerage is estimated to have entered the stormwater system and into Westernport Bay. Both spills were immediately notified and reported to the EPA. Samples were collected at the receiving environment in San Remo and rectification works were carried out at the property that had allowed the sewerage to enter the stormwater network. Ocean samples did not show any adverse impact from the sewerage.

Wet Weather Discharge from King Road Wastewater Treatment Plant

The preceding 12 months from August 2020 experienced very high rainfall in excess of a 90th percentile wet year. This wet weather from August 2019 to 2020 meant that Westernport Water was approaching its water holding capacity of treated wastewater at the treatment plant from the inability to irrigate surrounding farmland due to wet ground and inability to lower the level in the storage lagoon the previous season from a wet summer. This resulted in the discharge of 200 ML of treated wastewater of a Class B recycled water quality to a local waterway, which is permissible under clause DW_2.8 of Westernport Water's EPA Licence. The discharge met the required operating conditions, such as water quality requirements, a dilution ratio of less than 1:5 and was carried out over a period of less than 120 days. A comprehensive monitoring program was carried out that monitored the water quality upstream, at the point of and downstream of the discharge and in the ocean at Westernport Bay. The monitoring program did not find an adverse impact on the environment which was provided to the EPA for their review.

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 2020-21 the Corporation completed the document updates identified in the Improvement Plan on a range of EMS Procedures and action plans. The EMS was also reviewed to assess its alignment to meet requirements of the **General Environmental Duty (GED)**, which is the main legislation that underpins the *Environment Protection Act 2017*, which will go live on 1 July 2021.

In 2020-21 the EMS will:

- focus on continuing the review of its alignment to meet requirements of the GED with revision made to the recently completed Aspects and Impacts Register, and
- focus on business implementation of the EMS including review of the EMS objectives and targets.

Office based environmental reporting

Westernport Water maintains one main office inclusive of a maintenance depot, supporting 78.15 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 2020-21, 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 2021-22 after comprehensive validation testing was completed in 2020-21.

Greener Procurement

Westernport Water's main areas of procurement are: contractors 28 percent; and goods and services 72 percent.

Examples of how Westernport Water 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 Westernport Water has developed or is using sustainability clauses or specifications include the:

- the Net Zero Emissions and Smart Energy Strategy
- supply and install of a pivot irrigator at KRWTP
- design, supply and install 99.6kW Solar at CWTP
- trade waste site inspections.

Procurement targets have been set for 2021-22:

- review and develop Westernport Water's procurement framework into a best-practise fit for purpose model that encapsulates the new guidelines and policy directives from the Victorian Government Purchasing Board (VGPB)
- further embed the Social Procurement Framework's practices into request for quote and tender documentation to better inform reporting and purchasing decisions.

2020-21 Performance report

Financial Performance Indicators

KPI No.	Key Performance Indicator	2019-20 Result	2020-21 Result	2020-21 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.	29.70	32.40	26.30	9.1	1a	23.2	1b
F2	Gearing Ratio Total Debt (including finance leases)/ total assets * 100	3.0%	2.4%	3.1%	-20.0	2a	-22.6	2b
F3	Internal Financial Ratio Net operating cash flow less dividends/ net capital expenditure * 100	60%	61%	81%	1.7	–	-24.7	3b
F4	Current Ratio Current assets/current liabilities (excluding long-term employee provisions and revenue in advance)	1.1	0.85	1.92	-22.7	4a	-55.7	4b
F5	Return on Assets (ROA) Earnings before net interest and tax/average assets x 100	2.2%	1.4%	0.4%	-36.4	5a	250.0	5b
F6	Return on Equity (ROE) Net profit after tax/average total equity x 100	2.5%	1.4%	0.3%	-44	6a	366.7	6b
F7	EBITDA Margin Earnings before interest, Tax, Depreciation and Amortisation/total revenue * 100	40%	37%	29%	-7.5	–	27.6	7b

Notes

- 1a Cash flow from operating activities is higher than prior year due to an increase in net cash flows in 2020-21 compared to 2019-20 and less reliance on short term borrowings.
- 1b Cash flow from operating activities remains favourable to target due to increased cash flow through improved collections processes. All cash funds are being held in an interest bearing account in preparation for future capital and operational expenses.
- 2a Total debt has increased from prior year however an increase in asset values resulting from the five year independent Valuer General Victoria (VGV) revaluation process resulted in higher than planned assets at year end.
- 2b Total debt was below target for the year. The increase in asset values due to the five year independent VGV process has contributed to the favourable result for 2020-21.
- 3b Net operating cash flows were lower than expected due to the timing of receivables and increases in capital expenditure budget due to the impacts of COVID-19 restrictions which has resulted in an unfavourable variance to budget.
- 4a & 4b Current assets have decreased at a higher rate than planned which has resulted in an unfavourable variance to prior year and target. This was largely attributed to a decrease in cash holdings compared to 2019-20.
- 5a Developer income received was less compared to 2019-20, resulting in an unfavourable result against prior year.
- 5b Return on assets favourable result to target is largely attributed to the increase in developer income received during the 2020-21 year against the budget and an increase in asset values due to the five year independent VGV process.
- 6a & 6b Return on equity increased from target due to a higher net profit for 2020-21 than planned however was unfavourable compared to prior year due to a decrease in developer income received during 2020-21 compared to 2019-20.
- 7b Higher than planned developer income against the target for 2020-21 has resulted in a favourable variance to target earning before interest, tax, depreciation and amortisation.

Customer Responsiveness Performance Indicators

KPI No.	Key Performance Indicator	2019-20 Result	2020-21 Result	2020-21 Target	Variance to prior year %	Notes	Variance to target %	Notes
CR1	Water quality complaints No. of complaints per 1000 customers	0.81	9.35	2.2	1,054.3	8a	325	8b
CR4	Billing complaints No. of complaints per 1000 customers	0.05	1.19	1	2,280	9a	19	9b

Notes

- 8a & 8b The unfavourable variance to the prior year can be attributed to a water quality event Westernport Water experienced in the Nov-Dec 2020 period causing some customers to experience discoloured and taste and odour issues. A contributing factor to the water quality event was high flows after COVID-19 restrictions were eased. This event was rectified in December 2020.
- 9a & 9b The unfavourable variance was due to lockdown restrictions where property owners who were not able to access their property questioned receiving a bill.

Water and Sewerage Service Performance Indicators

KPI No.	Key Performance Indicator	2019-20 Result	2020-21 Result	2020-21 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	1.7%	0.8%	9.3%	-50	10a	-91.4	10b
WS2	Interruption Time Average duration of unplanned water supply interruptions (minutes)	85.7	71.8	96	-16.2	–	-25.2	11b
WS3	Restoration of Unplanned Water Supply Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions * 100	93%	100%	100%	7.5	12a	0.0	–
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 & 10b Throughout 2020-21, due to our anticipation and/or judgement that a higher number of customers were working from home undertaking remote learning, self-isolating at home we aimed to utilise alternate supply if practical during emergency works or when possible to complete small repair works under pressure in cases where a fire hydrant point was available to purge water. While this created a more challenging and timely environment for the completion of works, it resulted in only reduced pressure to customer properties during the works and assisted in reducing customer interruptions.
- 11b Interruption to customers was largely caused by common failures on ageing infrastructure that didn't result in complex repairs or major shutdowns during the reporting period. Due to nature of failure, interruption time was favourable to target.
- 12a A favourable variance recorded. There were no unplanned water supply interruptions greater than five hours in this reporting period.

Environmental Performance Indicators

KPI No.	Key Performance Indicator	2019-20 Result	2020-21 Result	2020-21 Target	Variance to prior year %	Notes	Variance to target %	Notes
E1	Effluent re-use volume (ML) Percentage recycled for each category	14.0	7.4	25	-47.1	13a	-70.4	13b
E2	Total net CO₂ emissions Total Net tonnes CO ₂ equivalent	6,460	6,704	5,974	3.8	–	12.2	14b

Notes

- 13a & 13b. The unfavourable variance to reuse volume is attributed to a combination of the impact of a high rainfall year (in excess of 90th percentile wet year) which required the discharge of treated effluent from the King Road wastewater treatment plant to a local waterway which is permissible under Westernport Water's license, reduced demand for irrigation and the fact the Class A recycled water treatment plant remained offline due to operational challenges.
- 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 from the combined effect of increased visitors to the region and wet weather also causing a negative impact on reuse. GHG emissions are planned to get closer to target in 2021-22 based on having a year of solar panels in operation at CWTP and implementation of efficiency measures identified in the level 2 energy audits at CWTP and IBWPP – Westernport Water's two highest emitting sites.

Certification of Performance Report

We certify the accompanying Performance Report for Westernport Region Water Corporation in respect of the 2020-21 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 2020-21 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.



Rueben Berg
Chair
Westernport Water



Dona Tantirimudalige
Managing Director
Westernport Water



Kathy Hawke
Chief Finance Officer
Westernport Water

Dated this 4th day of October 2021

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 2021, 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 for the year ended 30 June 2021 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
7 October 2021



Paul Martin
as delegate for the Auditor-General of Victoria

Financial Statements for the year ended 30 June 2021

Westernport Region Water Corporation has the pleasure in presenting its audited general-purpose financial statements for the financial year ended 30 June 2021. It is presented in the following structure:

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Comprehensive Operating Statement

For the financial year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue			
Revenue from contracts with customers	2.1	27,322	29,073
Interest income		8	71
Other income		229	389
Total Revenue		27,559	29,533
Expenses			
Depreciation and impairment	4.1.1	6,458	6,557
Amortisation	4.1.3	77	110
Employee benefits	3.1.1	8,603	8,413
Direct operational expenses	3.2	1,286	1,260
Repairs and maintenance expense	3.3	963	1,167
Environmental Contributions	8.2	1,080	916
Interest expense	6.1.2	238	263
Administrative and other operating expenses	3.4	5,535	6,031
Total Expenses		24,240	24,717
Net result from transactions		3,319	4,816
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets	4.1.4	166	(66)
Impairment of infrastructure, property plant and equipment	9.2.1	(213)	-
Total other economic flows included in net result		(47)	(66)
Net result before tax		3,272	4,750
Income tax expense	8.1.1	398	385
Net result for the period		2,874	4,365
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Change in asset revaluation surplus	9.1.1	64,909	-
Income Tax relating to these items	8.1.1, 9.1.1	(16,876)	-
Movement in revaluation reserve due to tax rate change	9.1.1	1,175	1,958
Total comprehensive income for the period		49,208	1,958
Comprehensive result		52,082	6,323

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

Balance Sheet

As at 30 June 2021

	Notes	2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.2	1,064	4,189
Receivables	5.1	2,885	1,838
Contract assets	5.2	796	701
Inventories		447	416
Biological Assets		205	117
Prepayments		88	172
Total current assets		5,485	7,433
Non-current assets			
Receivables	5.1	47	53
Infrastructure, property, plant and equipment	4.1.1	284,380	213,585
Intangible assets	4.2	735	674
Investment in Zero Emissions Water (ZEW) Ltd	5.5	5	-
Total non-current assets		285,167	214,312
TOTAL ASSETS		290,652	221,745
LIABILITIES			
Current liabilities			
Payables	5.3	3,973	2,730
Contract liabilities	5.4	3,327	2,445
Interest bearing liabilities	6.1	1,500	1,000
Employee benefits	3.1.2	2,191	2,136
Current tax payable	8.1.1	62	1,009
Total current liabilities		11,053	9,320
Non-current liabilities			
Interest bearing liabilities	6.1	5,440	5,690
Employee benefits	3.1.2	408	374
Deferred tax liabilities	8.1.2	45,161	29,853
Total non-current liabilities		51,009	35,917
TOTAL LIABILITIES		62,062	45,237
NET ASSETS		228,590	176,508
EQUITY			
Contributed capital		51,323	51,323
Reserves	9.1.1	106,005	56,797
Accumulated surplus		71,262	68,388
TOTAL EQUITY		228,590	176,508

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 2021

	Contributed Capital \$'000	Reserves \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 1 July 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
Net results for the period	-	-	2,874	2,874
Total other comprehensive income for the period	-	49,208	-	49,208
Closing Balance at 30 June 2021	51,323	106,005	71,262	228,590

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 2021

	Notes	2021 \$'000	2020 \$'000
Cash Flows from Operating Activities			
<i>Receipts</i>			
Service and usage charges/Revenue from Contracts with Customers		22,222	22,342
Interest received		8	70
Developer contribution fees		347	406
Goods and Services Tax received from the ATO		1,348	1,133
Other receipts		3,080	2,986
<i>Payments</i>			
Payments to suppliers and employees		(19,196)	(19,986)
Interest and other costs of finance paid		(173)	(205)
Income taxes paid		(1,738)	(1,954)
Environmental contribution levy paid		(717)	(916)
Net cash inflow from Operating Activities	6.2.2	5,181	3,876
Cash Flows from Investing Activities			
Payments for new infrastructure, property, plant and equipment		(8,703)	(6,414)
Proceeds from sale of infrastructure, property, plant & equipment		146	-
Net cash outflow from Investing Activities		(8,557)	(6,414)
Cash Flows from Financing Activities			
Proceeds from borrowings		1,250	1,190
Repayment of borrowings		(1,000)	(1,190)
Net cash outflow from Financing Activities		250	-
Net (decrease)/increase in cash and cash equivalents		(3,126)	(2,538)
Cash and cash equivalents at the beginning of the financial year		4,189	6,727
Cash and cash equivalents at the end of the financial year¹	6.2.1	1,064	4,189

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

Note

1. All cash flow at year end remains invested in the Central Banking System (CBS) account.

1. About this report

Introduction

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 2021. 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 annual financial statements were authorised for issue by the Board on 04 October 2021.

The principal address is:

Westernport Region Water Corporation
2 Boys Home Road
Newhaven VIC 3925

Significant events or factors

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

Basis of Preparation

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

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

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

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

Functional and presentation currency

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

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over 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.

Comparative information

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

Accounting estimates

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

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

Significant judgement and estimation area	Note number
Accrued water usage charges	5.2
The fair value of land, buildings, infrastructure, plant and equipment	4.1
Estimation of useful life	4
Impairment of assets	4
Employee benefit provisions	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	3
Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15) or AASB 1058 <i>Income of not-for-profit entities</i> (AASB 1058)	5.2 5.4
The timing of satisfaction of performance obligations	2.1.1
Determining transaction price and amounts allocated to performance obligations	2.1.1
National Tax Equivalent Regime (NTER) tax rate change as per AASB 108	8.1.1

COVID-19

The Novel Coronavirus (COVID-19) outbreak first reported in late 2019 is currently having an unprecedented health and economic impact both internationally and domestically. To reduce the spread of the virus, a series of public health measures were imposed across the world and in Australia, including travel restrictions, a nation-wide call to work from home and significantly reduced levels of activity in both the economy and community. In response to the global health pandemic, the Federal and State governments have been providing a number of economic stimulus packages and policies in support of Victorian families and businesses.

The consequential impacts on the Corporation have included, but are not limited to:

- ensuring a strong response and putting provisions in place to continue to provide essential water and sewerage services for customers
- support for employees transitioning to working from home
- uplifting our IT network capability to support remote working
- supporting customers experiencing financial difficulties through arrangements such as our hardship program, more time to pay arrangements and payment plans
- providing support to our trade waste customers and commercial tenants who are experiencing financial hardship.

For the year ended 30 June 2021, the Corporation recognised a net profit of \$2.9M. The Corporation's net assets as at 30 June 2021 were \$228.6M. The Corporation has \$1.1M of resources comprising cash and cash equivalents, other highly liquid assets and unused credit lines available at the date of authorisation of these financial statements.

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

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

Further COVID-19 related disclosures have been added to this financial report to reflect management's judgements and assessments can be found in note 9.3.

Compliance information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable *Australian Accounting Standards* (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting* (AASB 1049). Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

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.

2.1 Revenue from contracts with customers

	Note	2021 (\$'000)	2020 (\$'000)
Revenue from service and usage charges	2.1.1	22,990	22,227
Developer contributions	2.1.2	3,688	6,408
Other revenue	2.1.3	644	438
Total revenue from contracts with customers		27,322	29,073

2.1.1 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 \$27.3M (2020: \$29.1M). This consists of revenue from service and usage charges of \$22.99M (2020: \$22.3M), Developer contributions of \$3.7M (2020: \$6.4M) and other revenue of \$644k (2020: \$438k).

2.1.1 Revenue from service, usage and trade waste charges

	2021 (\$'000)	2020 (\$'000)
- Water usage charges	4,201	4,027
- Water service charges	7,654	7,415
- Sewage usage charges	10,964	10,621
- Sewage disposal charges	26	25
- Trade waste charges	123	112
- Recycling water charges	22	27
Total Revenue from service, usage and trade waste charges	22,990	22,227

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

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (trade waste and recycled water, water and sewerage)	Service charges are recognised as revenue when the services have been provided or service charge has been made. Service charges are billed in advance and recognised evenly throughout the financial year to reflect continuous service being provided to customers. Service charges are based on fixed fee for access to water, recycled water and sewerage disposal. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.
Usage charges, Disposal charges - sewerage	Water usage and sewer disposal charges are recognised as revenue when water is consumed by customers, and sewage waste is disposed by customers. Meter reading is undertaken progressively during the year and are billed quarterly in arrears. An estimation of usage and disposal charges is made at the end of each accounting period for connection where meters were not read at balance date. This is calculated by determining the level of billable service provided multiplied by the cost of each service. The charges are payable within 28 days. At balance date, any portion of service charges that is billed in advance and the performance obligation is not satisfied, is recognised as contract liabilities (refer note 5.4). The charges for fully satisfied performance obligations that are unbilled at year end that are estimated and contract assets are recognised (refer note 5.2).	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised at a point in time.
Recycled water charges	Recycled water charges are all recognised as revenue over time as the performance obligation is satisfied. The Corporation measures these charges based on the regulated prices and the volume of water consumed by customers, and sewage and trade waste disposed by customers. The charges are payable within 28 days.	Revenue is recognised over time as service is provided

2.1.2 Developer contributions

	2021 (\$'000)	2020 (\$'000)
Developer contributed assets	3,028	5,287
New customer contributions	660	1,121
Total Developer contributions	3,688	6,408

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	<p>Developer contributed assets arise when developers pay for the cost of construction of new infrastructure assets and subsequently gift these assets to the Corporation to maintain in perpetuity.</p> <p>Depending on the type of developer application, this can result in the performance obligation being satisfied:</p> <ul style="list-style-type: none"> - when the Statement of Compliance is issued to the customer, or - when the customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued. <p>Revenue is recognised at the fair value of the gifted assets by assessing the value of the works using schedule of rates.</p>	Revenue is recognised at a point in time.
New customer contributions	<p>New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop 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.</p> <p>Depending on the type of new customer contribution application, this can result in the performance obligation being satisfied at a point in time when the Corporation satisfies its performance obligation. This will vary depending on the type of application submitted by the customer. As a result, a performance obligation can be satisfied when:</p> <ul style="list-style-type: none"> - the Statement of Compliance is issued to the customer; or - the customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued; or - the customer receives consent from the Corporation to proceed with their application. <p>The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission.</p>	Revenue is recognised at a point in time.

2.1.3 Other revenue

	2021 (\$'000)	2020 (\$'000)
Revenue from other services rendered	533	321
Works and Services provided to third parties	111	117
Total other revenue	644	438

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fees and charges	Revenue is recognised when the Corporation has completed its performance obligations. Fees and charges represent a variety of services provided by the Corporation such as processing of application fees and making new connections or alterations to the corporation's network. The Corporation uses pricing principles to calculate the price of individual services rather than direct regulation by the Essential Services Commission. The charges are payable within 28 days.	Revenue is deferred and recognised over the period over which goods and services are provided to the customer.
Works and services provided to other third parties	Revenue is recognised when the Corporation has completed its contractual obligations. Revenue represents charges for services to third parties such as the collection of drainage and parks rates on behalf of Melbourne Water and the Department of Environment, Land, Water and Planning respectively. The charges are payable within 28 days.	Revenue (e.g. commissions or fees) is recognised on a 'net' basis, and over time, when the Corporation is acting as an agent on behalf of third parties who provide the service to the customer.

2.1.4 Timing of recognition of revenue from customers

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

2020	Service charges-water	Usage charges-water	Service charges-sewerage	Disposal charges-sewerage	Disposal charges-trade waste	Recycled water charges	Developer contributed assets	New customer contribution	Other revenue	Total revenue with customers
At a point in time	-	-	-	-	112	-	5,287	1,121	438	6,958
Over time	7,415	4,027	10,621	25	-	27	-	-	-	22,115
Total	7,415	4,027	10,621	25	112	27	5,287	1,121	438	29,073
2021	Service charges-water	Usage charges-water	Service charges-sewerage	Disposal charges-sewerage	Disposal charges-trade waste	Recycled water charges	Developer contributed assets	New customer contribution	Other revenue	Total revenue with customers
At a point in time	-	-	-	-	123	-	3,028	660	644	4,455
Over time	7,654	4,201	10,964	26	-	22	-	-	-	22,867
Total	7,654	4,201	10,964	26	123	22	3,028	660	644	27,322

3. The cost of delivering services

Introduction

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

3.1 Expenses incurred in delivery of services

	Note	2021 (\$'000)	2020 (\$'000)
Employee benefit expenses	3.1.1	8,603	8,413
Direct operating expenses	3.2	1,286	1,260
Repairs and maintenance	3.3	963	1,167
Operating expenses	3.4	5,535	6,031
Total expenses incurred in delivery of services		16,387	16,871

3.1.1 Our people

3.1.1 Employee benefits – comprehensive operating statement

	2021 (\$'000)	2020 (\$'000)
Employee Benefits		
- salaries and wages	5,905	5,835
- annual leave	676	632
- long service leave	86	244
- employer superannuation contributions	707	710
- employer superannuation contributions – defined benefits	40	39
- payroll tax ¹	140	208
- termination benefit	83	-
- other	966	745
Total employee benefit costs	8,603	8,413

Note

1. Variance in payroll tax reflects State Revenue Office (SRO) rate reduction from 2.425% in FY2020 to 2.02% in FY2021

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

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

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

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

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.

	2021 (\$'000)	2020 (\$'000)
Current provisions:		
<u>Annual leave (and RDO)</u>		
Unconditional and expected to settle within 12 months	666	668
Unconditional and expected to settle after 12 months	314	246
<u>Long Service Leave</u>		
Unconditional and expected to settle within 12 months	109	102
Unconditional and expected to settle after 12 months	826	844
<u>Provisions for on-costs</u>		
Unconditional and expected to settle within 12 months	134	134
Unconditional and expected to settle after 12 months	142	142
Total current provisions for employee benefits	2,191	2,136
Non-current provisions:		
Long Service Leave - conditional	362	330
On-costs	46	44
Total non-current provisions for employee benefits	408	374
Total provisions for employee benefits	2,599	2,510

Reconciliation of movement in on-cost provision

	2021 (\$'000)
Opening balance	320
Additional provisions recognised	82
Amounts utilised during period	
Effect of changes in the discount rate	(79)
Closing balance	323
Current	277
Non-current	46

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 Corporation does not have an unconditional right to defer settlements of these liabilities.

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

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 in the economic flow part of the net result.

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. Performance payments for the Corporation's Executive Officers were discontinued as at 30 June 2020.

3.1.3 Superannuation

Superannuation contributions

The Corporation's obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are made or due.

The Corporation makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (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 the Corporation (excluding any unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2021 are detailed below:

Scheme	Type of Scheme	Rate %	2021 (\$'000)	2020 (\$'000)
Vision Super	Defined benefits	9.5	40	39
Vision Super	Accumulation	9.5	287	259
Other	Accumulation	9.5	420	431

In addition to the above contributions, the Corporation has not paid any unfunded liability payments to Vision Super during the 2020-21FY (2020: \$0).

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2021. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2022 is \$40k (2021: \$39k).

Accumulation

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

Defined Benefit

The 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 the Corporation in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

The Corporation makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary. In addition, the Corporation reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

The 2020 triennial actuarial investigation surplus amounts

As at 30 June 2020, a triennial 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 5.6% pa
- Salary information 2.5% pa for two years
- Salary information 2.75% pa thereafter
- Price inflation (CPI) 2.0% pa.

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

- A VBI surplus of \$100.0 million; and
- A discounted accrued benefits surplus of \$217.8 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.

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 the 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.

The 2021 interim actuarial investigation

Vision Super has advised that the estimated VBI at 30 June 2021 was 109.7%.

A interim actuarial investigation is being conducted for the Fund's position as at 30 June 2021. It is anticipated that this actuarial investigation will be completed in October 2021. The Corporation was notified of the 30 June 2021 VBI during August 2021.

3.2 Direct operational expenses

	2021 (\$'000)	2020 (\$'000)
Chemicals	353	275
Electricity	765	748
Testing and Sampling	105	170
Lease payments	63	67
Total direct operational expenses	1,286	1,260

Expense	Description	Recognition policy
Chemicals	Chemical expenses incurred directly related to water and sewage operations.	Accruals basis. Recognised in the Comprehensive operating statement.
Electricity	Electricity expenses incurred directly related to operations.	Accruals basis. Recognised in the Comprehensive operating statement.
Testing and Sampling	Testing and Sampling expenses incurred directly related to water and sewage operations.	Accruals basis. Recognised in the Comprehensive operating statement.
Lease Payments	Operating lease payments related to hire of equipment to support operations (all are low value and or short term).	Accruals basis. Recognised on a straight line basis over the lease term in the Comprehensive operating statement.

3.3 Repairs and maintenance

	2021 (\$'000)	2020 (\$'000)
Preventative Maintenance	429	557
Major maintenance	534	610
Total repairs and maintenance expenses	963	1,167

Expense	Description	Recognition policy
Planned maintenance, repair costs and minor renewal costs	Where the repair relates to the replacement of a component of an asset.	Routine maintenance that does not enhance the performance of the asset is expensed as incurred.

3.4 Administration and other operating expenses

Other expenses	2021 (\$'000)	2020 (\$'000)
Purchase of inventory	51	112
Contractors	2,019	1,935
Melbourne bulk water entitlement	609	592
Consultants	134	197
Information Computer Technology expenses	1,366	1,600
Training and education	82	144
Licence Fees Permits and Registration	117	157
Vehicle Repairs & Maintenance costs	136	194
Insurance	152	135
Postage charges	94	107
Conference costs (excl travel & accommodation)	28	68
Debt Collection fees	2	52
Mobile Phone costs	64	89
Subscription & Memberships	128	70
Bad debt expenses	8	20
Other supplies	545	559
Total administration other operating expenses	5,535	6,031

Expense	Description	Recognition policy
Contractors	All contractors formally engaged to provide works or services for or on behalf of the corporation.	As incurred. Recognised in the Comprehensive operating statement.
Melbourne bulk water entitlement	Bulk charges comprise fixed monthly availability prices from three separate sources of water (headworks) and a single variable usage price for water ordered from the Victorian Desalination Plant.	As incurred. Recognised in the Comprehensive operating statement.
Information Computer Technology expenses	All operating expenses, maintenance contracts, license fees and other costs associated with operating the information technology environment of the Corporation.	Accruals basis. Recognised in the Comprehensive operating statement.
Other expenses (including supplies)	All operating expenses, maintenance contracts, license fees and other costs associated with operating the information technology environment of the Corporation.	Accruals basis. Recognised in the Comprehensive operating statement.

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 - Initial recognition and subsequent measurement
 - 4.1.3 - Depreciation and impairment
 - 4.1.4 - 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)										
Year ended 30 June 2021										
Opening net book amount	13,022	3,872	3,251	58,157	35,905	2,254	76,958	12,605	7,561	213,585
Additions	-	-	-	-	-	-	-	-	9,298	9,298
Disposal	-	(4)	(13)	-	-	-	-	-	-	(17)
Transfer between Asset Classes	-	-	1,137	1,415	49	-	486	106	(3,193)	-
Assets received free of charge (nominal consideration)	-	-	-	2,042	-	-	1,234	-	-	3,276
Revaluation	1,897	(42)	(237)	34,815	(2,958)	227	19,667	11,540	-	64,909
Impairment of assets	-	-	(213)	-	-	-	-	-	-	(213)
Depreciation	-	(132)	(751)	(2,184)	(623)	(100)	(2,146)	(522)	-	(6,458)
Closing net book amount	14,919	3,694	3,174	94,245	32,373	2,381	96,199	23,729	13,666	284,380
At 30 June 2021										
Cost of fair value	14,919	3,694	6,328	94,265	32,381	2,381	96,229	24,222	13,666	288,085
Accumulated depreciation	-	-	(3,154)	(20)	(8)	-	(30)	(493)	-	(3,705)
Net book amount	14,919	3,694	3,174	94,245	32,373	2,381	96,199	23,729	13,666	284,380
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 of 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)	(41,925)	(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

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment

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

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

Items with a cost or value in excess of \$1,000 (2020: \$1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Motor Vehicles

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

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103I Non-Financial Physical Assets (FRD 103I).

The Valuer-General Victoria (VGV) is the Government's independent valuation agency and is used by the Corporation to conduct these scheduled revaluations. Certain infrastructure assets are revalued using specialised advisors under the direction of the VGV.

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103I.

The Corporation in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

The Corporation assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The valuer has advised that the current market environment, impacted by coronavirus (COVID-19), creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period. Refer to Note 7.3 Fair value determination for further information on the revaluation methods used for the asset classes.

Accounting for revaluation movements of infrastructure, property, plant and equipment

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).

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

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. An asset revaluation surplus is not transferred to accumulated funds on the de-recognition of the related asset.

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

Revaluation decrements are recognised immediately as an expense, except to the extent that a credit balance exists in the asset revaluation reserve applicable to the same class of assets, in which case the decrement is debited directly to the asset revaluation reserve.

Biological Assets

An increase or decrease in the fair value of these biological assets is recognised in the consolidated comprehensive operating statement as an 'other economic flow'.

4.1.3 Depreciation and impairment

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.

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

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

Asset	Useful life: years 2021 and 2020
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 JLL Australia on behalf of the Valuer General Victoria on 30 June 2021 and although it is impracticable to predict future years, adjustments will be made where necessary for future impacts including allowances for additions and disposals. The impacts of COVID-19 and climate-related emerging risks were taken into account when estimating the useful life of these assets.

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 Infrastructure, Property, Plant and Equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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

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

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

The recoverable amount of specialised non-cash-generating assets which are held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 *Fair Value Measurement*.

Whilst the potential risks and related opportunities from climate related changeⁱ are considered as part of the Corporation's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on the Corporation's principal activities, particularly from an asset impairment standpoint.

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

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

	2021 (\$'000)	2020 (\$'000)
Sales proceeds	219	181
Costs of the assets ¹	(585)	(4,924)
Accumulated depreciation ¹	532	4,677
Net gain/(loss) on disposal	166	(66)

Note

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

4.2 Intangible assets

	Water entitlements	Software Costs	Patents and Licences	Large Scale Generation Certificates (\$'000)	Other	Total
At 1 July 2019						
Cost or 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)
Closing carrying amount	340	156	178	-	-	674
At 30 June 2020						
Cost of fair value	370	1,581	279	-	23	2,253
Accumulated amortisation	(30)	(1,425)	(101)	-	(23)	(1,579)
Carrying amount	340	156	178	-	-	674
Year ended 30 June 2021						
Opening net book amount	340	156	178	-	-	674
Additions	-	100	-	3	35	138
Amortisation	(4)	(71)	(2)	-	-	(77)
Carrying amount	336	185	176	3	35	735
At 30 June 2021						
Cost or fair value	370	1,682	279	3	57	2,391
Accumulated amortisation	(34)	(1,497)	(103)	-	(22)	(1,656)
Carrying amount	336	185	176	3	35	735

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.

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.

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.

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 as outlined below

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

Intangible asset	Water entitlements	Software costs	Patents & licences	Large Scale Generation Certificates	Other
Useful lives	Indefinite	Finite	Indefinite	Finite	Finite
Amortisation method used	Not amortised or revalued	10 years – straight line	Not amortised or revalued	10 – 20 years – straight line	Useful life - Straight line
Internally generated or acquired	Acquired	Internally generated or Acquired	Acquired	Internally generated or 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 method reviewed at each financial year-end; Reviewed annually for indicators of impairment

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 4.1.3.

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 Contract Assets
- 5.3 Payables
 - 5.3.1 Ageing analysis of contractual payables
- 5.4 Contract liabilities
- 5.5 Power Purchase Agreement specific disclosure - Investment in ZEW Ltd

5.1 Receivables

	2021 (\$'000)	2020 (\$'000)
Current		
Contractual		
Trade receivables	2,608	1,655
Allowance for expected credit loss	(125)	(125)
Other receivables	197	172
Statutory		
GST Input tax credit receivables	186	136
Payroll receivable	19	-
Total current receivables	2,885	1,838
Non-current		
Contractual		
Trade receivables	104	110
Allowance for expected credit loss	(57)	(57)
Total non-current receivables	47	53
Total receivables	2,932	1,891

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

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

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 2021 and 30 June 2020 was determined as follows for receivables – service and usage charges and other receivables:

30 June 2021 (\$'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%	12%	6%
Gross carrying amount – receivables from service and usage charges	1,210	23	134	1,345	2,608
Gross carrying amount - other receivables	-	13	117	67	197
Total Receivables	1,210	36	251	1,412	2,909
Loss allowance	-	-	-	182	182

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

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.

5.1.2 Reconciliation of the expected credit loss allowance

	2021 (\$'000)	2020 (\$'000)
Opening balance 1 July	182	182
Expected credit losses written off	(63)	(55)
Net provision movements including expected credit losses recovered	63	55
Balance as at 30 June	182	182

Due to the COVID-19 pandemic impacts, it is expected that an increase in unemployment rates and decline in gross domestic product may exceed the relevant thresholds. Impacts from specific management actions, observable customer behaviours to date and how the pandemic may impact the water industry in particular have been considered. It is believed that the current allowance for expected credit loss is sufficient to reflect the risks and uncertainties brought about by the COVID-19 pandemic. Should the macroeconomic assumptions change in the future, it could have a material impact on our allowance for doubtful debts in the subsequent years.

5.2 Contract Assets

	2021 \$'000	2020 \$'000
Current		
Usage charges	796	701
Total current contract assets	796	701

	Usage Charges \$'000
Opening balance as at 1 July 2020	701
Less amounts billed during the year	(545)
Additional provisions reversed	(156)
Add amount accrued at year end	796
Carrying amount as at 30 June 2021	796

Contract asset	Description	Recognition
Contract assets relating to usage charges - Accrued revenue	Accrued revenue is recognised for water and sewage usage that have been provided to customers at balance date but not yet billed.	Usage charges are all recognised as revenue when the service or other goods have been provided. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when the Corporation issues a bill to the customer.

5.3 Payables

	2021 \$'000	2020 \$'000
Current Payables		
Contractual		
Trade creditors	640	530
Sundry creditors	537	604
Accrued expenses	2,448	1,596
Statutory		
PAYG and other payables	348	-
Total current payables	3,973	2,730

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.

5.3.1 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)
2021							
Supplies and services	3,088	3,088	3,088	-	-	-	-
Other payables	537	537	-	-	537	-	-
Total	3,625	3,625	3,088	-	537	-	-
2020							
Supplies and services	2,126	2,126	2,126	-	-	-	-
Other payables	604	604	-	-	604	-	-
Total	2,730	2,730	2,126	-	604	-	-

5.4 Contract Liabilities

	Service charges paid in advance	Developer Contribution-unearned	Total
Carrying amount as at July 2019	2,146	-	2,146
Add: Developer contribution received for performance obligation yet to be completed during the year	-	1,021	1,021
Add: Payment received in advance for provision of goods and services	17,893	-	17,893
Less: Revenue recognised in the reporting period for the completion of performance obligation	(17,755)	(860)	(18,615)
Closing balance as at 30 June 2020	2,284	161	2,445
Add: Developer contribution received for performance obligation yet to be completed during the year	-	233	233
Add: Payment received in advance for provision of goods and services	19,205	-	19,205
Less: Revenue recognised in the reporting period for the completion of performance obligation	(18,278)	(278)	(18,556)
Total contract liabilities at 30 June 2021	3,211	116	3,327
Represented by:			
Current contract liabilities	3,211	116	3,327
Non-current contract liabilities	-	-	-

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

5.5 Investment in Zero Emissions Water (ZEW) Ltd

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 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 whereby 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 which were due to be satisfied during the 2019–20 financial year.

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 in the 2019-20 financial year (refer to note 2.2).

Further extensions were granted until 31 January 2021 as a result of delays in commissioning ZEW's section of the solar farm which delayed the meeting of the conditions precedents. The Corporation share of the settlement for these further delays was \$8,000 which was recognised in the Statement of Comprehensive Income as other income in the 2020-21 financial year.

Along with the settlement funds, the Corporation is able to purchase replacement LGCs at the PPA price which have been recognised as intangible assets (refer note 4.2).

On 22 January 2021, the conditions precedent in the PPA was completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised in profit and loss. Refer to note 7.3 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

The Corporation now has an obligation to purchase its percentage of energy allocation under the Members' Agreement, via the CfD derivative. The financial impact of the Members' Agreement with ZEW has resulted in increased revenue and expenses, and the recognition of a derivative financial instruments and LGCs as intangible assets.

The Members' Agreement specifies that ZEW may call on the Corporation to make a loan available to ZEW amounting to \$11,404. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. At 30 June 2021, ZEW had requested and received a loan payment of \$5,000. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

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 - Cash flow reconciliation
 - 6.2.2 - Reconciliation of net result to cash flow from operating activities
 - 6.2.3 - Financing facilities
- 6.3 Commitments for expenditure
 - 6.3.1 - Total commitments payable

6.1 Interest bearing liabilities

	2021 \$'000	2020 \$'000
Current interest bearing liabilities		
Secured Borrowings from Treasury Corporation Victoria (TCV)	1,500	1,000
Total current interest bearing liabilities	1,500	1,000
Non-current interest bearing liabilities		
Secured Borrowings from Treasury Corporation Victoria (TCV)	5,440	5,690
Total non-current interest bearing liabilities	5,440	5,690
Total interest bearing liabilities	6,940	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.

The 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
				1-3 months	3 months 1 year	1- 5 years	5+ years	
2021								
Secured Borrowings from TCV	6,940	6,940	-	500	1,000	4,690	750	
Total	6,940	6,940	-	500	1,000	4,690	750	
2020								
Secured Borrowings from TCV	6,690	6,690	-	-	1,000	5,000	690	
Total	6,690	6,690	-	-	1,000	5,000	690	

6.1.2 Interest expense

	2021 \$'000	2020 \$'000
Interest on secured TCV Loans	170	198
Financial accommodation levy	68	65
Total interest expense	238	263

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.

6.2.1 Cash flow reconciliation

	2021 \$'000	2020 \$'000
Cash at bank	1,064	4,189
Balance as per cash flow statement	1,064	4,189

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

	2021 (\$'000)	2020 (\$'000)
Net result for the period	2,874	4,365
Non-cash movements:		
Loss on sale or disposal of non-current assets	(166)	66
Depreciation and amortisation of non-current assets	6,535	6,667
Impairment of non-current assets	213	-
Resources provided free of charge or for nominal consideration	(3,028)	(5,287)
Tax credit due to NTER rate change	-	(90)
Bad debt write off	63	55
Other non-cash movements – Capital Labour transfer to work in progress	(1,054)	(1,345)
Movements in assets and liabilities:		
Increase in receivables	(682)	(323)
Increase in inventories and livestock	(119)	(63)
Decrease/(increase) in other non-financial assets (prepayments)	84	163
Increase/(decrease) in payables	85	(478)
(Decrease)/increase in current tax payable	(947)	1,009
Increase in provisions	89	384
Increase in prepaid income	819	247
Decrease in deferred tax liabilities	(394)	(1,673)
Increase in other liabilities	809	179
Net cash flows from operating activities	5,181	3,876

6.2.3 Financing facilities

	2021 (\$'000)	2020 (\$'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 2020-21 and which may be extended by mutual agreement		
Amount used	6,940	6,690
Amount unused	2,250	2,000
Total	9,190	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.

6.3.1 Total commitments payable

Nominal Amounts: 2021	Less than 1 year (\$'000)	Between 1 and 5 years (\$'000)	Over 5 years (\$'000)	Total (\$'000)
Capital commitments	4,585	-	-	4,585
Environmental contribution levy	1,075	2,151	-	3,226
Operating low value lease commitments payable	623	1,186	-	1,809
Other (non lease commitments)	275	579	-	854
Total commitments (inclusive of GST)	6,558	3,916	-	10,474
Less GST recoverable from the ATO	(497)	(160)	-	(657)
Total commitments (exclusive of GST)	6,061	3,756	-	9,817

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
Environmental contribution levy	1,075	3,226	-	4,301
Operating low value lease commitments payable	590	1,809	-	2,399
Other (non-lease commitments)	145	566	-	711
Total commitments (inclusive of GST)	3,958	5,601	-	9,559
Less GST recoverable from the ATO	(262)	(216)	-	(478)
Total commitments (exclusive of GST)	3,696	5,385	-	9,081

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 higher 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 instruments: Net holding gain/(loss) on financial instruments
 - 7.1.3 - Financial risk management objectives and policies
 - 7.1.4 - Interest rate exposure and risk sensitivity
- 7.2 Contingent assets and contingent liabilities
 - 7.2.1 - Contingent liabilities
- 7.3 Fair value determination
 - 7.3.1 – Fair value of financial instruments measured at amortised cost
 - 7.3.2 – Non-financial physical assets
 - 7.3.3 – Description of significant unobservable inputs to Level 3 valuations

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:

Financial assets	Financial liabilities
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 Emissions Water (ZEW) Ltd	

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

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: - loans and receivables - cash and deposits; - receivables;	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: - the asset is held within a business model whose objective is to collect the contractual cash flows, and - the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial liabilities at amortised cost		
Financial liabilities include: - payables (excluding statutory payables); - borrowings	Fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest-bearing liability using the effective interest rate method.

Derecognition of financial assets and liabilities

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

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

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

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

Impairment of financial assets

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

The Corporation records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. This is subject to AASB 9's impairment assessment includes the Corporation's contractual receivables, statutory receivables and its investment in debt instruments. Although not a financial asset, contract assets recognised applying AASB 15 (refer to note 5.2) are also subject to impairment however it is immaterial. Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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

2021	Notes	Cash and Deposits \$000's	Financial Assets at Amortised Cost (AC) \$000's	Financial liabilities at Amortised Cost (AC) \$000's	Total \$000's
Contractual Financial Assets					
Cash and deposit	6.2	1,064	-	-	1,064
Receivables					
Service and usage charges	5.1	-	2,483	-	2,483
Other receivables	5.1	-	244	-	244
Total Contractual Financial Assets		1,064	2,727	-	3,791
Contractual Financial Liabilities					
Trade creditors	5.3	-	-	640	640
Sundry creditors	5.3	-	-	537	537
Accrued expenses	5.3	-	-	2,448	2,448
Borrowings					
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	6,940	6,940
Total Contractual Financial Liabilities		-	-	10,565	10,565

2020	Notes	Cash and Deposits \$000's	Financial Assets at Amortised Cost (AC) \$000's	Financial liabilities at Amortised Cost (AC) \$000's	Total \$000's
Contractual Financial Assets					
Cash and deposit	6.2	4,189	-	-	4,189
Receivables					
Service and usage charges	5.1	-	1,530	-	1,530
Other receivables	5.1	-	225	-	225
Total Contractual Financial Assets		4,189	1,755	-	5,944
Contractual Financial Liabilities					
Trade creditors	5.3	-	-	517	517
Sundry creditors	5.3	-	-	604	604
Accrued expenses	5.3	-	-	1,596	1,596
Borrowings					
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	6,690	6,690
Total Contractual Financial Liabilities		-	-	9,407	9,407

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

	Total interest expense \$000's
2021	
Contractual Financial Liabilities	
Financial Liabilities at cost	238
Total Contractual Financial Liabilities	238
2020	
Contractual Financial Liabilities	
Financial Liabilities at cost	263
Total Contractual Financial Liabilities	263

7.1.3 Financial risk management objectives and policies

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

Risk management is carried out by the Audit and Risk Committee under policies approved by the Board of Directors. The Audit and Risk Committee identifies and evaluates financial risk 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 credit losses is not significant. The Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables (refer to note 5.1.1).

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

Except as otherwise detailed in note 7.1.1, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Corporation's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Corporation is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, the Corporation has adjusted the credit risk profile in assessing the expected loss allowance in 2020-21 (refer to note 5.1.1)

At 30 June 2021, the Corporation has no other significant credit risk. There has been no material change to the Corporation's credit risk profile in 2020-21.

Credit quality of financial assets

	Financial Institution (triple-A credit rating)
	\$000's
2021	
Financial Assets with loss allowance measured at 12 month expected credit loss	
Cash (not assessed for impairment due to materiality)	1,064
Statutory receivable (with no impairment loss recognised)	205
Financial Assets with loss allowance measured at lifetime expected credit loss	
Contractual receivable applying the simplified approach for impairment	2,914
Total Financial Assets	4,183
2020	
Financial Assets with loss allowance measured at 12 month expected credit loss	
Cash (not assessed for impairment due to materiality)	4,186
Statutory receivable (with no impairment loss recognised)	136
Financial Assets with loss allowance measured at lifetime expected credit loss	
Contractual receivable applying the simplified approach for impairment	1,936
Total Financial Assets	6,258

Climate related risk

Climate change is a risk to the Corporation. Climate change risk includes the physical risk which can cause direct damage to assets or property as a result of rising global temperatures as well as transition risks which arise from the transition to low-carbon economy.

The Corporation will further enhance the understanding of exposure to climate change risk in the process of developing the Corporation's Net Zero Roadmap which will provide a net zero emissions pathway to 2030 and a Smart Energy Strategy. The Audit and Risk Committee was presented with an Environment and Climate Change Strategic Risk Deep Dive presentation during May 2021 to assist in considering climate-related risk in the preparation of the financial statements.

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.

The Corporation manages its liquidity risk by:

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

The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The carrying amount in the table of contractual financial liabilities recorded in the financial statements, \$10.6M (2020: \$9.4M) represents the Corporation's maximum exposure to liquidity risk (refer to note 7.1.1).

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's exposure to market interest rates relates primarily to the Corporation's long term interest bearing liabilities and funds invested in the market.

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 of 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) The Corporation has no significant exposure to Foreign Exchange Risk or Other Price Risk.

Interest rate risk sensitivity

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

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

The Corporation's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The Corporation cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 50 basis points up and down (50 basis points up and down) in market interest rates (AUD) is 'reasonably possible'.

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

As at 30 June 2021, if interest rates changed by +/- 50 basis points from the year end rates with all other variables held constant, post-tax profit would have been \$30k higher / lower (2019-20: \$12k at +/- 50 basis points) as a result of higher / lower interest expense from variable interest rate borrowings.

7.1.4 - Interest rate exposure and risk sensitivity

2021	Weighted average interest rate %	Carrying amount (\$'000)	Fixed interest rate \$'000	Variable interest rate \$'000	Non interest bearing \$'000
Financial assets					
Cash	1.65%	1,064	-	1,064	-
Receivables	2.9%	2,712	1,480	-	1,232
Contract assets	-	796	-	-	796
Other receivables	2.9%	197	183	-	14
Total financial assets		4,769	1,663	1,064	2,042
Payables	-	3,625	-	-	3,625
Contract liabilities	-	3,327	-	-	3,327
Borrowings	2.07%	6,940	6,940	-	
Total financial liabilities	-	13,892	6,940	-	6,952

2020	Weighted average interest rate %	Carrying amount (\$'000)	Fixed interest rate \$'000	Variable interest rate \$'000	Non interest bearing \$'000
Financial assets					
Cash	1.65%	4,189	-	4,189	-
Receivables	3.9%	1,763	1,301	-	462
Contract assets	-	700	-	-	700
Other receivables	3.9%	172	116	-	56
Total financial assets		6,824	1,417	4,189	1,218
Payables	-	2,730	-	-	2,730
Contract liabilities	-	2,445	-	-	2,445
Borrowings	2.47%	6,690	6,690	-	
Total financial liabilities	-	11,865	6,690	-	5,175

2021	Carrying amount \$'000	Profit or Loss		Equity	
		-50 basis \$'000	+50 basis points \$'000	-50 basis points \$'000	+ 50 basis points \$'000
Cash	1,064	(5)	5	(5)	5
Interest bearing liabilities	6,940	35	(35)	35	(35)
Total		30	(30)	30	(30)

2020	Carrying amount \$'000	Profit or Loss		Equity	
		-50 basis \$'000	+50 basis points \$'000	-50 basis points \$'000	+ 50 basis points \$'000
Cash	4,189	(21)	21	(21)	21
Interest bearing liabilities	6,690	33	(33)	33	(33)
Total		12	(12)	12	(12)

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 (2020:\$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

	2021 (\$'000)	2020 (\$'000)
Legal proceedings and disputes (Easement negotiation)	-	55
Total contingent liabilities	-	55

7.3 Fair value determination

This section sets out information on how the Corporation determined fair value for financial reporting purposes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result or OCI
- land, buildings, infrastructure, plant and equipment
- investment properties; and
- biological assets.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The Corporation determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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 determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General Victoria (VGV) is the Corporation's independent valuation agency. The Corporation, in conjunction with VGV, JLL Australia and Opteon monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
 - a reconciliation of the movements in fair values from the beginning of the year to the end; and
 - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to note 7.3.1 and non-financial physical assets refer to note 7.3.2).

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2021 (\$'000)	Fair Value 2021 (\$'000)	Carrying amount 2020 (\$'000)	Fair Value 2020 (\$'000)
Financial Liabilities				
Loan from Treasury Corporation of Victoria (TCV)	6,940	6,940	6,690	6,690

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.

7.3.2 Non-financial physical assets

2021	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾	Level 2 ⁽ⁱ⁾	Level 3 ⁽ⁱ⁾
Land at fair value				
Non-specialised land	728	-	728	-
Specialised land	14,191	-	-	14,191
Total of land at fair value	14,919	-	728	14,191
Buildings at fair value				
Non-specialised buildings	3,694	-	3,694	-
Total of buildings at fair value	3,694	-	3,694	-
Plant and equipment at fair value				
Plant and equipment	3,174	-	-	3,174
Total of plant and equipment at fair value	3,174	-	-	3,174
Infrastructure at fair value				
Infrastructure - water distribution	94,245	-	-	94,245
Infrastructure - water harvesting and major transfers	32,373	-	-	32,373
Infrastructure - water quality	2,381	-	-	2,381
Infrastructure - sewer collection	96,199	-	-	96,199
Infrastructure - sewer treatment and major disposal	23,729	-	-	23,729
Total of infrastructure at fair value	248,927	-	-	248,927

Notes

(i) Classified in accordance with the fair value hierarchy, see note 4.1.1

2020	Carrying amount as at 30 June 2020	Fair value measurement at end of reporting period using:		
		Level 1 ¹	Level 2 ¹	Level 3 ¹
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

- 1 Classified in accordance with the fair value hierarchy, see note 4.1.1

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 Opteon on 30 June 2021 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 depreciation. 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 2021. A revaluation was performed effective 30 June 2021 in line with FRD103I requirements as based on the valuation received, an 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 2021.

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

Infrastructure assets

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 JLL Australia 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 2021.

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.

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.

2021 (\$'000's)	Specialised land	Water distribution	Water harvesting	Water quality	Sewer Collection	Sewer Treatment	Plant and equipment
Opening balance	12,315	58,157	35,905	2,255	76,959	12,605	3,251
Purchases (sales)	-	3,457	49	-	1,720	106	1,124
Revaluation	-	34,815	(2,958)	226	19,666	11,540	(237)
Impairment Loss	-	-	-	-	-	-	(213)
Depreciation	-	(2,184)	(623)	(100)	(2,146)	(522)	(751)
Closing balance	12,315	94,245	32,373	2,381	96,199	23,729	3,174

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

7.3.3 Description of significant unobservable inputs to Level 3 valuations

2021 and 2020	Valuation technique	Significant unobservable inputs
Specialised Land and Buildings	Market approach	Community Service Obligations (CSO)
Infrastructure – Water Distribution	Depreciated replacement cost approach	Average cost per kilometer Useful life of the infrastructure
Infrastructure – Water Harvesting	Depreciated replacement cost approach	Cost per unit (Quantity 1 Reservoir) Useful life of the infrastructure
Infrastructure – Water Quality	Depreciated replacement cost approach	Cost per unit (Quantity 1 Reservoir) Useful life of the infrastructure
Infrastructure - Sewer Collection	Depreciated replacement cost approach	Average cost per kilometer Useful life of the infrastructure
Infrastructure - Sewer Treatment/Disposal	Depreciated replacement cost approach	Cost per unit (Quantity 2 Treatment Plants) Useful life of the infrastructure
Plant and equipment	Depreciated replacement cost approach	Useful life of the 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
- 8.3 Fair value determination

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 26% (2020: 27.5%), 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 27.5% to 26%, effective from 1 July 2019. During the 2020 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 2019.

For the 2020-21 financial report, the Corporation has applied the change in the tax rate from 27.5% to 26% as a change in accounting estimate as per AASB 108. The difference resulting from the change in tax rate will flow through the current year's income tax expense / (benefit).

From 1 July 2021, the corporate tax rate for "base rate entities" is further reduced to 25%. The 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:

	2021 (\$'000)	2020 (\$'000)
Income statement		
Current income tax expense (paid or payable)	791	2,147
Deferred income tax expense		
Temporary differences	60	(841)
Tax rate change from 27.5% to 26% (DTA/DTL, 2020: 30% to 27.5%)	(453)	(831)
Tax rate change from 27.5% to 26% (lodgement adjustment (2020: 30% to 27.5%))	-	(90)
Income tax reported in the Income Statement	398	385
Income tax payable	1,573	2,147
NTER instalment paid	(1,511)	(1,138)
Income tax payable at 30 June	62	1,009
Statement of change in equity		
Tax rate change from 27.5% to 26% (2020: 30% to 27.5%)	(1,175)	(1,958)
Income tax reported in equity	(1,175)	(1,958)
Tax reconciliation		
Net result before income tax expense	3,273	4,750
Tax at the Australian tax rate of 26% (2020: 27.5%)	851	1,306
Tax rate change from 27.5% to 26% (reduction in DTA/DTL, 2020: 30% to 27.5%)	(453)	(921)
Income tax on profit before tax	398	385

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

	2021 (\$'000)	2020 (\$'000)
Amounts recognised in Comprehensive Operating Statement		
Doubtful debts	47	50
Employee benefits	676	690
Unearned Revenue	761	797
Project related costs	403	437
Business related costs	61	19
Total deferred tax assets	1,948	1,993
Movements		
Opening balance at 1 July	1,993	2,007
Tax rate change from 27.5% to 26% (reduction in DTA, 2020: 30% to 27.5%)	(109)	(168)
Credited to the Comprehensive Operating Statement	64	154
Closing balance at 30 June	1,948	1,993
Deferred tax asset to be recovered after more than 12 months	439	441
Deferred tax asset to be recovered within 12 months	1,509	1,552
Ending balance at 30 June	1,948	1,993

Deferred tax liabilities

	2021 (\$'000)	2020 (\$'000)
Amounts recognised in Comprehensive Operating Statement		
Depreciation	9,832	10,297
Livestock	26	-
Other deferred tax liabilities - FBT	6	5
Amounts recognised directly in equity		
Deferred tax liabilities due to revaluation	37,245	21,544
Total deferred tax liabilities	47,109	31,846
Movements		
Opening balance at 1 July	31,846	35,491
Tax rate change from 27.5% to 26% (taxable temporary differences, 2020: 30% to 27.5%)	(562)	(999)
Tax rate change from 27.5% to 26% (reduction in DTL since 2016 revaluation, 2020: 30% to 27.5%)	(1,175)	(1,958)
(Credited)/Debited to the net result	124	(688)
Credited to the other comprehensive result	16,876	-
Closing balance at 30 June	47,109	31,846
Deferred tax liabilities to be recovered after more than 12 months	47,077	31,841
Deferred tax liabilities to be recovered within 12 months	32	5
Total at 30 June	47,109	31,846
Ending balance at 30 June	45,161	29,853

8.2 Environmental contribution

	2021 (\$'000)	2020 (\$'000)
Environmental contribution levy	1,080	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 contribution 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.

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 Reserves ; 9.1.1 – Physical assets revaluation surplus
- 9.2 Other economic flows included in net results
- 9.3 Events occurring after the balance date
- 9.4 Responsible persons
- 9.5 Remuneration of executives
- 9.6 Related parties
- 9.7 Remuneration of auditors
- 9.8 Ex-gratia expense
- 9.9 Changes in accounting policies
- 9.10 Australian Accounting Standards issued that are not yet effective

9.1 Reserves

9.1.1 Physical assets revaluation surplus

	2021 (\$'000)	2020 (\$'000)
Balance at the beginning of financial year	56,797	54,838
Increment due to change in tax rate (27% to 25%)	1,175	1,959
Revaluation increments	48,033	-
Balance at the end of financial year	106,005	56,797

9.2 Other economic flows included in net results

9.2.1 Net gain/(loss) on non-financial assets

	2021 (\$'000)	2020 (\$'000)
Impairment of infrastructure, property, plant and equipment	213	-
Total impairment on non-financial assets	213	-

9.3 Events occurring after the balance date

The Board appointed Ms. Dona Tantirimudalige as the new Managing Director on 1 August 2021. As a result of this appointment, Ms. Tantirimudalige will be the Accountable Officer for the Corporation from 1 September 2021. On 1 October 2021, current Director Mr. Rueben Berg was appointed as Board Chair.

There have been no other 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 the stop start nature of the COVID-19 restrictions in Bass Coast and 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.

9.4 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period. The responsible Minister during the 2020-21 reporting period was the Hon. Lisa Neville MP, Minister for Water and the Hon. Richard Wynne MP, Minister for Water (Acting). Remuneration paid to the respective Minister is excluded in the financial statements.

The names of persons who were directors of the Corporation at any time during the financial year are:

Name	Title	Period of appointment
The Hon. Lisa Neville MP	Minister for Water	1 July 2020– 30 June 2021
The Hon. Richard Wynne MP	Minister for Water (Acting)	13 February 2021 – 30 June 2021
Mr Philip Clark	Board Chair	1 July 2020– 30 June 2021
Ms Joanne Pearson	Audit Risk Committee Chair, Director	1 July 2020– 30 June 2021
Mr Peter Quigley	Managing Director	1 July 2020– 30 June 2021
Mr Rueben Berg	Director	1 July 2020– 30 June 2021
Mr Christopher Newton	Director	1 July 2020– 30 June 2021
Ms Yvonne Dickson	Director	1 July 2020– 30 June 2021
Ms Tanya Ha	Director	1 July 2020– 30 June 2021
Ms Annabelle Roxon	Director	1 July 2020– 30 June 2021
Mr Leigh Berrell	Director	1 July 2020– 30 June 2021

Responsible person's remuneration – Accountable Officer

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-\$280k (\$270k-\$280k in 2020) exclusive of superannuation.

	2021 number	2020 number
\$270,000 - \$279,999	1	1
Total	1	1
Total remuneration	\$277,770	\$270,795

9.5 Remuneration of Executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents 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	2021 (\$'000)	2020 (\$'000)
Short-term employee benefits	579	574
Post-employment benefits	59	54
Total remuneration ^(a)	638	628
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 9.6).

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

9.6 Related Parties

The Corporation is a wholly owned and controlled entity of the State of Victoria.

Related parties of the Corporation include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- all cabinet ministers and their close family members
- 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 9.4 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	2021 (\$'000)	2020 (\$'000)
Short-term employee benefits	486	477
Post-employment benefits	44	40
Total	530	517

Significant transactions with government-related entities

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

Government related entity	Nature of Transaction	2021 (\$'000)	2020 (\$'000)
Amounts recognised as revenue in the Statement of Comprehensive Income:			
Department of Health and Human Services	Customer Rebates	936	868
Cash paid during the year:			
Department of Environment, Land and Water Planning	Environmental Contribution Levy	1,080	916
Treasury Corporation of Victoria	Interest from borrowings	171	198
Department of Treasury and Finance	Financial Accommodation Levy	68	73
Treasury Corporation of Victoria	Secured borrowings	6,940	6,690
State Revenue Office	Payroll Tax	140	208

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.

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.

Zero Emissions Water (ZEW) Ltd – Power Purchase Agreement

ZEW is a related party of The Corporation. Below is a summary of transactions and holdings with ZEW:

	2021 (\$'000)	2020 (\$'000)
Contract for difference and compensation net payments	5	-
Investment in Zero Emissions Water (ZEW) Ltd	5	-
Large Scale Generation Certificates	3	-

9.7 Remuneration of auditors

	2021 (\$'000)	2020 (\$'000)
Victorian Auditor-General's Office		
Audit or review of the financial statements	32	33
Other non-audit services		
Other non-audit services ⁽¹⁾	106	137
Total remuneration of auditors	138	170

Note:

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

9.8 Ex gratia expense

The Corporation is not aware of any ex gratia expenses at the time of finalising the annual report (2020:\$0).

9.9 Australian Accounting Standards issued that are not yet effective

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2021 reporting period. DTF assesses the impact of all these new standards and advises the Corporation of their applicability and early adoption where applicable.

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

Topic	Key requirements	Effective date	Estimated impact
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Amends AASB 101 to require a liability to be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.	1 January 2023	It is estimated that AASB 2020-1 will have limited impact on the corporation as it is an amendment to refine definition wording within the Standards already in use.
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	<p>Amendments to existing accounting standards, particularly in relation to:</p> <p>AASB 1 - simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.</p> <p>AASB 3 - to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.</p> <p>AASB 9 - to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.</p> <p>AASB 116 - to require an entity to recognise the sales proceeds from selling items produced while preparing infrastructure, property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset.</p> <p>AASB 137 Provisions, Contingent Liabilities and Contingent Assets - to specify the costs that an entity includes when assessing whether a contract will be loss-making.</p> <p>AASB 141 Investment Property-to remove the requirement to exclude cash flows from taxation when measuring fair value, thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.</p>	1 January 2022	It is anticipated that AASB 2020-3 will have limited impact on the corporation as it is predominately an amendment to refine definition wording within the Standards already in use.

9.10 Financial Management Compliance Attestation

I, Rueben Berg Chair of the Board, certify on behalf of Westernport Region Water Corporation that Westernport Water has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.

A handwritten signature in black ink, appearing to read 'Rueben Berg', written over a horizontal line.

Rueben Berg
Chair
Westernport Water

04 October 2021

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 2021 and financial position of the Corporation at 30 June 2021.

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 04 October 2021.



Rueben Berg
Chair
Westernport Water



Dona Tantirimudalige
Managing Director
Westernport Water



Kathy Hawke
Chief Finance Officer
Westernport Water

Dated this 4th day of October 2021

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 2021• 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 2021 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
7 October 2021



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
CWTP	Cowes Wastewater 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
ISSN	International Standard Serial Number
IWM	Integrated Water Management
KRWTP	King Road Wastewater Treatment Plant

Terms	Meaning
LTWRA	Long Term Water Resource Assessment
LoE	Letter of Expectations
MOU	Memorandum of Understanding
MPSG	Major Project Skills Guarantee
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
RWG	RAP Working Group
RTW	Return to Work
SCADA	Supervisory Control and Data Acquisition
SD	Standing Direction
SEPP	State Environment Protection Policy
SoO	Statement of Obligations
SPF	Social Procurement Framework
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
VAGO	Victorian Auditor General's Office
VGv	Valuer General Victoria
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
ZEW	Zero Emissions Water
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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