

Annual Report

2022



Winner of the 2021 Best Tasting Tap Water in Victoria.

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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 and Managing Director

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 changing environment demonstrate the many ways that we have contributed to a more inclusive, resilient, and liveable community for the year.

Delivering what our customers need now, and investing for the future

We work to meet the expectations of our customers by building a deep understanding of what they value, with their priorities shaping our strategies, plans, and projects, now and into the future. Our customers have already told us that great tasting water is their number one priority, along with climate change adaptation and protecting the environment, while keeping our services affordable and sustainable in the long term.

In the last 12 months, we have engaged with 1 in every 20 of our customers in creating our future strategic plans. These priorities are being used to share our next Price Submission (PS23), and our 2022-27 Urban Water Strategy, with a 50 year outlook.

Providing high quality and reliable services now and into the future, remains a high priority for Westernport Water. A record \$8.5M capital expenditure works program was completed in 2021-22. Highlights include the delivery of year two of the Cowes Wastewater Treatment Plant (CWTP) (Stage 2) upgrade project to accommodate future growth, replacement of the San Remo Basin Liner and Cover, and delivery of the 2021-22 Water Quality Plan including the construction of a 2.3 ML drinking water storage tank at Wimbledon Heights to provide a more dependable and consistent supply of water.

Adapting to climate change and mitigating its impact remains a priority for Westernport Water. In the last 12 months, we completed a Net Zero Strategy, supporting our emission reduction targets of 90 percent by 2030 and net zero emissions by 2035. 2021-22 saw the installation of 99.8 kw solar panels at CWTP, which together with other initiatives saw Westernport Water meeting our greenhouse gas emissions target.

Our recycled water strategy established in 2018 includes a target for wastewater reuse of 25 percent by 2023. Due to the required replacement of membranes during irrigation season this year we did not meet this target. Regardless we increased our wastewater reuse from 7.4 percent in 2020-21 to 17.9 percent through increased irrigation capacity, and expect to meet it in the year ahead.

Westernport Water continues to record strong operational performance in key areas including rapid responses to bursts and leaks, and particularly strong customer service response times with 97 percent of all calls answered within 30 seconds. On average, Westernport Water's customer satisfaction with our services overall increased to 96 percent, however, satisfaction with water quality took a step backwards to 66 percent and we did not meet our internally set target for water quality complaints with 2.53 complaints per 1,000 customers received (target of 2.2 per 1,000 customers).

We continue to deliver a strong record of safe drinking water, reporting no *Safe Drinking Water Act* non-compliance events for the eighth consecutive year. We were also proud and delighted to receive the Water Industry Operators Association's Best Tasting Tap Water in Victoria award in 2021. Consistently great tasting water remains one of our highest priorities.

Our People

At Westernport Water, we know we are only as good as our people. Providing our people with a great place to work is paramount, and we are proud of our engaged, diverse, inclusive, and flexible workplace, where people are enabled to be the best they can be. Following consecutive years of improved employee engagement scores, Westernport Water recorded the highest ever staff engagement score of 82 percent in 2021 as part of the People Matter survey.

We delivered year one of the Diversity and Inclusion Strategy 2021-24 which included the development of a two-way intergenerational mentoring program. Westernport Water has also achieved balanced gender representation in leadership, has reduced the gender pay gap to 2.9 percent, and 4.3 percent of employees identified as Aboriginal and/or Torres Strait Islander in 2021-22.

We are proud to have successfully completed our Innovate Reconciliation Action Plan 2020-22 and will develop a new Reconciliation Action Plan in the year ahead. We will continue to support a regional approach to reconciliation through the Bass Coast Reconciliation Network, and continue to consult with the Bunurong Land Council Aboriginal Corporation to walk together and work together to build trust, respect, and strengthen relationships between Aboriginal and Torres Strait Islands and non-Aboriginal Australians. This will enable us to achieve positive social change and lead reconciliation activities within our areas of influence.

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. Westernport Water was recognised as the highest performing participating water corporation in the 2021 National Global Safety Index Survey, which benchmarks organisational safety culture. Over the last 12 months we successfully delivered year one of the Work Health & Safety Strategy 2021-24, the Total Recordable Injury Frequency Rate dropped down to zero (rolling 12-month average), and we continue to maintain a strong focus on safety leadership, and proactive hazard identification.

Supporting our customers

We know the past 12 months has been difficult for our customers with the rising cost of living. Last year, in addition to providing payment flexibility and suspending all debt recovery efforts, Westernport Water facilitated or delivered 238 grants to our customers. We will continue to take proactive steps to provide targeted relief to customers, residential or commercial, that are doing it tough.



Rueben Berg

Chair, Westernport Water

13 October 2022

Looking ahead

We continue to exist in a changing environment, and with change comes opportunity. In the last 12 months we embraced flexible and hybrid ways of working. We commenced a 12-month Virtual Energy Network pilot trial in June 2022 to share renewable energy via the electricity grid between our various sites, which will inform our broader strategies. We were also successful in our submission for a \$200K feasibility grant to assess a floating wetland system at CWTP and embedded findings for the planned construction of a restorative wetland system at King Road Wastewater Treatment Plant (KRWTP) in the years ahead. We will also complete our Price Submission (PS23) in the next financial year, continue to provide hardship support to our customers, and remain focussed on improving water quality.

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 2022.



Dona Tantirimudalige

Managing Director, Westernport Water

13 October 2022

Impacts of coronavirus (COVID-19)

Westernport Water has implemented a range of response and business continuity plans to safeguard our business against the impacts associated with COVID-19.

Since the initial State Government restrictions came into place in March 2020, Westernport Water has implemented actions to protect our staff by enabling remote working and embedding new field-based practices to maintain essential services for the community.

The health, safety, and wellbeing of our people, customers and community remains our highest priority. Our Customer Service Team continues to respond to and support customers across multiple customer channels. Our workforce continues to work under flexible hybrid working arrangements with many staff working from the office and home.

Our hardship support and flexible payment options were extended to all customers, and debt recovery activity remained suspended.

Operational changes to our Network Operations, Treatment Plant and Newhaven Headquarters teams supported flexible working arrangements allowing employees to adjust their work schedule to suit both personal and business needs, applying split workforce arrangements whilst ensuring contractors and consultants have been compliant with the government issued COVIDSafe requirements prior to visiting any Westernport Water site.

In this ever-changing environment, Westernport Water has maintained the flexibility to respond to a variety of scenarios that have presented themselves and continues to put the health, safety, and wellbeing of our employees and community first.

We are seeing inflation impacting the cost of living and increasing the costs for essential materials and supplies required to treat our water and wastewater.

Westernport Water has responded with an increase to charges in 2022-23 of 4.2 percent which is 0.9 percent lower than the increase approved by the Essential Service Commission (ESC) of 5.1 percent on 30 June 2022.

We will continue to assist our customers facing financial hardship and closely monitor our financial performance to ensure the sustainability of the corporation and the community we support.

For further information about Victoria's response to COVID-19, please visit www.coronavirus.vic.gov.au.

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.

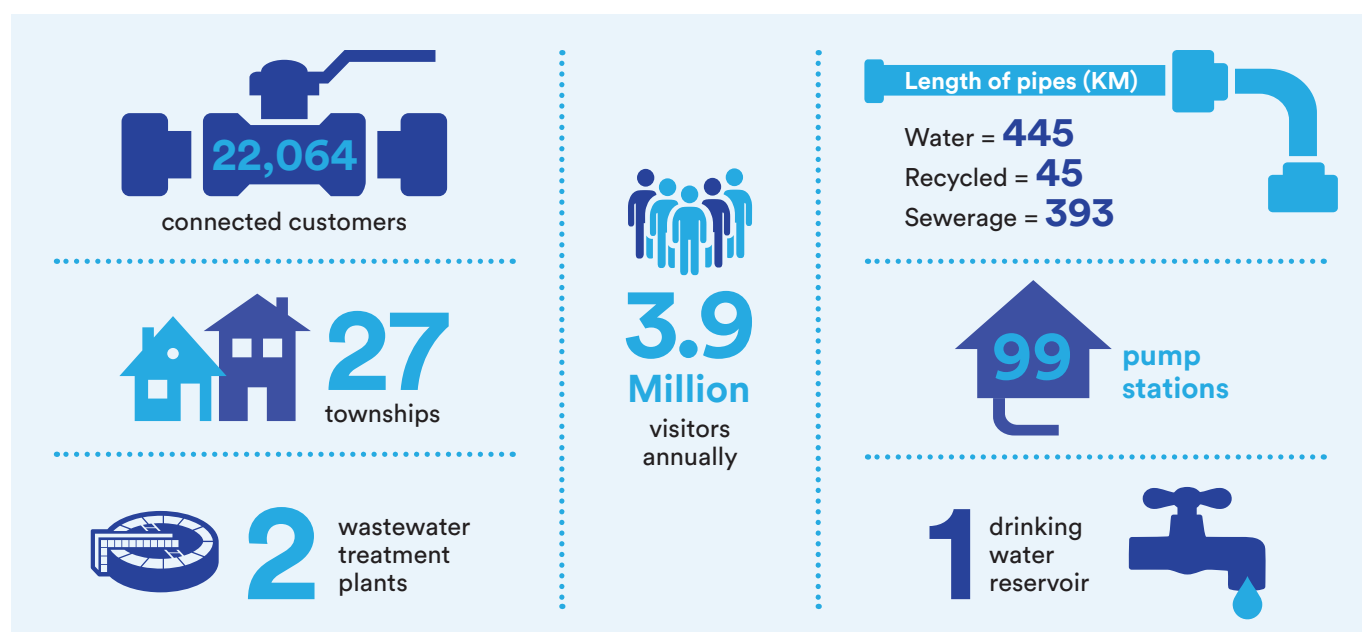
Westernport Water is one of 18 water corporations operating and reporting to the State Government of Victoria. It is responsible for servicing 22,064 customers from 27 townships across an area covering 300 square kilometres, encompassing Millowl (Phillip Island) and mainland communities from The Gurdies 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 permanent resident.

Westernport Water sources water from Tennent Creek, the Corporation's main water supply source, with additional entitlements on 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 site services Phillip Island and surrounds and the King Road site services mainland waterline communities. 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.



Water sources available to Westernport Water

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
- 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 2021 to 24 June 2022 was the Hon Lisa Neville MP, Minister for Water. The Hon Richard Wynne acted as the Victorian Minister for Water for a three-month period from 21 February 2021.

The Hon. Harriet Shing was appointed as the Victorian Minister for Water, Minister for Regional Development and Minister for Equality, following the resignation of Lisa Neville on Friday 24 June 2022.

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 Hon Richard Wynne MP, Acting 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

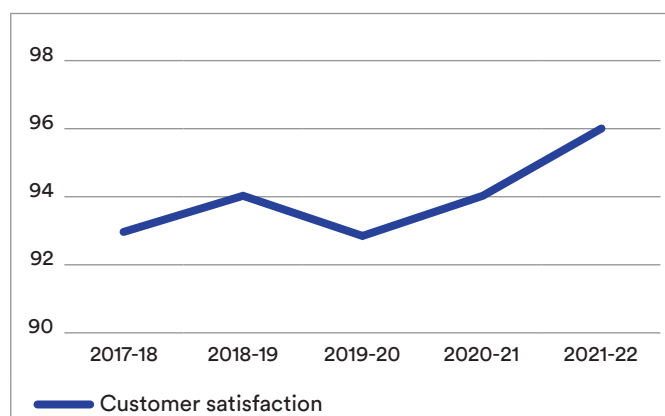
corporations. Westernport Water is required to report on its progress towards meeting its obligations set out in its Corporate Plan and identified priority policy areas.

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*.

The Environment Protection Authority Victoria (EPA Victoria) and the Victorian Department of Health (DoH) 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 has been engaging with customers and the community over the past year to identify the outcomes that customers desire over the period 2023-28.

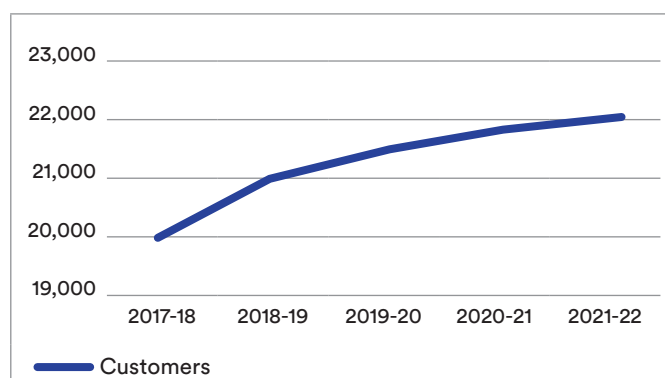
Overall customer satisfaction level (%) for the services provided



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 increased over the past year to 22,064, an increase of only 148 customers. We attributed the small increase to greater numbers of people moving to their property to live here permanently. Permanent occupancy rates have increased according to the latest census data and we believe this has reduced the number of non-permanent options available for tenants.

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 our water quality and serving our customers with accessible and consistent information. In addition, 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 and 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. This year's zero TRIFR rate reflects our commitment to this value.



We are a great place to work

Westernport Water is proud of its inclusive, diverse, engaged and high performing workforce. Our employee engagement through the People Matters Survey is at an all time high and we embrace 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 now and into the future

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. This includes the development of our 2022-27 Urban Water Strategy with a 50 year outlook.



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. According to sector-wide comparisons (July 2021 to June 2022), Westernport Water customers rate their overall satisfaction 7.2 out of 10, and are in the top five most satisfied customers according to the ESC sector-wide comparisons.



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. Having met our target for Greenhouse Gas Emissions (GGE) GGE reduction, we are committed to 90 percent emissions reduction by 2030, and net zero emissions by 2035, while also increasing our recycled water reuse.



Our business is financially sustainable through sound governance and prudent investment

Westernport Water will continue to meet stakeholder expectations by focusing 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 2018-23 (PS1) 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.

Outcome 1: Overall performance for the regulatory period so far:

Output	2021-22	2020-21	2019-20	2018-19	Target	Notes
Number of water supply interruptions – unplanned and planned per 100km	29.5	17.5	17.9	27.3	<46	1 😊
Number of sewer main blockages per 100km	7.7	5.4	3.8	6.1	<4.1	2 😞
Average total customer minutes off water supply – unplanned and planned	126.5	141.7	83.1	112.7	<103	3 😞

Notes

- Interruptions (planned and unplanned) increased by 68.6% from previous year due to an increased number of planned works. However, results remain well under the target.
- Sewer blockages remain above average. A total of 30 sewer main blockages were reported in 2021-22, 87.8% over target. These increases are attributed to the La Nina weather pattern causing significant root infiltration. Analysis of preventative maintenance programs in progress.
- Average total customer minutes is above target because of planned mains cleaning in Cowes, and two water main bursts that were complex to repair. One burst was due to a fallen tree damaging a water main and powerlines. Repair could not be completed until the site was safe.

Achievements

- Invested \$2.3M 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 supply main is interrupted for planned and unplanned repairs.
- Completed a \$2.3M renewal of the San Remo Basin liner and cover to provide consistent and reliable drinking water services for another 30 years, with \$0.35M ancillary works to be completed in October 2022.
- Westernport Water is rated the 7th most trusted out of 16 Water Corporations by customers, according to the ESC sector-wide comparisons.
- CWTP Stage 2 upgrades completed in December 2021. The total investment in PS1 is \$5.1M; the upgrade will provide additional treatment capacity to meet demand to 2036.
- Commenced the replacement of valves along the water main between San Remo and Wimbledon Heights, as part of our ongoing program of renewals to maintain the reliability of the water supply.
- Completed the development of the 50-year outlook, Urban Water Strategy 2022.
- The Water Pressure Management Program was completed in Cape Woolamai, which targeted areas of high water pressure and is expected to reduce water leakage and bursts to water pipes.

Future projects

- San Remo to Cowes Valve Replacement Project commenced in June 2022 and is due for completion in November 2022 (delayed due to wet weather). The \$707K project is designed to proactively replace critical valves and fittings to maintain the water supply and reduce unplanned interruptions to customers on Phillip Island.
- San Remo Basin to Newhaven Bridge Pipeline Brackets and Fittings Renewal project is at tender stage and due to commence in February 2023. Replacement of ageing brackets and fittings supporting the pipeline under the bridge will ensure a more reliable water and sewer service.



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.

Outcome 2: Overall performance for the regulatory period so far:

Output	2021-22	2020-21	2019-20	2018-19	Target	Notes
Customers (%) satisfied with drinking water via annual telephone survey	66	72	69	64	>70	1 😞
Number of <i>Safe Drinking Water Act</i> non-compliance (water sampling, audit)	0	0	0	0	0	– 😊
Number of water quality complaints per 100 customers	0.25	0.95	0.08	0.22	<0.22	2 😞

Notes

- Customer satisfaction trends for drinking water reveal that 66% of respondents are satisfied with their tap water. This result is a step backwards and is largely attributable to a water quality event during the previous reporting period. These issues have now been addressed.
- Naturally occurring taste compounds in the raw water, changes within network operations and chlorine residuals all contributed to Westernport Water not achieving the target.

Achievements

- Recognised as having Victoria's best tasting tap water at the 2021 Water Industry Operators Association of Australia Best Tasting Tap Water competition.
- A trial to run the water treatment plant at different flows rates was successful in minimising the chance of sediments impacting water quality.
- Improved the treatment removal process of naturally occurring manganese in the raw water storage. Manganese can contribute to discolouration resulting in dirty water.
- We continued the successful Backflow Prevention Program to stop potential contaminants from entering the drinking water network from the reverse flow of water.

Future projects

- We will continue to improve our systems. We will review our processes to carry out maintenance and repairs to the water network, ensuring we are always adopting industry best practice principles to manage water hygiene.
- Swabbing (cleaning) and air scouring our large watermain to remove biofilm and naturally occurring sediment to provide 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.



Outcome 3: Overall performance for the regulatory period so far:

Output	2021-22	2020-21	2019-20	2018-19	Target	Notes
Average time (min) to attend to water bursts and leaks – priority 1	1	0	0	2	<30	1 😊
Average time (min) to attend to water bursts and leaks – priority 2	64.1	34.7	30.6	40.4	<35	2 😞
Average time (min) to attend to water bursts and leaks – priority 3	148.3	50.4	45.6	43.4	<300	3 😊
Telephone calls answered within 30 seconds (%)	97	97	97	97.3	>97	– 😊
Number of hardship grants approved	238	259	107	30	>25	4 😊

Notes

1. Due to similar system alerts in the past the team proactively identified the issue and were onsite at the time of the burst.
2. Increase was caused by an incident not being logged on time by overnight call centre. Process now amended. Current climatic conditions also resulted in higher than average water mains bursts and leaks.
3. Despite an increase from previous year by 194%, the average time to respond remains well under the target of 300 minutes.
4. Hardship support arrangements remained higher than our target as a result of the impacts of the pandemic.

Achievements

- Enabled access to \$1,045,478 worth of financial hardship assistance through concession rebates, utility relief grants and hardship grants.
- Completed the \$625K Sewer Pump Station Electrical Switchboard upgrade to improve and maintain the reliability of the sewer system.
- Completed year four of a five-year \$1.2M Sewer Junction Rebuild Program to renew customer sewer service connections.
- Completed Stage 1 of a \$160K sewer main renewal program designed to reline the aging sewer mains and improve operations of essential services.

Future Projects

- Stage 2 of sewer main renewal program, due to commence in September 2022 (\$120K).
- Complete year four of a five-year \$1.2M Sewer Junction Rebuild Program to renew customer sewer service connections.



A more sustainable community

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

Outcome 4: Overall performance for the regulatory period so far:

Output	2021-22	2020-21	2019-20	2018-19	Target	Notes
Effluent reuse (%)	17.9%	7.4%	14%	23.5%	>25%	1 😞
Net Greenhouse Gas Emissions (CO ₂ -e tonnes) produced	5,973	6,704	6,460	6,920	<5,974	2 😊
Number of community educational engagements	29	12	23	23	>22	3 😊

Notes

1. Target not met due to the Class A Treatment Plant being offline for membrane replacement during the irrigation season. Effluent reuse was still higher than in 2020-21, and we expect to meet this target by June 2023.
2. Reduction of 150 tonnes CO₂-e (e = equivalent) due to new solar panels at CWTP and the voluntary surrender of 368 MWh credits, equal to 368 tonnes CO₂-e from the Zero Emissions Water (ZEW) – Power Purchase Agreement (PPA).
3. Planned community events and face-to-face engagements exceeded targets due to a focused effort on engagement.

Achievements

- Engaged with more than 1 in every 20 customers as part of the 2023 price review process.
- Co-hosted the second National Water Week Online Learning Festival in October 2021, which reached over 50,000 people.
- Transitioned 12 of 29 community engagements events online to improve accessibility for targeted customer engagement.
- An estimated 126.9 MWh reduction in demand for grid-based electricity at Cowes Wastewater Treatment Plant due to energy produced by newly installed solar panels.
- Expanded irrigation capacity at the Cowes and King Road Wastewater Treatment Plants which allowed for greater irrigation to land.
- Completed a Net Zero Strategy to assist in understanding our pathway to net-zero, supporting emission reduction targets of 90 percent by 2030 and net zero emissions by 2035. Reduced our emissions to meet our target for net GGE.
- Continued to implement the Environment Management System (EMS) and align it to the 2017 *Environment Protection Act* legislation, to meet the General Environmental Duty (GED).
- Continued the Class-B Recycled Water Trial to increase treated effluent reuse and reduce ocean outfall.

Future Projects

- Develop business cases for treatment plant energy efficiencies, and a waste to energy project for biogas co-generation.
- Install a floating wetland system at CWTP effluent storage lagoon as part of a pilot project to quantify GGE and assess sequestering carbon. Learnings will inform a detailed design for a restorative wetland at KRWTP from 2023.
- Develop the next iteration of the Climate Change Strategy outlining our increased commitment for 90 percent emissions reduction by 2030 and net zero emissions by 2035.
- Complete a Renewable Energy Plan to assist Westernport Water in meeting the Victorian Government Policy for 100 percent renewable energy use by 2025.
- Progress options to increase wastewater reuse from our KRWTP and CWTP with business cases for sustainable reuse and afforestation.
- Review Community Engagement Strategy and Education Plan to ensure that we continue to meet customer and community expectations.

Key initiatives and projects

Since 1 July 2021, Westernport Water has initiated programs and initiatives in line with our Corporate Plan, to deliver efficient and effective water and wastewater products and services.

We meet the expectations of our customers

Commence development of PS23 Customer Engagement Program

The price proposal was informed by an extensive customer engagement program – Choose Your Water Future – across four distinct stages. The first stage included annual data collection through customer satisfaction phone surveys. This was followed by online surveys focused on water security, customer priorities and expectations. In the third phase, we conducted ‘Getting to Fair’ interviews to ensure that vulnerable customers were appropriately represented in our feedback. By the fourth stage, we knew our customer's priority areas and we explored these in-depth at deliberative forums and in-person events.

We believe that the yearlong engagement program was a success even though COVID-19 risks forced a shift to primarily digital consultation. Westernport Water is scheduled to submit its price proposal for 2023-28 to the ESC by 30 September 2022.

During the reporting period, we spent over \$47,000 on customer engagement to facilitate and explore complex priority areas identified in the early stages of customer consultation.

Our people are safe and well, every day

Deliver Year One of the Workplace Health and Safety Strategy (2021-24)

Following the development of a new three-year WHS Strategy in 2020-21, Year One was successfully delivered in 2021-22. The Strategy is our blueprint for continuous improvement of safety performance and culture. It includes key deliverables under the banners of Safety Leadership & Employee Capability, Technology & Systems, Risk Management, Communications, and Injury/Illness Prevention and Health Surveillance. A significant effort was made throughout the year to improve training, reporting and implementation of systems, all of which required a refresh following the return to the office after working from home due to COVID-19 restrictions.

During 2021-22, we invested \$50,000 in the WHS Capital Program to support the initiatives undertaken in Year One of the Strategy.

We are a great place to work

Deliver Year One of the Diversity and Inclusion Strategy (2021-24)

Year One of the Diversity and Inclusion (D&I) Strategy 2021-24 was delivered in 2021-22 in the areas of Aboriginal & Torres Strait Islander cultural capability, gender equity, generational diversity and barriers to a more inclusive workforce. Completion of a Workplace Gender Audit, Gender Impact Assessments and development of a Gender Equality Action Plan were key deliverables achieved to meet the requirements of the *Gender Equality Act 2020*. Completion of the Innovate Reconciliation Action Plan, development of phased retirement and intergenerational mentoring programs, and a range of other activities strengthened our commitment to a diverse and inclusive workplace.

During 2021-22, we invested \$15,000 to support delivery of the initiatives in Year One of the Strategy.

Our assets enable the sustainable delivery of products and services



The Cowes Wastewater Treatment Plant was upgraded with a new clarifier to improve performance and meet future growth

Deliver Year Two of the Cowes Wastewater Treatment Plant, Stage 2 Upgrade Project

Building capacity to meet population growth and changing demands, the CWTP was upgraded with the construction of a new 24m diameter clarifier. The upgrade improves performance and enhances the quality of treated wastewater which is either reused in the community as recycled water or, once treated to a high quality that meets EPA requirements, discharged to the Bass Strait.

Construction of the \$5.1M infrastructure project took place between February 2021 and December 2021 and was completed in time for the busy tourism season. This concludes the upgrades for year two to meet wastewater compliance requirements and accommodate future growth.

Replace the San Remo Basin Liner and Cover

The replacement of the liner and aging cover of the San Remo Basin was completed in April 2022, three months ahead of schedule. The San Remo Basin is Westernport Water's main drinking water storage in our water distribution system.

During construction, customers continued to enjoy an uninterrupted, reliable drinking water supply while the San Remo Basin was offline. The San Remo Basin stores 30 ML of treated drinking water or about five days of supply and is an integral part of the water supply system, providing safe and reliable storage before water gravity feeds to customers in San Remo and Phillip Island.

The \$2.3M invested to renew the critical asset is expected to provide a reliable drinking water service for the next 30 years and is essential to the ongoing supply of water services that meet or exceed customer expectations.



San Remo Basin new cover & liner

Deliver 2021-22 Water Quality Improvement Plan – Phillip Island Water Supply Security Project

A 2.3ML drinking water storage tank at Wimbledon Heights was constructed and commissioned to improve drinking water service reliability. The tank provides a dependable and consistent supply of water even when work is required on the water supply network.

The \$2.3M Phillip Island Water Supply Security Project was fully operational from March 2022, providing operational flexibility and a backup supply that reduces water supply interruptions from planned and unplanned works. This concludes investment in this capital project.



The Phillip Island Water Security Project saw the construction of a new 2.3ML back-up water tank to improve water reliability to Phillip Island customers

Commence development of PS23 Capital Program

Capital expenditure forecasting essentially involves anticipating the scope, timing, and costs for many projects, ranging from the replacement of existing assets at the end of their lives to the construction of major new assets and facilities. The development of our capital expenditure program for the next regulatory period from July 2023 to June 2028 (PS23) was completed in June 2022.

The capital expenditure program has been redesigned to ensure that our infrastructure investment can deliver our regulatory obligations; enables customer expectations for performance to be met; reflects the priorities that have been expressed by our customers throughout engagement; maintains asset reliability and does not contribute to significant increases in the next regulatory price period; includes a balanced risk-based approach to cost estimates, avoiding conservative contingencies and accommodates forecasts for long term growth

During 2021-22, we invested \$150,000 in building the capital program for the next five years.

We are a valued member of the community we serve

Deliver Year Two of the 'Innovate' Reconciliation Action Plan 2020-22

Our 'Innovate' Reconciliation Action Plan (RAP) concludes at the end of July 2022. Of the 18 actions and 83 deliverables detailed within the RAP, 76 were completed. Although we delivered most of our Innovate RAP deliverables, the challenges associated with ongoing COVID-19 related constraints and inability to meet with Traditional Owners and stakeholders in person made it difficult to progress all elements confidently.

With the full support of the RAP Working Group (RWG) and the Board, a decision was made to move forward with a second Innovate RAP and to focus on embedding reconciliation into day-to-day activities. During the reporting period, \$26,300 was invested in delivering reconciliation and recognition outcomes and engaging with Traditional Owners. Pleasingly, over \$140k was spent supporting Aboriginal and Torres Strait Islander owned businesses throughout the year, this includes cultural heritage works. Further information on cultural heritage on pg. 51.

We value and protect our natural environment

Continue implementation of the Environmental Management System

Implementing the EMS across the business has commenced. This included the incorporation of measures to ensure the EMS is aligned with meeting requirements of the *2017 Environment Protection Act*, particularly in meeting requirements of the General Environmental Duty (GED).

Environmental incidents can now be captured in Westernport Water's corporate system Rapid Global, allowing for ease of tracking and reporting. In addition, the Aspects and Impacts register was revised to align with requirements of the GED. These activities did not result in additional spend in 2021-22.

Deliver on Climate Change Strategy Actions 2017-23

In 2021-22, actions to deliver the Climate Change Strategy focused on project planning for the next pricing submission period. These projects include a staged, high-level biogas options assessment for CWTP, pilot trial for a Virtual Energy Network (VEN) for sharing of renewable energy between Westernport Water sites, and the assessment of carbon sequestration potential by planting vegetation on company owned land.

The total cost for these projects was \$40,000 with an additional expenditure of \$32,000 to support the biogas options assessment from the PS23 strategy development budget. These studies will inform the next iteration of projects required to meet our targets of 90 percent emissions reduction by 2030 and net zero emissions by 2035. Projects and targets will be reflected in the next iteration of the Climate Change Strategy due in 2022-23.

Develop Urban Water Strategy (2022)

Westernport Water's Urban Water Strategy was updated during 2021-22 and submitted to the Minister in March 2022. It provides a clear long-term plan to deliver safe and sustainable drinking water for our community with a 50-year outlook. The strategy outlines the actions required to manage customer demand and confirms that there are sufficient supplies of drinking water to service the region. It is a key planning tool to manage our water supply and considers population growth, changing demographics, climate change and climate variability.

The strategy is reviewed and updated every five years to identify infrastructure improvements that may be required to meet future needs. During 2021-22, we invested \$16k to further develop the Urban Water Strategy.



Members of the Environment and Product Quality team after winning WIOA's 2021 Best Tasting Tap Water competition

Continue to participate in Catchment and Regional Integrated Water Management (IWM) outcomes

Westernport Water continued its collaborative approach to water planning with stakeholders who have an interest in all aspects of the water cycle. In 2021-22 we continued to participate 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. Furthermore, Westernport Water was successful in its submission for a \$200,000 feasibility study grant for the high-priority IWM project to assess a floating wetland system at CWTP and embed findings for the planned constructed, restorative wetland system at KRWTP.

Our business is financially sustainable through sound governance and prudent investment

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.

During the year, the Alliance collaboratively collected customer satisfaction data for benchmarking. Significant effort was directed towards a project to explore options for a Utility Billing Enhancement and the Information Professionals Group (IPG) was engaged to undertake the options study that was presented to the Alliance.

Extensive interviews were held across three corporations to understand the current state of their systems and future requirements to deliver a contemporary customer experience. As a result, the Gippsland Regional Water Alliance appointed Information Professionals to develop a preliminary business case for the shared implementation of enhanced Utility Billing and Customer Relations Management functionality. Progress is reported to a GRWA Steering Committee.

Replace and modernise MV-RS meter reading to support customer billing

The Westernport Water service area comprises of approximately eighteen thousand water meters which are read and billed four times a year. The existing handheld meter reading devices and supporting software were replaced in April 2022. The software updates provide advanced reporting, remote and live allocation of reads to handhelds, real time view of reading status, and the ability to capture photographs of water meters.

The total budget allocation for the project was \$30,000 and the total spend at 30 June was \$39,529.26. The overspend was identified and approved early in the project.

Commence development of PS23: Financial Modelling

Westernport Water secured the services of Utilities Regulation Advisory (URA) to develop a financial model to assist with customer engagement and the development of tariffs and charges for PS23. An additional piece of work has also been completed with the contractor URA and VicWater to review the methodologies, inputs, forecasts, capital program and customer outcomes.

Total budget allocation for the project was \$75,000 and the total spend as at 30 June was \$51,875.

Deliver Year One of the Technology Roadmap

The Technology Roadmap is Westernport Water's plan of action to implement new and maintain existing solutions by defining a clear path for technology use within the organisation. This aligns the expectations of key stakeholders, lays out a sequence of projects to ensure continued technological innovation within the organisation and makes certain of the efficient application of resources. The 2021-22 deliverables for this initiative identified the projects required to meet the technology target state program defined within Year One of the Technology Roadmap.

Year Two of the Technology Roadmap comprises an upgrade to our finance and utility billing platform which is scheduled to commence in September 2022. Total budget allocation for the project was \$1,200,000 and the total spend as at 30 June is \$213,109. The remaining \$986,891 will be carried over to 2022-23 for the delivery of Year Two of the Technology Roadmap.

Performance highlights and key achievements

The following summarises Westernport Water's performance against key initiatives outlined in Water for Victoria and Minister's Letter of Expectations (LOE).

Water for Victoria

Victoria has a long and proud history of effectively managing its water resources which are critical to our economy, environment and our communities. Through alignment of our Corporate Plan and Water for Victoria, we will deliver a water system that is modern, efficient, innovative, future focused and affordable. The tables below show alignment of Westernport Water's Corporate Initiatives to Water for Victoria's Priority Policy Areas and deliverables against the Minister's Letter of Expectations.

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. Aligned Corporate Plan 2021-26 initiatives include:

- Deliver on Climate Change Strategy Actions 2017-23
- Develop Urban Water Strategy 2022
- Continue to participate in Catchment and Regional Integrated Water Management outcomes.
- Continue implementation of the Environmental Management System

KPI	KPI – Measure	Definition	Delivered
E1 Emissions reductions	Demonstration of reasonable progress toward achievement of the entity's emission reduction target specified in the Statement of Obligations (Emissions Reduction). Total net emissions greenhouse gas 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.	<ul style="list-style-type: none"> – Continued emissions reduction from utilisation of behind the meter solar installations at high emitting sites, self-sourced renewable energy generation (which includes LGC surrenders) reached 16.3% in 2021-22. – Continued accrual of Large-Scale Generation Certificates through the Power Purchase Agreement with ZEW, resulting in the voluntary surrender of 368 LGCs equal to 368 MWh of renewable energy generation. – Further information on page 59.
E2 Energy and Renewable Electricity Consumption	Demonstrate reasonable progress in contributing to sector achieving its renewable energy use target of 40% by 2025 as outlined in Victoria's water plan, Water for Victoria. Total electricity consumption, and total renewable electricity consumption, in megawatt hours.	– Total electricity consumption, and total renewable electricity consumption in megawatt hours for the whole business and its activities, as specified under the National Greenhouse and Energy Reporting Scheme.	<ul style="list-style-type: none"> – Continued to monitor and report on electricity consumption and renewable electricity consumption (MWh) at Westernport Water's sites. – Total renewable energy consumption (including mandatory grid-based renewable energy sources) reached 34.9% of Westernport Water's total electricity consumption.

KPI	KPI – Measure	Definition	Delivered
E3 Adaptation to climate change and variability	E3 a. Application of the <i>Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria</i> and demonstrate application in drought preparedness and urban water strategies	– N/A	<ul style="list-style-type: none"> – Assessing the Impact of climate change during development of Urban Water Strategy 2022, including reviewing our drought preparedness plan. – Urban Water Strategy 2022 includes climate change scenarios in yield modelling.
	E3 b. Demonstration of reasonable progress in integrating climate change adaptation into decision-making across the business (all sources of water, wastewater and where relevant, drainage and flood management) including in: source waters and demand, built assets, natural environment, people and workplace, interdependencies, customer and product delivery.	– Adaptation considerations 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 the six business areas of the business where adaptation is relevant.	<ul style="list-style-type: none"> – Continued implementation of Climate Change Adaptation Plan actions and update actions across six business areas as identified in the WSAA Climate Change Guidelines. – The next iteration of the Climate Change Adaption Plan is due in 2022-23. – Continued implementation of the Recycled Water Strategy identifies opportunities to reduce demand on drinking water supplies. – Continued participation in IWM Forums to identify opportunities for alternative water use, reducing reliance on drinking water supply system. – Further information in page 59.

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. Aligned Corporate Plan (2021-26) initiatives include:

- Commence development of PS23: Customer engagement program
- Commence development of PS23: Capital program
- Deliver the 2021-22 Water Quality Improvement Plan
- Replace and modernise MV-RS meter reading software to support customer billing.

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) in October 2021. – 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. – Monitored 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. – According to customer survey data (July 2021 to June 2022), Westernport Water is considered the 7th most trusted Water Corporation according to the ESC sector-wide comparisons.
	(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 2.53.
	(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. Pleasingly our result for the year was 0.77.

KPI	KPI – Measure	Definition	Delivered
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"> – Delivered Year Two of the Community Engagement Strategy (2020-23) for 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 we completed a year-long customer engagement campaign for the water price review called 'Choose your water future' Have your Say. www.westernportwater.com.au/haveyoursay/
CE2 Strengthen compliance	CE2a Embed a strategic compliance and enforcement strategy and annual compliance and enforcement work program.	<ul style="list-style-type: none"> – Demonstration of reasonable progress toward implementation of Compliance and Enforcement review recommendations. – Each WC is required to have an up-to-date compliance and enforcement strategy. This work program should be supported by a systematic approach to identifying and prioritising opportunities for continuous improvement as part of the strategic planning and reporting processes. Monitoring and oversight should be of the overall C&E function, both 'take and use of water' and 'construction of works'. 	<ul style="list-style-type: none"> – A Compliance and Enforcement Strategy was not developed during the year, as it became clear that this was a requirement for rural water corporations, not urban. In the event a compliance and enforcement event occurred, Westernport Water would call upon the rural water corporation of the region, Southern Rural Water, to initiate any compliance and enforcement activities.
	CE2b: Implement a structured approach to monitoring and reporting on C&E functions against a strategic and annual work plans be adopted, as appropriate to the significance of and level of risk.	<ul style="list-style-type: none"> – As above. 	<ul style="list-style-type: none"> – As above.

Water for Aboriginal Cultural, Spiritual and Economic Values

Recognise and support self-determination of Aboriginal cultural values and economic inclusion in the water sector. Aligned Corporate Plan (2021-26) initiatives include:

- Deliver Year Two of the ‘Innovate’ Reconciliation Action Plan 2020-22
- Continue to participate in Catchment and Regional Integrated Water Management outcomes
- Deliver Year One of the Diversity and Inclusion Strategy 2021-24
- Develop Urban Water Strategy 2022.

KPI	Measure	Definition	Delivered
AC1 Engagement of Aboriginal communities	AC1.1 Implementation and reporting on a strategy that demonstrates how the water corporation is addressing procurement barriers and providing procurement opportunities to Aboriginal Enterprises. Aboriginal enterprises to supply goods/services to water corporations and number of Aboriginal enterprises procured in the last year.	<ul style="list-style-type: none"> – Explore and develop opportunities for business arrangements with Traditional Owners and Aboriginal enterprises to deliver value for money catchment and water services. 	<ul style="list-style-type: none"> – Delivered year two of the ‘Innovate’ RAP 2020-22, action 10. Increased Aboriginal and Torres Strait Islander supplier diversity to support improved economic and social outcomes. – Developed a Social Procurement Strategy 2021-24. – Over \$140k of services procured through Aboriginal or Torres Strait Islander certified suppliers.
	AC1.12 Total number of tender requests received, Total number of Aboriginal enterprise tenders received and total number of Aboriginal enterprises procured in FY.	<ul style="list-style-type: none"> – As above. 	<ul style="list-style-type: none"> – Delivered ‘Innovate’ RAP 2020-22, action 10. Deliverables 1-5. – Reviewed procurement practices in line with VGPB Expansion. – Developed Social Procurement Strategy 2021-24.
	AC1.2 Number and description of offered and/or active sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships in the last year.	<ul style="list-style-type: none"> – Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal people. – No. of secondments or mentorship programs offered. 	<ul style="list-style-type: none"> – Delivered ‘Innovate’ RAP 2020-22, action 9. Improve employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development. – Traineeship successfully completed with Cert III in Conservation & Land Management.
	AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last year and working towards development of mandatory cultural safety training program/policy.		<ul style="list-style-type: none"> – Delivered ‘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, and promotion of dates of significance through regional events and activities in collaboration with the Bass Coast Reconciliation Network (BCRN). – All employees are encouraged to attend cultural events and ceremonies as part of their cultural learning. – Cultural training was postponed in the past 12 months due to COVID-19 however a new program is ready to commence in early July 2022.

KPI	Measure	Definition	Delivered
AC2 Engagement of Traditional Owners	AC2.1 Number of effective engagements and partnerships with Traditional Owners in water planning and management, including a number of water projects completed that led to improved outcomes for Aboriginal Communities.	<ul style="list-style-type: none"> – Inform Traditional Owners when opportunities arise to access water entitlements within existing framework. – Incorporate Traditional Ecological Knowledge into water planning and management. – 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. 	<ul style="list-style-type: none"> – Delivered 'Innovate' RAP (2020-22) – Ongoing engagement with Traditional Owners for Water for Life actions (guided by TO priorities) through the Traditional Owner and First Nations Working Group. – Continue to work with Sustainable Water Strategy Working Group to streamline engagement with Traditional Owners and the Registered Aboriginal Party. – Continued to provide leadership through the BCRN to support a regional approach to reconciliation. – Developed Urban Water Strategy 2022.
	AC2.2 Demonstrate that Traditional Owners have had the opportunity to review and/or endorse, all sections of the annual report that include specific reference to Traditional Ecological Knowledge, values and wellbeing.	– As Above	<ul style="list-style-type: none"> – Consulted the Bunurong Land Council Aboriginal Corporation (BLCAC) as the Registered Aboriginal Party for formal document reviews and cultural heritage regulatory activities.
AC3 Reconciliation Action Plan	AC3 Implementation of either an Aboriginal Inclusion Plan, Reconciliation Action Plan or a Self-Determination Plan, reflecting measures AC1.1 to AC1.3 and AC2.1 as appropriate and report against number of actions achieved and ongoing.		<ul style="list-style-type: none"> – Delivered Year 2 of 'Innovate' RAP which reflects measures AC1.1, AC1.2, AC1.3 and AC2.1. – Commenced engagement and planning for Westernport Water's third RAP, which will be a second Innovate RAP.
	AC3.1 Demonstrate that Traditional Owners have had the opportunity to review and/or endorse, all sections of the Plans, that include specific reference to Traditional Ecological Knowledge, values and wellbeing.		<ul style="list-style-type: none"> – The BLCAC completed official document reviews for Westernport Water's RAP and supporting documents, however consultation with the BLCAC has been limited to cultural heritage activities while they capacity build.

Resilient and Liveable Cities and Towns

Contribute to healthy communities by supporting safe, affordable, high quality services, and resilient environments. Aligned Corporate Plan 2021-26 initiatives include:

- Deliver Year Two of the CWTP Stage 2 Upgrade Project
- Replace the San Remo Basin Liner and Cover
- Deliver the 2021-22 Water Quality Improvement Plan
- Commence development of PS23: Capital program
- Continue to participate in Catchment and Regional Integrated Water Management outcomes
- Develop Urban Water Strategy 2022.

KPI	Measure	Definition	Comment
L1 Integrated Water Management	L1 a. Participation in, or establishment of IWM forums in our 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.	– Continued to work with Western Port Integrated Water Management (IWM) Program partners to plan and deliver Catchment and Regional IWM Plans.
	L1 b. Contribution to development and implementation of Strategic Direction Statement(s) in your region.	– As above.	– Westernport Water represented the Bass Coast region in the development of Catchment Scale IWM Action Plan for Western Port IWM Forum.
	L1 c. Implementation of priority IWM projects and plans as applicable delivering IWM outcomes.	– As above.	– Successful in IWM grant application to implement priority project 'Floating Wetland Pilot Project and Detailed Design' for restorative wetland at KRWTP.
	L1 d. Delivering IWM outcomes for the region.	– As above.	– As above.
L2 Water Efficiency	L2 a. Continue to collaborate on the Victorian Water Efficiency Strategy, delivering on water efficiency outcomes in <i>Water for Victoria</i> and relevant urban and sustainable water strategies including water corporations working together through a coordination group to develop State-wide 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, Smart Water Advice, Schools Water Efficiency Program, South Coast Water Partnership and Choose Tap as coordinated groups working on water efficiency initiatives. – Further information on pg 55.
	L2 b. Reporting the number of customers in need assisted by the Community Rebate Program, and for Participating organisations only, the Community Housing Retrofit Program.	– As above.	– Continue to promote the Community Rebate Program through targeted communications. Further information on pg 55.
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 2021-22 was \$1,327.
	L3 b. 200kL consumption.	– As above.	– In comparison, larger water users paid \$1,404 based on 200 kL of consumption.
L4 Payment management of hardship	L4 a. Number of installment plans at the end of the reporting period.	– As per ESC definitions, (UPP1) and (UPP6).	– We continued to promote flexible payments options to our customers with 231 installment plans at the end of 2022.
	L4 b. Number of customers awarded hardship grants.	– As above.	– Continued to identify eligible customers. There were 238 grants awarded in the 2021-22 year.

Recognise Recreational Values

Support the wellbeing of rural and regional communities by considering recreational values in water management. Aligned Corporate Plan 2021-26 initiatives include:

- Deliver Year Two of the ‘Innovate’ Reconciliation Action Plan 2020-22
- Develop Urban Water Strategy 2022
- Continue to participate in Catchment and Regional Integrated Water Management outcomes.

KPI	Measure	Definition	Comment
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 opportunities to support recreational values objectives 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"> – Continued to support the delivery of the Phillip Island Community Orchard, maximising the use of recycled water. – Delivered an additional three water stations in partnership with the local council and land managers. – Westernport Water operates one drinking water storage that is not accessible to the public for recreation. – Westernport Water will continue to consider opportunities to deliver improved recreational outcomes at its sites and in the community. – Our Education Team regularly accommodates tours, and walking and birdwatching groups.
	2 a. Efforts around – number of engagement processes that identified and considered recreational objectives relating to waterways management.	– As above.	<ul style="list-style-type: none"> – Westernport Water is considering opportunities to deliver recreational outcomes at its sites, including in detailed design for restorative wetland project at KRWTP. The project will involve stakeholder engagements throughout 2022-23 to inform wetland design including access opportunities. – Continued to support re-use and contribute to recreational outcomes through the Phillip Island Community Orchard.
	2 b. 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 advice on restricted community access to water storages on the Corporations website. – Supported Community Orchard communications using online communications and social media channels.
	2c. 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 both executive leadership and throughout the organisation. Aligned Corporate Plan 2021-26 initiatives include:

- Deliver Year One of the Workplace Health and Safety Strategy 2021-24
- Deliver Year One of the Diversity and Inclusion Strategy 2021-24
- Deliver Year Two of the ‘Innovate’ Reconciliation Action Plan 2020-22.

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.	<ul style="list-style-type: none"> – Delivered Year One of the Diversity & Inclusion Strategy (2021-24) which addresses Aboriginal & Torres Strait Islander cultural capability, gender equity, generational diversity and barriers to a more inclusive workforce. – Further information available on pg 14 and 35 including initiatives delivered.
	G1.2. Number of females occupying senior executive positions over projected five-year period.	– As above.	<ul style="list-style-type: none"> – 9 out of 15 leadership positions are occupied by females. – Further information available on pg 42.
	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.	<ul style="list-style-type: none"> – Achieved 4.3% Aboriginal people employed including one Board Director. – Further information available on pg 42.
	G1.4. Actions taken to improve participation by Traditional Owners in Board committees and other organisations.	– As above.	<ul style="list-style-type: none"> – Our Board Chair Rueben Berg is a Traditional Owner, Member of the First peoples Assembly of Victoria, a member of the Heritage Council of Victoria and was Commissioner for the Victorian Environmental Water Holder until early June 2022. – The RAP Working Group is comprised of Traditional Owners and members of the Aboriginal and Torres Strait Island community.
	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.	<ul style="list-style-type: none"> – 67% of staff participated in the 2021 People Matter Survey. – Further information available on pg 35.
G3 Health and Safety	G3. Performance indicators adopted to monitor OHS in line with FRD 22H, section 6.10.		<ul style="list-style-type: none"> – Delivered Year One of the WHS Strategy (2021-24). – The WHS Strategy (2021-24) is a continuous improvement strategy embedding a culture where safety behaviours are intrinsic and lived daily. – Further information is available on pp 37 including initiatives delivered.

Financial Sustainability

Delivering safe and cost-effective water and wastewater services in a financially sustainable manner. Aligned Corporate Plan (2021-26) Initiatives include:

- Commence development of PS23 Capital program
- Commence development of PS23 Financial modelling
- Deliver Year One of the Technology Roadmap
- Deliver Improved Value through the Gippsland Regional Water Alliance.

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 F8 Credit rating	– Financial indicators as prescribed by Performance Reporting Framework.	– Refer Table B1 – Financial Performance Indicators, page 73.

5 year financial summary

Profit and loss – summary	2021-22 \$ 000	2020-21 \$ 000	2019-20 \$ 000	2018-19 \$ 000	2017-18 \$ 000
Core revenue	23,449	22,990	22,227	21,790	20,420
Developer contributions and gifted assets	2,296	3,688	6,408	2,866	1,574
Other revenue ¹	1,097	1,048	898	831	811
Total revenue	26,842	27,726	29,533	25,487	22,805
Operating expenditure	11,323	10,798	10,906	10,284	9,063
Depreciation ²	7,308	6,749	6,667	6,242	6,089
Finance costs	255	238	263	285	347
Other	8,458	6,668	6,947	6,869	6,128
Total expenditure	27,344	24,453	24,783	23,680	21,627
Net profit / (loss) before tax	(502)	3,273	4,750	1,807	1,178

Notes

1. Other revenue is derived from non-service and non-usage revenue.
2. Depreciation includes impairment and amortisation.

Net profit

Net profit before tax for the year was \$1.6M however, due to an end of financial year accounting adjustment of \$2.1M to operating expenditure, a net loss before tax of \$502k has been reported. This was offset by an income tax credit of \$429k due to the change in tax rates from 26.5 percent to 25 percent this financial year, resulting in an after tax loss of \$73k for the year. This result is not reflective of annual underlying profitability as the adjustment was attributed to the cessation of a multi-year capital project previously reported in the balance sheet. The corporation remains financially sound with steady cash flow and strong cost controls maintained over the financial year.

Revenue

The decrease in total revenue from \$27.7M in 2020-21 to \$26.8M in 2021-22 was largely attributed to a decrease of \$1.4M in non-cash gifted asset revenue compared to prior year results. This was partially offset by an increase in core revenue of \$459k which was driven by growth in the service area. Despite the decline in Capital new developments compared to prior year, developments across the service area outperformed annual budget expectations for the fourth consecutive year.

The underlying tariffs were increased in line with Essential Services Commission (ESC) approved guidelines of 1.1 percent. Water consumption was slightly above forecast levels due to an increase in permanent residents

compared to prior year and an increase in visitors to the area with COVID-19 travel restrictions being removed effective from October 2021.

Expenditure

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

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 ensured that borrowing costs remained low.

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. 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	2021-22 \$ 000	2020-21 \$ 000	2019-20 \$ 000	2018-19 \$ 000	2017-18 \$ 000
Current assets	6,781	5,485	7,433	9,876	9,075
Non-current assets	286,147	285,167	214,312	208,486	206,413
Total assets	292,928	290,652	221,745	218,362	215,488
Current liabilities	10,311	11,053	9,320	8,911	7,695
Non-current liabilities	52,667	51,009	35,917	39,266	40,370
Total liabilities	62,978	62,062	45,237	48,177	48,002
Net assets	229,950	228,590	176,508	170,185	167,486

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.

Current liabilities are higher than current assets indicating a working capital deficiency, however this is not the case. Current borrowings are redrawn as they fall due, therefore are reclassified as non-current assets throughout the year. Unearned income classed as current liabilities relates to billed service revenue already received in advance due to the cyclical nature of the billing process.

Significant changes or factors affecting performance

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

The Business Transformation Project (BTP) successfully introduced a new ICT managed service provider in 2019 and delivered a new payroll and human resource information system in the 2021 financial year. The implementation of a new finance system was discontinued in February 2022 after an independent review, to pursue more cost-effective alternatives. This resulted in an accounting adjustment required for the 2022 financial year to reallocate BTP project related costs incurred between 2019 and 2022 to operating expenditure from work in progress. This accounting adjustment resulted in a reported increase in employee and consultant costs for 2021-22 however, these costs were largely incurred in prior years and not related to 2022 actual expenditure. Net Profit After Tax (NPAT) will remain in line with budget expectations for the five year regulatory period.

Capital projects/asset investment programs

The capital expenditure program for the year was \$8.5M against a target spend of \$9.2M which has assisted to deliver capital works in line with year four of the five year ESC approved Pricing Submission initiatives. Key projects for the year are described in more detail in later pages of the report.

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: www.budget.vic.gov.au/budget-papers. There were no capital projects completed during the 2021-22 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 2021-22 accounts however, a National Tax Equivalent Regime (NTER) tax rate change from 26 percent to 25 percent as per AASB 108 was applied as at 1 July 2021, (refer note 8.1.1 of the Financial Statements).

Disclosure of grants and transfer of payments

Nil grants were received or paid during the 2021-22 financial year.

Subsequent events

There were no events occurring after the balance date that would significantly affect Westernport Water's reported financial position for 2021-22 financial year.

Governance and organisational structure

Corporate governance arrangements and organisational structure

The Minister for Water

Westernport Water is established under the *Water Act 1994*. The responsible Minister for the period from 1 July 2021 to 24 June 2022 was the Hon Lisa Neville MP, Minister for Water. The Hon Richard Wynne acted as the Victorian Minister for Water for a three-month period from 21 February 2021.

The Hon. Harriet Shing was appointed as the Victorian Minister for Water, Minister for Regional Development and Minister for Equality, following the resignation of Lisa Neville on Friday 24 June 2022.

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 for the reporting period were:

- Dona Tantirimudalige – Managing Director (1 Sep 2021 – 30 Jun 2022)
- Peter Quigley – Managing Director (1 Jun 2021 – 31 Aug 2021)
- Gareth Kennedy – General Manager Customer & Community
- Lisa Caldwell – General Manager Corporate & People (1 Jun 2021 – 13 Dec 2021)
- Paul Donohue – General Manager Assets & Operations.

Structural changes

Due to the resignation of the General Manager Corporate & People in December 2021, a temporary structure was implemented while consideration was given to an ongoing structure that would best enable the Corporation to deliver value to its customers. The temporary structure included the CFO, Kathy Hawke, reporting into the Executive team, and the merging of the Customer & Community and Corporate & People divisions under Gareth Kennedy.

Governing Board

During the 2021-22 reporting period, the Board of Directors consisted of nine members including the Managing Director who are appointed by the Victorian Government. Directors 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 Director appointments and movements occurred as instructed by the Hon. Lisa Neville MP, Minister for Water for the duration of the 2021-22 reporting period.

From 1 July 2021 to 30 June 2022 – Ongoing Directors

Rueben Berg, Leigh Berrell, Tanya Ha, Christopher Newton, Joanne Pearson and Annabelle Roxon.

From 1 July 2021 to 30 September 2021 – Exiting Directors

Philip Clark (Chair) and Yvonne Dickson ceased operating as Directors on 30 September 2021.

From 1 October 2021 to 30 June 2022 – Newly appointed Directors and movements

The Hon. Lisa Neville MP then re-assignment of the role of Chair to ongoing Director Rueben Berg, and appointed two new Directors, Ishara Saldin and Graham Hawke.

The Managing Director also forms part of the Board of Directors and changed as below:

- Dona Tantirimudalige – Managing Director from 1 Sep 2021 to 30 Jun 2022
- Peter Quigley – Managing Director to 31 Aug 2021.

Rueben Berg (Chair) was appointed Chair of Westernport Water from 1 October 2021 until 30 September 2025. 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 member of the Heritage Council of Victoria and until early June 2022 Rueben was a Commissioner for the Victorian Environmental Water Holder. 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 Sub-committee for the World Flying Disc Federation. He has a Bachelor of Architecture.

Annabelle Roxon (Deputy Chair) was appointed to the Board of Westernport Water on 1 October 2019 until 30 September 2023 and was appointed Deputy Chair on 1 October 2021. She is an experienced Board Director, also serving on the Board of Box Hill Institute. She is a management consultant in the social sector, advising 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. Annabelle holds an MBA, a Bachelor of Laws (Hons) and a Bachelor of Arts. Annabelle is also a non-executive Director at Box Hill Institute.

Dona Tantirimudalige (Managing Director) was appointed Managing Director in September 2021. Dona is an experienced leader within the Victorian water industry and has a strong passion for the role of the public sector in creating a fair and just society. Dona has eight years of experience as a Board Director and 24 years of experience in the water industry across strategic planning, customer experience, and the asset life cycle. Dona is the current Chair of South East Monash Legal Services, the outgoing president of the Institute of Water Administrators, is on the Energy & Water Ombudsman of Victoria board, and the Inverloch & District Financial Enterprises Limited (Inverloch Bendigo Bank) board. Dona is a Member of the Australian Institute of Company Directors, holds a Masters in Public Policy & Management, and a Bachelor of Engineering (civil – honours).

Leigh Berrell was appointed to the Board of Westernport Water on 1 October 2019 until 30 September 2023. He has a decade of experience as a Utilities CIO, amid more than 25 years of executive technology roles 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.

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 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 Marine Energy Research Centre, and Science Gallery Melbourne. She has served on the boards of Sustainability Victoria and Keep Australia Beautiful. Tanya has a Bachelor of Science (Chemistry) and a Master of Environment. She is best known for her popular environmental guidebooks Greeniology and Green Stuff for Kids, and her media work, including reporting for ABC's Catalyst. In 2010, she won a UN Association of Australia media award for environmental reporting.

Graham Hawke was appointed to the Board from 1 October 2021 to 30 September 2025. Graham is the Chief Operating Officer at Phoenix Australia Ltd, a public company and the national centre of excellence in Posttraumatic Mental Health. He also serves on advisory boards to Water Research Australia and at the University of Melbourne. Graham has held Non-Executive Director roles with the Antarctic Climate and Ecosystems Cooperative Research Centre and National Computational Infrastructure. He has diverse experience in government and global corporations overseeing strategy, engineering, research and corporate services. Previously at the Bureau of Meteorology, he chaired an award-winning water research alliance with the CSIRO, the national jurisdictional reference group on water information, and co-chaired the Victorian Climate Initiative with DEWLP. Graham has a Bachelor of Engineering (Hons), Master of Engineering Science, MBA and is a graduate member of the Australian Institute of Company Directors (AICD), a chartered professional engineer and Fellow of Engineers Australia.

Chris Newton was appointed to the Board on 24 October 2017 until 30 September 2025. He is an Internationally recognised leader in Responsible Investment practices having advised the Boards, Trustees and Executives of publicly listed and privately held companies, investment managers, superannuation funds on the design and implementation of their Environmental, Social & Governance (ESG) strategy. Chris has worked for several years at senior levels in public, private and government organisations in a variety of finance, sustainability and public policy roles. He is also an Independent Non-Executive Director on Nyamba Buru Yawuru. Chris has a Bachelor of Commerce with a major in Marketing and Management and minor in Asian Studies, a Graduate Diploma in Applied Finance, a Master of Business Administration as well as a Graduate Certificate in International Development and is currently undertaking post graduate studies in Aboriginal Studies.

Joanne Pearson was first appointed to the Board on 1 October 2017 and was recently reappointed on 1 October 2021 until 30 September 2025. Joanne is also the Chair of Westernport Water's Audit and Risk Committee. Joanne has significant experience as an executive and non-executive director and as a member of Audit and Risk Committees. Joanne is currently a director of Taswater and is a member of the TasWater Audit and Risk Committee. She is also an independent member of the ActewAGL Safety, Audit and Risk Committee and a member of the Audit and Risk Committee for the Uniting Church of Australia, Synod of Victoria and Tasmania. Her executive experience was primarily in large and complex, regulated energy businesses, with her last executive role as Chief Financial Officer of Jemena. She has an MBA and a Bachelor of Business in Accounting, is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors.

Ishara Saldin was appointed to the Board of Westernport Water Corporation on 1 October 2021 until 30 September 2025. She is an Internal Auditor at Australia and New Zealand (ANZ) Banking Group Limited with a global coverage and assignments spanning across Australia, New Zealand, Asia Pacific and Europe & America. Ishara previously served for three years as Chief Risk Officer of ANZ Guam Inc. based in Guam, until April 2019, and was the Chair of ANZ Guam Inc.'s Operational Risk and Compliance Committee, Chair of the Credit and Market Risk Committee, an ex-officio member of the Board and the Audit and Risk Committee, and a member of the Asset-Liability Committee. With over 20 years' experience in banking her expertise is in complex transaction delivery, audit and risk management. Prior to moving to Australia, Ishara worked in the United Arab Emirates across the retail, utilities and banking and finance industries. She has a Master of Finance and a Bachelor of Business Administration in Information Systems and is a Member of the Australian Institute of Company Directors. In addition, she has co-authored three publications in the area of Venture Capital and Small and Medium Enterprises (SMEs) which were presented at the Nordic conference in Helsinki, Finland, and the SMEs in a global economy conference in Wollongong, Australia.

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 Board and Committee Charter.

Meetings are held quarterly and at any other time on request of a committee member or the internal or external auditor. In 2021-22, the committee met five times. The ARC membership from July 2021 to September 2021 was as follows:

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

Following new Director appointments, the membership of the ARC from October 2021 was as follows:

- Joanne Pearson (Chair)
- Leigh Berrell
- Christopher Newton
- Annabelle Roxon
- Ishara Saldin

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 SSIC membership from July 2021 to September 2021 was as follows:

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

Following new Director appointments, the membership of the SSIC from October 2021 was as follows:

- Tanya Ha (Chair)
- Rueben Berg
- Leigh Berrell
- Graham Hawke
- Ishara Saldin

People, Diversity and Community Committee (PDCC)

The purpose of the PDCC is to assist the Board to oversee its responsibilities and duties in regard 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 PDCC membership from July 2021 to September 2021 was as follows:

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

Following new Director appointments, the membership of the PDCC from October 2021 was as follows:

- Annabelle Roxon (Chair)
- Rueben Berg
- Tanya Ha
- Graham Hawke
- Christopher Newton
- Joanne Pearson

Board / Committee attendance

During the 2021-22 period as total of nine Board meetings, five ARC meetings and two each for SSIC and PDCC were held. The following tables provide a breakdown of Director attendance.

Table 1: 1 July 2021 – 30 September 2021, prior to new Director appointments

Board Members	Board	ARC	SSIC ²	PDCC
Phil Clark (Chairperson)	2/2	1/1*	0	1/1
Rueben Berg (Deputy Chair)	2/2	1/1	0	N/A
Christopher Newton	1/2	0/1	0	1/1
Yvonne Dickson	2/2	N/A	0	1/1
Joanne Pearson	2/2	1/1	0	1/1
Annabelle Roxon	2/2	1/1	0	N/A
Leigh Berrell	2/2	1/1	0	N/A
Tanya Ha	2/2	N/A	0	1/1
Peter Quigley Managing Director – Exiting – August 2021	1/2	1/1*	0	N/A
Dona Tantirimudalige Managing Director – from September 2021	2/2	1/1*	0	1/1

Notes

1. *Denotes attendance by a director not a member of the committee.
2. There were no meetings of the SSIC during 1 July 2021 - 30 September 2021.

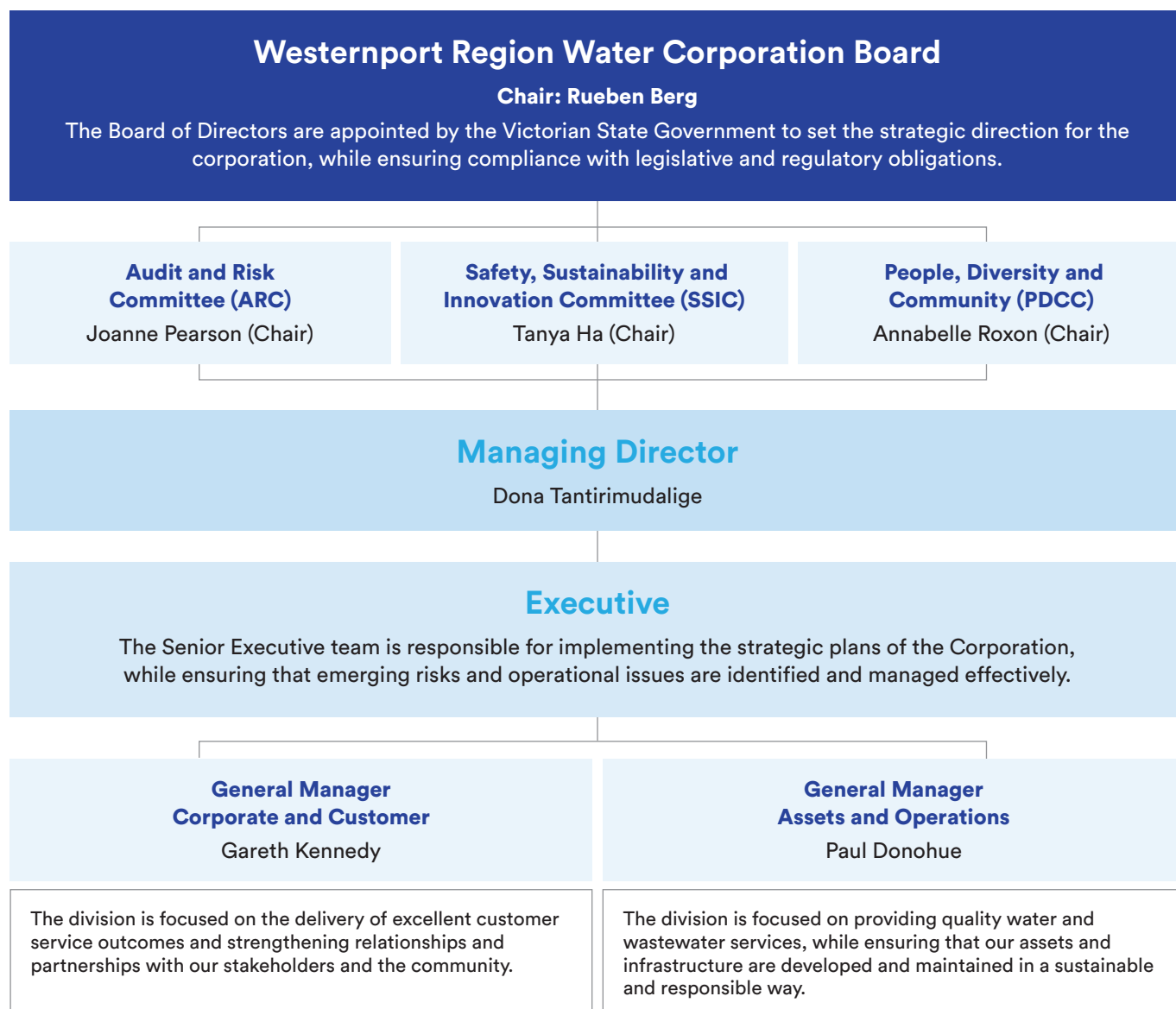
Table 2: 1 October 2021 – 30 June 2022, after new Director appointments

Board Members	Board ¹	ARC	SSIC	PDCC
Rueben Berg (Chairperson)	7/7	N/A	2/2	1/1
Annabelle Roxon (Deputy Chair)	7/7	4/4	N/A	1/1
Leigh Berrell	7/7	3/4	2/2	N/A
Tanya Ha	5/7	1/4*	2/2	1/1
Graham Hawke	7/7	N/A	2/2	1/1
Christopher Newton	7/7	3/4	N/A	1/1
Joanne Pearson	7/7	4/4	2/2*	1/1
Ishara Saldin	7/7	4/4	2/2	N/A
Dona Tantirimudalige (Managing Director)	7/7	4/4*	2/2*	1/1*

Notes

1. *Denotes attendance by a director not a member of the committee.

Organisational structure



Note

1. Lisa Caldwell – General Manager Corporate & People (1 Jun 2021 – 13 Dec 2021). Due to the resignation of the General Manager Corporate & People in December 2021, a temporary structure was implemented while consideration was given to an ongoing structure that would best enable the Corporation to deliver value to its customers. The temporary structure included the CFO, Kathy Hawke, reporting into the Executive team, and the merging of the Customer & Community and Corporate & People divisions under Gareth Kennedy.

Our people

Westernport Water recognises the need to support its people to thrive, lead and achieve. 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.

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.

Following the development of a new three-year Diversity and Inclusion Strategy in 2020-21, Year One was successfully delivered in 2021-22. Key deliverables from the focus areas of Aboriginal & Torres Strait Islander cultural capability, gender equity, generational diversity and barriers to a more inclusive workforce included:

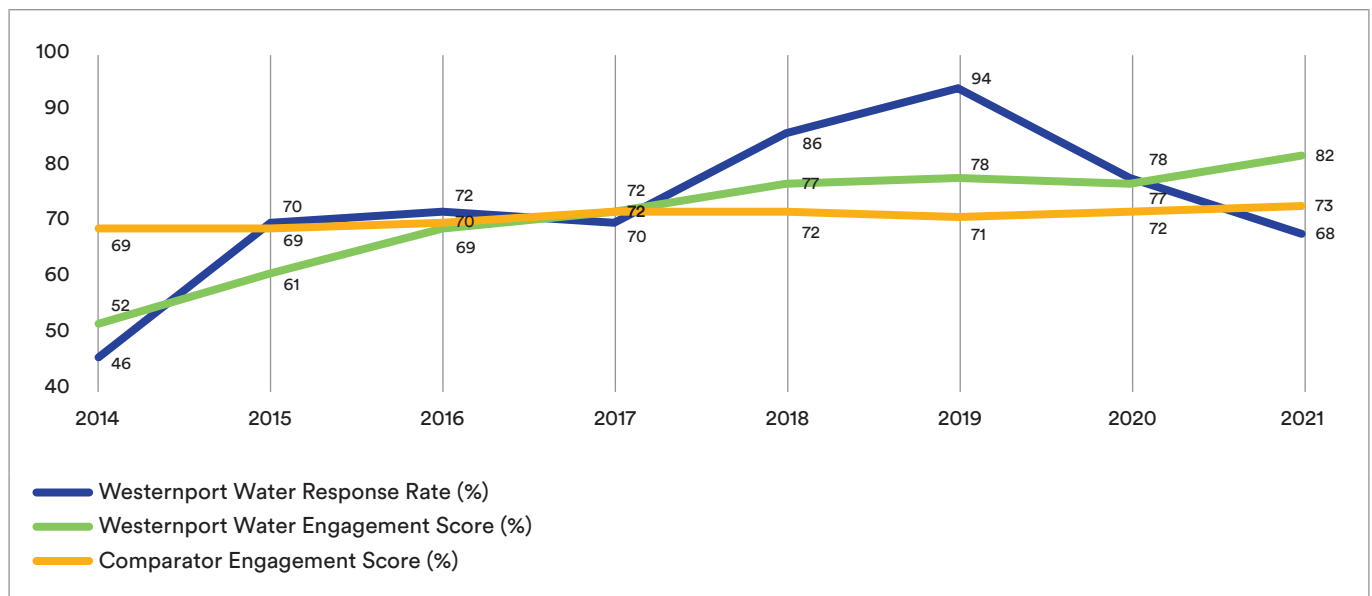
- delivery of the final year of the WPW Innovate Reconciliation Action Plan (RAP) 2020-22
- development of an Aboriginal & Torres Strait Islander Staff Review Program
- completion of Gender Impact Assessments
- completion of a Workplace Gender Audit
- development of a Gender Equality Action Plan

- development of a phased retirement program
- development of a two-way intergenerational mentoring program
- development of a Workplace Adjustment Policy
- nomination of Executive Champions across the key areas covered in the Strategy
- development of an area on the WPW website that more strongly promotes our commitment to a diverse and inclusive workplace
- delivery of annual Diversity & Inclusion training for staff
- delivery of an annual Diversity & Inclusion Events Calendar.



Staff participating in the 2022 Bass Coast International Women's Day event

Figure 1: People Matter Survey participation and engagement scores 2014 to 2021 (%)



Note

1. Participation rates dropped over the past two years while the majority of employees were working remotely due to COVID19.
2. Engagement scores were the highest yet, despite a lower participation rate. This is reflective of the high level of wellbeing support provided to all employees throughout the pandemic.

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.

Reward and recognition

Celebration of employees' abilities, qualities, achievements and years of service regularly takes place. In 2021-22, Westernport Water congratulated four staff members who reached an outstanding 10, 15 or 35 years of valuable service to the Corporation. We also regularly recognise those who live our values with thank you cards from our Managing Director sent following nomination by their peers.

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, eLearning programs and regular communications.

Employment and conduct principles

Employment merit and equity principles are proud commitments that Westernport Water upholds 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.

Governance training

A Governance Matters training program was delivered to all staff across five different areas. The program featured subject matter experts from across the business as well as online training programs to prepare staff for a return to work after extended periods working from home. Training included updates to staff on communications and social media, health and wellbeing, privacy and data, procurement, a refresher on WHS, conflict of interest, and the gifts, benefits, and hospitality policy. The program is designed to ensure that our policies and procedures are accessible to staff and our obligations are well understood.

Industrial relations

Westernport Water enjoys a good bargaining relationship with staff and unions and has historically reached mutually agreeable outcomes, avoiding industrial action. We are currently in year two of a four-year agreement and have had no lost time from industrial action.

Employee development

With an improved online Learning Management System (LMS), a comprehensive learning and development program continued to be a focus in 2021-22. Flexible learning options were widely introduced to cater for our adapted working arrangements. The Corporation conducted a broad range of training programs, with a strong theme of safety and compliance.

During the year:

- one trainee completed a Certificate III in Conservation & Land Management funded by Westernport Water
- one employee continued study for a Graduate Certificate in Information Technology Systems partially funded by Westernport Water
- two employees continued their studies in Certificate III in Water Industry Operations
- approximately 138 certificates in Work Health and Safety (WHS) based training were achieved primarily by operational employees to make up for disruptions during lockdowns
- operational employees participated in a series of leadership workshops, and the Leadership Group participated in a 'Safety in Leadership' workshop
- water treatment staff were upskilled in the handling of chemicals and embankment dam safety
- our Customer Service Team participated in 'Customer Hardship' training to better assist our community through difficult circumstances
- employees attended five mandatory 'Governance Matters' training sessions as a commitment to uphold the improved compliance culture
- all employees were provided with interactive wellbeing webinars including healthy body and mind, sleep restoration and a package of 'resilience' training resources to assist wellbeing, both inside and outside the work environment
- all employees completed privacy, social and digital media in the workplace training
- a range of diversity training was conducted including all staff and Board training on the new *Gender Equality Act 2020*
- all staff received refresher training in HR, WHS and Records Management Systems
- one employee received training in Geographic Information Systems and advanced pumping
- one employee participated in the Water Industry Network Operator Development Program
- one leader received executive coaching to enhance leadership skills and participated in the Women in Leadership Development Program.

Workplace health and safety matters

Our WHS approach is to ensure **all staff go home safe and well**, every day. During a year that saw the easing of many COVID-19 restrictions that required most of our staff to work from home, our staff formally returned to the office in March 2022 under a hybrid structure. Westernport Water is now managing a flexible workplace with a long-term view to ensuring the health and wellbeing of all employees is prioritised, while embracing a hybrid way of working.

The first year of the WHS Strategy 2021-24, our blueprint for continuous improvement of safety performance and culture, was delivered in 2021-22. Key deliverables under the banners of Safety Leadership & Employee Capability, Technology & Systems, Risk Management, Communications and Injury/Illness Prevention and Health Surveillance included:

- delivery of a Safety Leadership Program for the Leadership Group
- delivery of the annual Health & Wellbeing Plan and range of toolkits, resources and activities for staff
- a review and update of the role based WHS Training and Competency Matrices and delivery of a range of training unable to be completed during the previous two years because of COVID-19
- significant investment in digital technologies to ensure lone worker safety including a working alone application, implementation of GPS into fleet vehicles, investment in additional iPhones for mobile staff, in car Wi-Fi to boost connectivity and improved radio coverage for when mobile towers fail
- review and simplification of the WHS Risk Register in line with high-risk activities
- regular and varied communication to staff via a variety of platforms about important WHS issues and information
- review of high risk roles and identification of role based health surveillance and pre-employment medical requirements to inform the development of an ongoing program
- ongoing management and oversight of all pandemic related requirements to ensure a safe workplace for all.

Case Study – Our Safety Focus

Everyone home safe and well, every day.

Following a gap analysis, a project team was established to review and update the WHS Management System (WHSMS) Framework and its contents. This included a review and update of policies, guides and procedures, as well as development of new WHS documentation to strengthen the system. The significant project has been a collaboration across numerous departments in the organisation calling on the expertise of subject matter experts to ensure accuracy and completeness. This will culminate in a self-assessment being conducted against ISO 45001:18 in 2024.

2021 People Matter Survey

100%

of surveyed staff said:

- “my organisation consults employees on health and safety matters”
- “my organisation provides a safe work environment”



0

TRIFR Total Recordable Injury Frequency Rate

Lost time injuries
(LTIs / MTIs – 2 in 2020-21)

Significant injuries
(LTIs / MTIs – 2 in 2020-21)

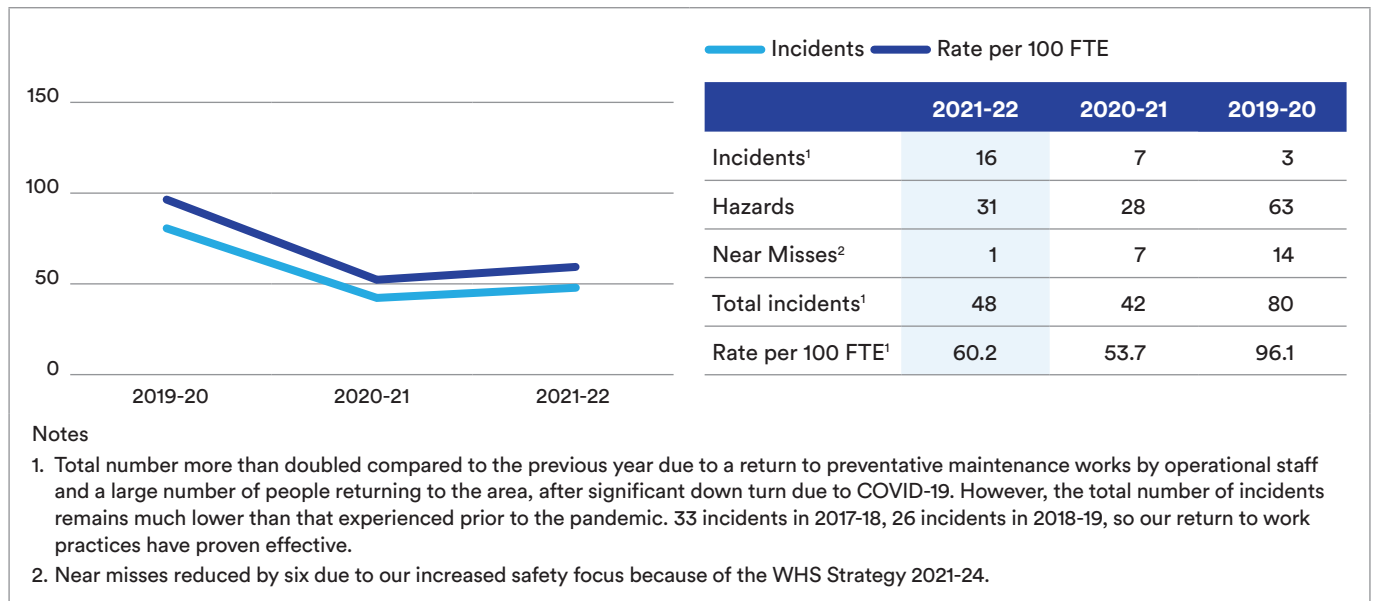
days lost to injury
(52 in 2020-21)



Incident management

Despite a small increase on the previous number of incidents, hazards and near misses, the number remains relatively low. This is due to changes in the operating environment during COVID-19 restrictions and the high level of emphasis being placed on safety awareness across the business in relation to systems, documentation, and conversations. In addition, there was one high potential near miss recorded during the period and an Incident Cause Analysis Method (ICAM) investigation was conducted to ascertain and address the root causes to ensure appropriate corrective actions were applied. This was down from seven in the previous year. There were no incidents that required notification to WorkSafe Victoria, and no worker's compensation claims were lodged because of a reported incident.

Figure 2: Total number of incidents / hazards / near misses and rate per 100 FTE



WorkCover

In the 2021-22 period there were no worker's compensation claims lodged.

Figure 3: No. of standard claims and rate per 100 FTE

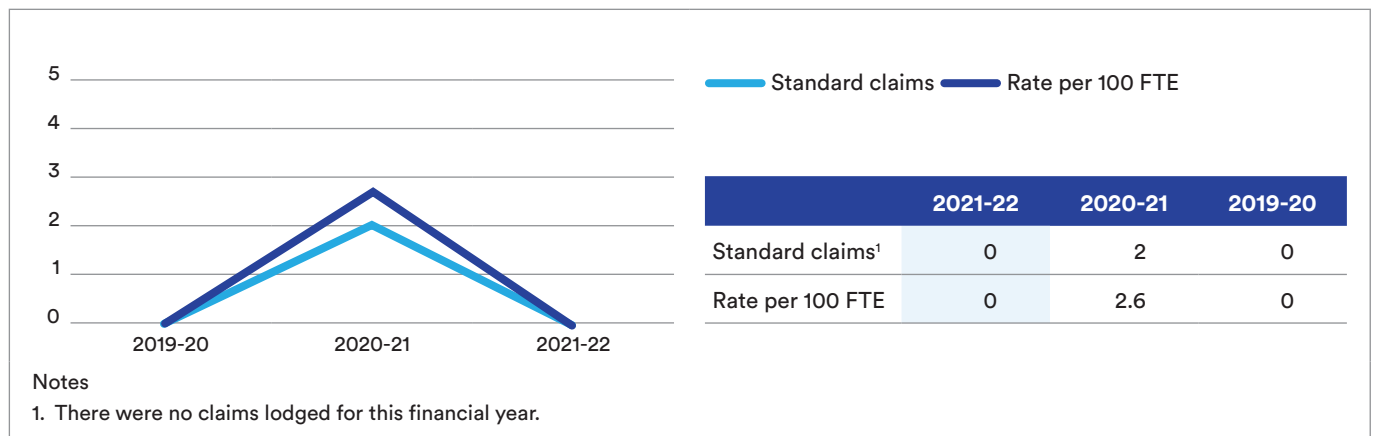


Figure 4: Lost time standard claims and rate per 100 FTE

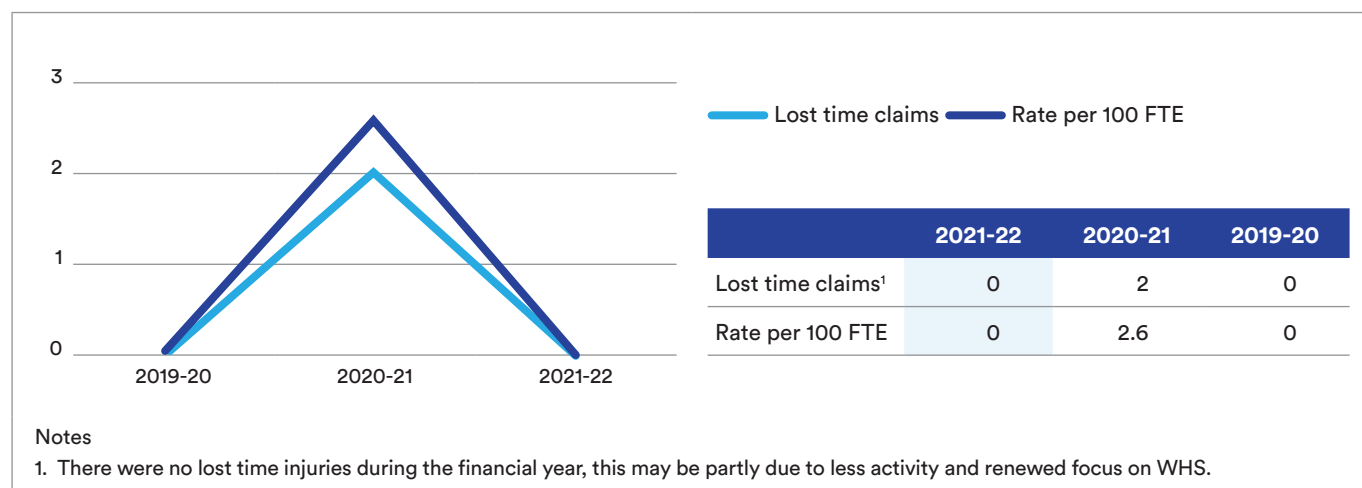


Figure 5: Claims exceeding 13 weeks and rate per 100 FTE

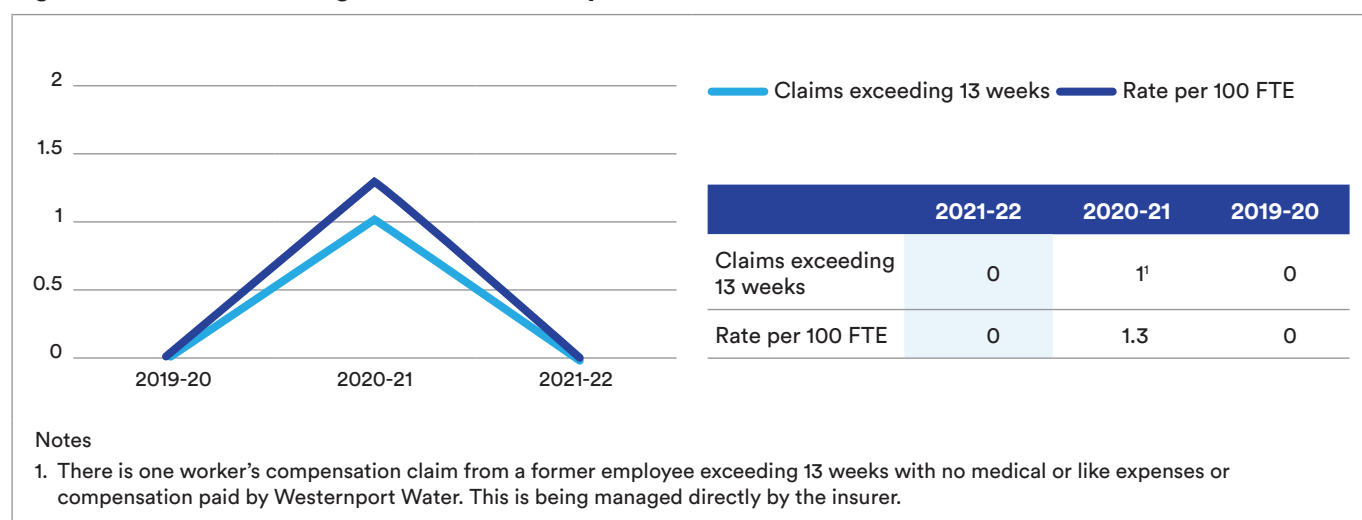


Table 3: Performance against WH&S management measures

Measure	KPI	2021-22	2020-21	2019-20
Incidents	No. of Incidents / hazards / near misses ¹	48	42	80
	Rate per 100 FTE	60.2	53.7	96.1
Claims	No. of standard claims ²	0	2	0
	Rate per 100 FTE	0	2.6	0
	No. of lost time claims	0	1	0
	Rate per 100 FTE	0	1.2	0
	No. of claims exceeding 13 weeks ³	0	1	0
	Rate per 100 FTE	0	1.3	0
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim ⁴	\$0	\$0	\$0
Return to work (RTW)	Percentage of claims with RTW plan <30 days	0	0	0
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS and OHS plans (signed by Managing Director or equivalent)	completed	completed	completed
	Evidence of OHS criteria(s) in purchasing guidelines (including goods, services and personnel)	completed	completed	completed
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs) and issue resolution procedures (IRPs)	completed	completed	completed
	Compliance with agreed structure on DWGs, HSRs and IRPs	completed	completed	completed
	Number of WHS Committee meetings	15	13	13
Risk Management	Percentage of internal audits/inspections conducted as planned	100%	100%	100%
	Percentage of reported incidents investigated	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%	100%
	Percentage of HSR's trained:			
	– acceptance of role ⁶	0%	0%	25%
	– re-training (refresher)	100%	100%	–

Notes

1. The number of reported incidents increased slightly this period but generally remains low and is an indicator of the Corporation's increased safety maturity.
2. No worker's compensation claims were lodged for the period.
3. There is one worker's compensation claim from 2020-21 from a former employee exceeding 13 weeks with no medical or like expenses or compensation paid by Westernport Water. This is being managed directly by the insurer.
4. No medical or like expenses have been incurred or compensation paid in the reporting period.
5. Our Rapid Global contractor and visitor management system includes an induction for all contractors, temps and visitors on arrival.
6. One new HSR commenced in late 2021-22. The five-day full HSR training is scheduled for early 2022-23. All HSRs receive annual refresher training delivered by the WHS Coordinator.

Workforce data collections

Westernport Water experienced a minor increase in full-time-equivalent (FTE) employees in 2021-22. That is reflective of the number of vacancies held by the organisation at the end of the reporting period.

The following tables disclose the workforce breakdown as at 30 June 2021. Employees have been correctly classified in workforce data collections.

Figure 6: Comparative workforce data – FTE employee trends for 2018-22

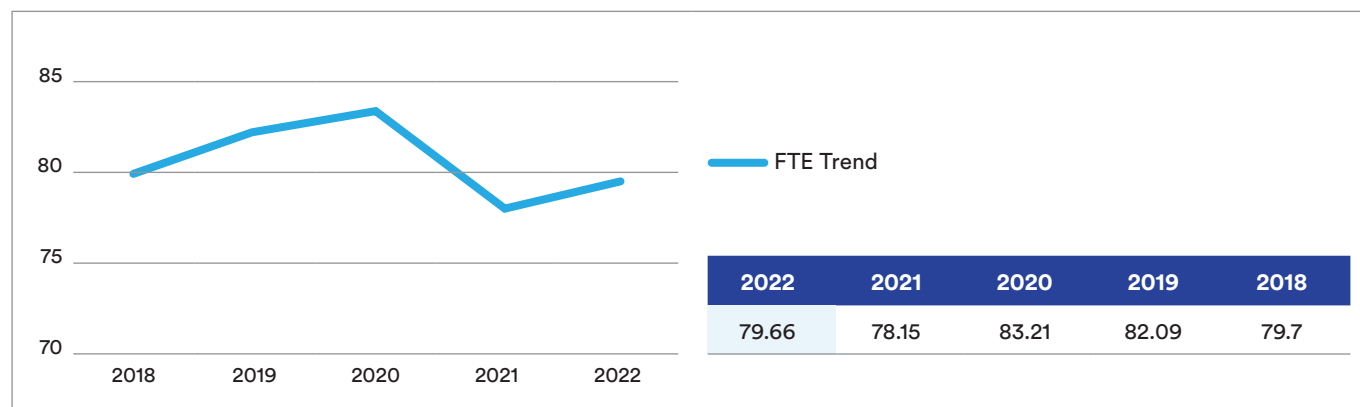


Table 4: Employment levels¹

Classification	2021-22		2020-21	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive ²	3 ⁶	3	4	4
Senior managers ³	13 ⁷	12.63	15	14.26
Administration staff ⁴	43 ⁸	37.82	37	34.57
Field staff ⁵	27 ⁹	26.21	26	25.32
Total	86		82	
Male	50	48.36	53	50.71
Female	36 ¹⁰	31.3	29	27.44
Total	86¹¹	79.66	82	78.15

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 Executive resigned during the year and the position has not been replaced as part of an organisational realignment.
- An ongoing SEO position is currently vacant and one fixed term SEO contract ended resulting in a minor adjustment to this figure.
- A new ongoing administration position was created along with a temporary administration-based role. Additionally return of employees from unpaid parental leave, some job sharing and the filling of other established vacant positions resulted in a significant adjustment to this figure.
- A vacant field staff position was filled resulting in a minor adjustment to this figure. An additional position is currently being recruited to.
- The adjustment to this figure is due to additional administration positions and employees returning from non-reportable unpaid parental leave.
- Variation due to additional administration positions, employees returning from non-reportable unpaid parental leave and job share arrangements increasing headcount.

Table 5: Gender categories – June 2022

Gender	All employees			Ongoing		Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
Women ¹	36	31.3	20	9	25.94	7	5.36
Men	50	48.36	46	3	47.36	1	1.00
Self-described	0	0	0	0	0	0	0

Notes

1. The increase in women's headcount is due to additional administration positions, employees returning from non-reportable unpaid parental leave and an increase in job share arrangements.

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. We are dedicated to maintaining a positive workplace, and to building on our success so far by supporting women's participation, recognition, and influence in the water sector. By actively promoting women in water and integrating gender equity into recruitment practices, we continue to exceed our gender balance target, with a senior leadership team made up of 57 percent female employees. As part of our Diversity & Inclusion Strategy 2021-24, Westernport Water is committed to maintaining at least a 50/50 gender balance in leadership positions.¹

Table 6: Workforce inclusion

Gender equity progress against target in 2021-22 and performance in 2020-21.

Workforce inclusion policy initiative	Target for 2024	Progress in 2021-22	Progress in 2020-21
Gender equity	In June 2024, there will continue to be a 50/50 gender balance in senior leadership positions ¹	57% of senior leadership positions held by women ²	53% of senior leadership positions held by women

Notes

1. Senior leadership positions include those holding an executive or manager title.
 2. Our commitment to gender equity through a range of activities in as part of our Diversity & Inclusion Strategy has seen us exceed our 2024 target of 50/50 by 2021-22.

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 percent of our workforce who identify as being Aboriginal and/or Torres Strait Islander by 2024.

Table 7: Workforce inclusion

Aboriginal and/or Torres Strait Islander progress against target in 2021-22 and performance in 2020-21.

Workforce inclusion policy initiative	Target for 2024	Progress in 2021-22	Progress in 2020-21
Increase % of employees who identify as Aboriginal and/or Torres Strait Islander ¹	Employees who identify as being Aboriginal and/or Torres Strait Islander: 3% by 2024	Employees who identify as being Aboriginal and/or Torres Strait Islander: 4.3%	Employees who identify as being Aboriginal and/or Torres Strait Islander: 3.3%

Notes

1. Total number of employees includes Board Directors.

4.3% of employees identify as
Aboriginal or Torres Strait Islander

57% of senior leadership
positions held by women



Details of employment in June 2021 and 2022

	June 2022			June 2021		
	Employees (headcount)	Ongoing		Employees (headcount)	Ongoing	
		FTE	Fixed term and casual employees		FTE	Fixed term and casual employees
			FTE			FTE
Gender						
Male	50	47.36	1.00	53	46.89	3.82
Female	36 ⁶	25.94	5.36	29	23.31	4.13
Age						
Under 25	3	3.00	0	3	2.00	1.00
25-34	13	8.42	2.26	8	7.00	1.00
35-44	23	19.73	1.47	24	19.15	3.13
45-54	25	21.21	2.63	19	18.63	0
55-64	17	16.31	0	24	20.79	2.19
Over 64	5	4.63	0	4	2.63	0.63
Classification						
Band 1	0 ⁵	0	0	1	0	1.00
Band 2	16	12.47	1.63	13	11.47	0.63
Band 3	12	10.42	0.63	10	9.00	0.84
Band 4	17	14.37	1.63	15	12.84	2.00
Band 5	22	17.41	2.47	19	14.63	2.48
Band 6	3	3.00	0	5	5.00	0
SEO ²	13 ⁷	12.63	0	15	13.63	0.63
Executive ³	3	3.00	0	4	4.00	0
Other ⁴	0	0	0	0	0	0

Notes

- Employees are classified as a band 1 to 6 under the Westernport Water EA.
- SEO – Senior Executive Officers full time or under contract.
- Executive – Executive staff employed under the Public Entity Executive Remuneration Policy.
- Other – Traineeships outside of banding system in June 2021.
- Decrease in Band 1 as traineeship completed and new trainee recruitment yet to commence.
- Increase in female employees due to temporary contracts, employees returning from unpaid parental leave and job share arrangements.
- Decrease in SEOs due to vacant Senior Engineer position and the end of temporary Senior Financial Advisor position.

Executive data

The following tables disclose the employees at Westernport Water who are employed as an executive under Part 3 of the *Public Administration Act 2004* (PAA) or a person to whom the Victorian Government's Public Entity Executive Remuneration Policy applies at 30 June 2022. These are referred to as members of the Senior Executive Service (SES).

- Table 9 – discloses the total numbers of SES with remuneration over \$100,000
- Table 10 – provides a reconciliation of SES numbers per division
- Table 11 – provides a reconciliation of SES numbers per SES level
- Table 12 – provides the annualised total salary range for executives and other senior non-executive staff.

Table 9: Reconciliation of SES numbers

		2022	2021	2020
	Executives with total remuneration over \$100,000	1	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	1 ¹	0	0
	Total executive numbers at 30 June 2022	3	4	4

Notes

1. An Executive resigned during the year and the position has not been replaced as part of an organisational realignment.

Table 10: Executive officers by division and gender

Divisional breakdown	Total		Women		Men		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Corporate & People	0 ¹	(1)	0	(1)	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)	1	(1)	0	(1)	0	(0)
Total	3	(1)	1	(0)	2	(1)	0	(0)

Notes

1. An Executive resigned during the year and the position has not been replaced as part of an organisational realignment.

Table 11: Executive officers by SES level

Divisional breakdown	Total		Women		Men		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
SES-1	2	(1)	0	(1)	2	(0)	0	(0)
SES-2	1	(1)	1	(1)	0	(1)	0	(0)
SES-3	0	(0)	0	(0)	0	(0)	0	(0)
Total	3	(1)	1	(0)	2	(1)	0	(0)

Table 12: Annualised total salary for executives and other senior non-executive staff

Income band (salary)	Executives	SEO
<\$160,000		9
\$160,000 – \$179,000		4
\$180,000 – \$199,000		
\$200,000 – \$219,000	2	
\$220,000 – \$239,000		
\$240,000 – \$259,000		
\$260,000 – \$279,000		
\$280,000 – \$299,000		
\$300,000 – \$319,000	1	
Total	3	13

Notes

- Salaries are based on Total Remuneration Packages. Increases are as a result of Enterprise Agreement increases for SEOs and PEERS increases for Executives.

Water consumption and drought response

Under Ministerial Reporting Direction 02, Westernport Water is pleased to report on its Water Consumption and Drought Response activities.

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. The pandemic has resulted in disruptions to the tourism sector, limiting international visitors and impacting domestic 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 residential drinking water consumption

In 2021-22 was 195 litres per day, a decrease of 43 litres per day due to different occupancy rates for a significant portion of the year due to restrictions.

The average residential household bills

In 2021-22 the average residential household bill was \$1,327, based on 162KL of consumption per annum. In comparison, larger water users paid \$1,404 based on 200 KL of consumption. To support customers experiencing financial difficulties, a range of grants, concessions and rebates were offered to ensure bills remained affordable.

Household bills across Victoria

Household bills across the state vary due to the cost to service different regions, sources of water, historical decisions about tariff structures and the average volume of water used. Westernport Water has the lowest average bill for tenants, and in terms of average annual household bills for residential (owner occupier) we are the 6th most affordable out of 12 regional water corporations, (based on average consumption of 150kL p.a as reported by the Essential Service Commission).

Table 1: Household drinking water consumption (KL) – Residential

Quarter 1	307,702
Quarter 2	524,481
Quarter 3	382,030
Quarter 4 ¹	40,332
Total annual residential consumption	1,254,545

Notes

1. Q4 readings are incomplete due to water meters being read quarterly.

Water quality is determined by undertaking a sampling and analysis program against a set of standards. These standards are derived from the Safe Drinking Water Regulations 2015 and administered under the *Safe Drinking Water Act 2003*. Standards and associated 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, 72 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 water consumption report.

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.

Drinking water satisfaction

Westernport Water did not meet our customer satisfaction with drinking water targets achieving 66 percent satisfaction against a target of 70 percent or more. Improving the taste of tap water remains a priority for Westernport Water.

Customer satisfaction trends for drinking water

Satisfaction with tap water

66% YES



Do you receive value for money for services

61% YES

Customers preference for drinking:

Tap water **57%**

Filtered tap water **28%**

Bottled water **14%**



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 (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 2021-22	17,033	1,007 ¹	1,574	33	–	1,116	689	80 ²	–	18,149
WPW district 2020-21	16,543	865	1,516	28	–	1,109	706	55	–	17,652

Water Consumption										
District Name	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)	Non-revenue water			Total non-revenue water (13)+(14)+(15) (16)	Total water (all sources) (12)+(16) (17)	
					Leakage (13)	Firefighting (14)	Other (15)			
WPW district 2021-22	2,263	113 ³	2,376	2,143	30.23 ⁴	–	232.774	263 ⁵	2,639	
WPW district 2020-21	2,222	83	2,305	2,060	3.52	0	126.48	130	2,435	

Notes

1. The increase in recycled water customers is attributed to a number of developments in the area.
2. The increase in non-residential recycled water use is attributed to businesses getting back to normal operations following restrictions in the previous year.
3. The increase in recycled water consumption was mostly due to increased activity on Westernport Water sites from increased irrigation capacity.
4. Leakage losses were mainly attributed to an increase in the number of watermain breaks during the reporting period.
5. NRW for last year was predominately a result of filling/flushing with the project to replace the 32 ML San Remo Basin liner and cover.

Table 3: Water quality performance against target 2021-22

Water quality indicator	2021-22 Actual %	2021-22 Target %	Target met	2020-21 %	2019-20 %	2018-19 %	2017-18 %
E. coli (% samples containing zero organisms per 100ML)	100	100	Yes ¹	100	100	100	100
Turbidity (Nephelometric Turbidity Units, NTU)	100	100	Yes ²	100	100	100	100
Trihalomethanes (ug/L)	100	100	Yes ³	100	100	100	100

Notes

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

Drought response report

The Drought Preparedness Plan is a component of Westernport Water's Urban Water Strategy approved in 2016-17 and was reviewed in 2022. 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.

The Urban Water Strategy (UWS)

Updated and adopted in March 2022, the UWS provides a 50-year outlook forecasting demand and supply. It contributes to Westernport Water's vision to deliver sustainable water and wastewater services that improve the health and liveability of our community.

The purpose of Westernport Water's 2022 UWS is to identify the optimum mix of supply options and demand reduction measures to maintain a balance between the demand for water and the water available for supply within Westernport Water's region now and into the future. The UWS also provides an input to regional and state long-term resource assessments and planning.

Westernport Water is in a fortunate position to have a secure water supply for our region from our three available sources, and 21 months carryover from the Melbourne Supply System. We know that with future demand and climate change impacts, the sustainable management of our water sources will be more critical than ever to ensure the resilience and liveability of our community and continued security of our supply. We will continue to monitor the system resources over the next five years and will present the Annual Water Outlook each year in December.

This Strategy sets out the key challenges facing our region with consideration of climate and population projections based on the best available science, feedback and insights from our customers, and presents options and actions to preserve and enhance our communities, while balancing social, environmental, and economic costs and benefits.

In the years ahead we will also work to remove barriers to Traditional Owners' use of water and support partnerships between Traditional Owners and water managers, focussed on achieving the objectives outlined within the Central and Gippsland Region Sustainable Water Strategy.

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. Process improvements, coupled with a focus on treatment plant management resulted in minimal disruptions to the water supply or taste and odour issues associated with algae during the reporting period.

Corporate water consumption

Water consumption at the Newhaven Office and the depot increased from the previous year due to more employees returning to the office after a significant period working from home.

Our sites' water use is monitored through the VicFacilities online tool. The tool identifies anomalies and sends alerts to site managers, providing early detection of any water leaks.

Table 4: Corporate water consumption

Indicator	2021-22	2020-21	2019-20	2018-19	2017-18
W1. Total water consumption (kilolitres)	317 ¹	219	473	490	559
W2. Units of office water used per FTE (kilolitres/FTE)	3.98	2.8	5.6	6	7
W3. Units of office water used per office area (kilolitres/m2)	0.33	0.23	0.4	0.5	0.6

Notes

1. The increase in total water used is due to staff returning to the Newhaven Office after restrictions and reduced access for a significant part of the year.

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 reduce the volumes of treated effluent discharged to Bass Strait.

The Recycled Water Strategy adopted in 2018 includes a target for wastewater reuse of 25 percent until 2023. 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 the expansion of irrigation at Westernport Water's two wastewater treatment plants.

As part of the Class B trial, 9ML of Class B recycled water was supplied to a neighbouring farm in 2021-22 and irrigated.

Also, during 2021-22 Westernport Water began irrigating pasture on newly purchased land at KRWTP and CWTP with a newly installed pivot and flume irrigator respectively. This resulted in a 41 ML increase in water reuse compared to the previous year. The total reuse volume for Westernport Water land was 279 ML. Although we did not meet our target of 25 percent reuse in 2021-22 (17.9 percent achieved) due to operational challenges, we expect to meet the 25 percent target by June 2023.

Bulk water entitlements

Under Ministerial Reporting Direction 04, Westernport Water must disclose information and report on requirements outlined in any of its bulk entitlements and report on compliance and enforcement activities concerning its delegated function regarding water shares, take and use licences and works licences.



Collecting water samples for testing and quality control

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 Table 5.

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

Candowie Reservoir reached capacity on 7 August 2021 and 899 ML was spilled over 57 days during this period. In accordance with the environmental flow conditions of the BE, 609 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 2021-22. Westernport Water complied with all conditions of the BE during the reporting period.

Greater Yarra System – Thomson River Pool Bulk Entitlement was used during 2021-22. 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 2021-22, South East Water (SEW) and Westernport Water undertook reciprocal trades of 132 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.

SEW 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 SEW 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 DELWP, South East, South Gippsland, Melbourne and Westernport Water.

Westernport Water extracted 45.9 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 2021-22.

The latest information from the resource manager is that Westernport Water has a water allocation of 907.6 ML, a carryover of 3,771 ML, and a balance of available water of 4,679 ML (equivalent to 26 months demand). Westernport Water contributes to the formulation of the system management rules and the operating arrangements to manage the BE.

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.

Table 5: 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	3,885	2,411	609	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 ³			11.1(a)	11.1(b)	11.1(c)	11.1(d)	11.1(e)	11.1(f)
		Bulk entitlement ML/year	Amount of water taken daily ML/day	Daily flow in waterway ²	Amendment of programs	Amount taken ML/y	Entitlement transfer from	Entitlement transfer to
Bass River		3,000	12	Yes	Nil	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	No	Nil		

BE (Greater Yarra system – Thomson River Pool – Westernport Water) Order 2014 ³			13.1(a)	13.1(b)	13.1(c)	13.1(d)	13.1(e)	13.1(f)
		Bulk entitlement ML/year	Amount taken ML/y	Water allocation and carryover ML	Entitlement volume compliance	Entitlement transfer	Amendment of metering program	Entitlement amendment
Greater Yarra System – Thomson River Pool		1,000	132	4,678	Yes	Nil	Nil	Nil
			13.1(g)	13.1(h)	13.1(i)			
			New entitlement	Failure to comply	Difficulties and remedial actions			
			Nil	No	Nil			

Notes

1. Water storage level at 30 June 2022.
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

RAP Working Group (RWG)

The RWG provides a platform to engage with Aboriginal and Torres Strait Islander Communities and the wider community, reconciliation stakeholders and the Board. The RWG works towards implementing the Innovate RAP and being champions for reconciliation across the corporation and the community.

Westernport Water's RAP Working Group has both internal and external Aboriginal and Torres Strait Islander representatives and includes Traditional Owners, Aboriginal and Torres Strait Islander community members living on Bunurong Country, as well as representatives from Westernport Water's Leadership Team and employees from each division across the organisation.

Over the past year, engagement efforts have focused on strengthening relationships and completing the second year of our Innovate RAP which is considered stage two of four stages in Reconciliation Australia's RAP framework.

One key deliverable was adopting a co-designed Terms of Reference to provide current and new members clarity and confidence that the appropriate governance processes are in place to support the RWG to move forward and achieve positive social change.

Through public and targeted communications, we attracted two new external Aboriginal people to join the RWG, bringing extensive knowledge and experience.



Staff participated in a Traditional Smoking Ceremony as part of the Sorry Day event

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.

During the reporting period, the BLCAC expressed their continued capacity and resourcing challenges which presented challenges for engagement. Westernport Water is working to strengthen relationships with the Bunurong Land Council and identify mutually beneficial opportunities for the years ahead.

Recognising and managing for Aboriginal values

Westernport Water is an active member of the Traditional Owner and First Nations Water Industry Working Group that was actively engaged in developing the draft Water is Life: Traditional Owner Access to Water Roadmap.

Traditional Owner involvement in waterway management and caring for Country, supports healthy and productive catchments and improves river function, water quality and amenity.

Westernport Water supports partnerships between water corporations and Traditional Owners and is committed to increasing Traditional Owner water access and participation in water management. We recognise the values that water has for Traditional Owners and Aboriginal Victorians, and we support Aboriginal participation in Victorian water planning and management frameworks in ways that address the rights and interests of Victoria's Traditional Owners.

Westernport Water will further explore opportunities for greater participation in land and water management for Aboriginal and Torres Strait Islander people and will focus on continued engagement with the Registered Aboriginal Party, the BLCAC, to explore options.

Cultural heritage

Cultural heritage management plans are prepared by Westernport Water to protect and manage Aboriginal cultural heritage. During the reporting period, we prepared four cultural heritage assessments, including one detailed Cultural Heritage Management Plan Complex Assessment, and three non-mandatory desktop diligence assessments. In addition, we had two Cultural Heritage Site Inductions with BLCAC representatives, and Westernport Water Project managers. Cultural heritage assessments include:

- full Cultural Heritage Management Plan (CHMP) – Ventnor Rising Main (Odour Corrosion Mitigation Project)
- desktop assessment – Ventnor Rising Main (Odour Corrosion Mitigation Project)
- desktop assessment – 261 Pyramid Rock Road, Cowes 3922 (CWTP – Stage 2 Solar Project)
- desktop assessment- San Remo to Newhaven Bridge pipeline bracket project preliminary works.

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 Traditional Owner and First Nations working group comprises representatives from Melbourne, Yarra Valley, South East, Greater Western, Barwon and Westernport Water. Membership has expanded over time, and future member organisations include South Gippsland, Southern Rural and Central Highland Water.

It has been an important forum to share and learn together about our engagement with Traditional Owners, with the aim of facilitating collaboration, building capability and working in a coordinated way. A key focus this year has been the Water for Life strategy.

During the year the focus for collaboration included the implementation and ongoing engagement with Traditional Owners for Water for Life actions (guided by Traditional Owners priorities), employment and economic development opportunities, evaluated and embedding reconciliation actions and Treaty advancement (in particular the Yoorrook Justice Commission).

The group recognise the importance of having Aboriginal leadership involved in conversations about how we engage and work with Traditional Owners and the broader First Nations community. As part of planning, the group hosted events with member organisations, Aboriginal staff members and other key staff, creating opportunities for Aboriginal staff to meet and share their respective stories and learnings while working in the water industry.

The Yoorrook Justice Commission

Westernport Water supports the Yoorrook Justice Commission's first formal truth-telling process into injustices experienced by First Nations Peoples in Victoria. The important work of truth telling, truth listening, and making meaningful recommendations for reform aims to address and redress systemic injustice experienced by Traditional Owners and First Peoples in Victoria since colonisation.

Westernport Water has established a system and has a process established to respond to requests for information and Notices to Produce. To 30 June 2022 no formal notices to produce were received by Westernport Water.



Engaging with community members for our pricing submission

Community engagement

We take great pride in delivering quality customer and community focused engagement and our ability to reach a large proportion of our customers through a variety of engagement methods and communication channels.

Despite the many challenges, cancellations and postponed events and activities, we achieved everything we set out to achieve for year two of our three-year Community Engagement Strategy.

The flexibility of our approach, transition of activities online and relationships within the community enabled us to deliver annual activities, and work closely with community groups, service providers and segments of our community that are often difficult to reach.

Engagement focused on five key areas, including our Innovate Reconciliation Action Plan, Price Submission 2023-28, drinking water awareness, capital project community awareness, and financial hardship support services.

Case Study

Collective Impact – Walking together for Reconciliation

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 Group and Aboriginal and Torres Strait Islander community members. Network members have been working in partnership since 2019 and seek to create a shared future of recognition, opportunity and true partnerships with Traditional Owners and our Aboriginal and Torres Strait Islander community. Since coming together over 650 people have been provided cultural awareness and cultural safety training from their employers.



Reconciliation events

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.

During 2021-22 the BCRN collectively:

- delivered five community events marking dates of significance for over 2,000 participants
- employed eight Aboriginal and /or Torres Strait Islander people
- provided 24 opportunities for engagement with community through working groups and RAP committees
- hosted the first ever Bass Coast Reconciliation bridge walk with over 1,000 people in attendance in July, this event was rescheduled from National Reconciliation Week in May 2022
- Delivered cultural awareness training to over 200 employees.

Reconciliation events highlights supporting dates of significance

During the year, Westernport Water supported many events and dates of significance including:

The commemoration of Tunnerminnerwait and Maulboyheener, freedom fighters who were captured at Harmers Haven in 1842, and after being convicted of murder, became the first people hanged in Melbourne.

Hosted a Sorry Day event and acknowledged the strength of Stolen Generations Survivors, which provided an opportunity to gather, learn, heal and explore how each of us can contribute to achieving reconciliation.

In celebration of NAIDOC week, we sponsored the Indigenous Art Show in collaboration with the Bass Coast Reconciliation Network and the Bass Coast/South Gippsland Reconciliation Group which showcases local Aboriginal and Torres Strait Islander artists. Reports indicated that the show experienced record attendance and sales of art at the exhibition and online exceeded all previous records.

The highlight of events was our re-scheduled reconciliation Bridge Walk which saw well over 1,000 people come together to walk in solidarity from San Remo to Mollwyl (Phillip Island) to show their support for a reconciled community. The walk for reconciliation was rescheduled from May to July and celebrated First Nations culture, starting with a Welcome to Country and Smoking Ceremony by the Bunurong Land Council before participants made their way across the iconic Island bridge with their flags and messages of support. The walk was led by Traditional Owners and members of the Aboriginal and Torres Strait Islander community, followed by groups of school children, community members and allies.

Case Study

Pricing Submission 2023-28 (PS23)

The year-long engagement program was a success with more than 1 in every 20 customers participating in the customer engagement process for the 2023 Price Review.

'Getting to Fair' interviews that focused on vulnerable customers, and online deliberative forums that refined customer-led options were just two examples of new customer engagement approaches for this price review process.

The focus of each deliberative forum was tailored to respond to the priority areas that emerged from results of customer surveys (phone and online). Feedback from forums demonstrated that customers appreciated the depth of discussion.

Westernport Water is scheduled to submit its price proposal for 2023-28 to the ESC by 30 September 2022.



Increasing awareness of capital projects and drinking water

This is achieved through ongoing programs and initiatives detailed in this section, supported by the production of a treatment to tap video, a number of other video resources and increased community awareness via the local papers, magazine articles, billboard promotion and social media campaigns.

Education

Despite many cancellations, we successfully delivered 29 educational engagements – 7 more activities than were planned.

Four campaigns that remain a focus for Westernport Water are:

- Choose Tap;
- the 3Ps (Stop it. Don't block it);
- National Water Week; and Target Your Water Use.



Prep students with their Choose Tap water bottles

Due to the continuation of restrictions, a total of 12 planned educational engagement events were cancelled or postponed during the period, however many more were transitioned online.

The Victorian Water Efficiency Strategy (VWES)

The VWES 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 2021-22 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
- Choose Tap campaign.

Schools Water Efficiency Program (SWEP)

During 2021-22, all eight schools in our service area were notified at least once about higher than average water usage and possible leaks, saving a projected 521,007 litres of water, at a cost of \$1,056 (savings are lower than average due to COVID19 and school closures). Since 2012, schools have saved an estimated total of 33.4 ML of water at a retail value of equivalent to \$52,900.

SWEP provides Victorian primary and secondary schools with data loggers linked to an online portal, giving students, teachers, and maintenance staff access to real-time water usage 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 usage data within various subjects. We are proud to report, 100 percent of schools in the service area continue to benefit from the program.

Choose Tap

Westernport Water is one of 20 businesses 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 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 familiar 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:

- the joint Statement of Commitment, and a Choose Tap Supporter Agreement were signed by members of the South Coast Water Partnership in February 2021. 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
- installation of three water refill stations installed during the reporting period in local outdoor spaces in partnership with the Bass Coast Shire Council
- continuation of the grade prep Water Bottle Initiative in all local Primary Schools, distributing 435 bottles in January 2022
- provision of 150 reusable water bottles as a welcome gift to new year 7 students at the new campus of Bass Coast College in San Remo.

National Water Week 2022

Partnering with 15 Victorian Water Corporations, two CMAs and DELWP, Westernport Water provided significant contributions to the delivery of a weeklong National Water Week Online Learning Festival in October 2021. There were 146 official registrations for the online events with at least 3,337 participants. More than 150 social media posts reach over 50,000 people, who shared the event almost 23,000 times. The various live and pre-recorded talks, presentations, lessons, and tours were viewed over 50,000 times. Almost 2,000 teachers and schools were emailed.

Permanent Water Saving Rules (PWSR)

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 2021-22 reporting period. The permanent water saving rules are always in place, and are uniform across Victoria.



Water restrictions

Water restrictions are used as a tool to 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. Each stage of restriction is set out in the water restriction by-law and implementation of these restrictions are guided by Westernport Water's Drought Preparedness Plan. During the reporting period, no restrictions were imposed.



Permanent Water Refill Station

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. During the reporting period a new Model By-law was introduced in Victoria and will formally be adopted by Westernport Water late in 2022.

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.



Aerial view of Phillip Island Community Orchard

Sustainable and resilient water sensitive systems

Westernport Water continued its participation in the Integrated Water Management (IWM) Program, including contributing to the Catchment Scale IWM Action Plan led by DELWP, due for completion in the later part of 2022.

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.

Westernport Water was a recipient of an IWM grant for high priority IWM project for the region, involving a floating wetland trial and detailed design for a constructed wetland system. The project will commence in July 2022 and run for a period of two years.

Class-A recycled water is produced at the CWTP, and treated to an appropriate standard. Class A water is water designated for high-exposure uses, including:

- residential developments (for example, 'dual pipe' systems for toilets and garden use)
- irrigation where access is public and unrestricted (golf course and ovals)
- irrigation of edible crops intended for raw or unprocessed consumption (farms).

On Phillip Island, recycled water provides commercial customers with a guaranteed water supply not subject to permanent water saving rules. Increasing recycled water use has the added benefit of minimising nutrient loads discharged to the receiving environment of the Bass Strait.

The Class A Recycled Water Treatment Plant was offline for a period of time in 2021-22 due to operational issues with the membranes. The operational challenges are being addressed and the plant will be operational before the demand for recycled water resumes in late 2022.

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, 289 ML of treated effluent was reused. This equates to 17.9 percent reuse of treated effluent in 2021-22, a 129 percent increase on the reuse achieved in 2020-21, which can be attributed to the drier than average conditions for the year and the additional irrigation of land at CWTP and KRWTP.

Increasing reuse

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. A new centre pivot was commissioned on this land in 2020-21 and it was irrigated with 35 ML of recycled water in 2021-22, an 18 percent increase in irrigation capacity.

Westernport Water also purchased 32.6 ha of land at Lot 1, Pyramid Rock Road, Cowes which adjoins the southern boundary of CWTP. Pasture on this land was irrigated with 6.5 ML of recycled water in 2021-22, increasing the recycled water use at CWTP by 15 percent.

The increases in irrigation area at KRWTP and CWTP assist in meeting our EPA licence effluent release limits and reuse targets.

There is an upcoming project for sustainable reuse and afforestation to assess the feasibility of extending the recycled water networks at CWTP and KRWTP as well as the onsite irrigation assets and perform a land assessment at both sites to determine the most appropriate use of the land and type of irrigation.

Recycled Water Grant Program

Continuing from the last recycled water grant round, a grant was awarded to an organic beef producer on Phillip Island, to connect to the Class A recycled water network. The infrastructure was installed in June 2022.

Hardship

Continued support was offered to customers experiencing the financial impacts of COVID-19 lockdowns. Debt collection and restriction activities were ceased. Customer assistance programs were made available to help customers find solutions to their individual circumstances. Assistance can include flexible payment arrangements, helping customers with paperwork, applying for government concessions, financial assistance programs including hardship grants, utility relief grants, water rebates and exchange programs.

In addition to existing support provisions, customers were provided with the option of payment extensions for up to three months and 238 hardship grants totalling \$12,750 were awarded to customers experiencing hardship, a decrease of 21 from the previous financial year.

Community rebate program

The community rebate program was on hold for most of the 2021-22 financial year due to COVID-19, but one customer in hardship was assisted. There is \$14,757 remaining in the program for 2022-23.



Irrigation using Class A recycled water

Value of community service obligation provided

Performance indicator	2021-22 (\$)	2020-21 (\$)	2019-20 (\$)	2018-19 (\$)	2017-18 (\$)
Concession rebates to customers	921,794	905,043	867,493	803,965	743,114
Rebates for not-for-profit organisations under the water and sewage rebate scheme	27,046 ¹	32,626	27,889	28,470	28,660
Utility relief grant scheme payments	26,416	28,423	28,733	21,154	16,280
Hardship grants	12,750 ²	15,507	4,850	4,800	3,825
High usage leak allowance (HULA)	46,281 ³	28,414	25,170	26,294	33,590
Water concession for life-support machines	0	0	0	0	0
Community Rebate Program	0 ⁴	1,371	2,807	16,523	18,063
Industry and community sponsorship and donations, including in-kind support – real value to the community	57,472 ⁵	50,531	64,451	57,171	61,230
Total community service obligation provided	1,091,759	1,061,915	1,021,393	932,083	871,172

Notes

1. Rebates to not-for-profit organisations is below the five-year average, and well below support provided in 2020-21. We assume this is because many not for profits did not operate as normal in the period prior due to the pandemic and restrictions.
2. Hardship grants were below that of last year, but remain high in comparison to the five year average, likely due to the pandemic.
3. This is the first time High usage leak allowance has been included in this table. The increase in support in 2021-22 is attributed to promotion of the support available. Totals have been adjusted across the prior years to include HULA support.
4. This program was on hold and will resume in 2022-23.
5. An increase in support was provided due to honoring support promised in the prior period 2020-21.

Utility Relief Grants Scheme

Utility relief is 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. During the financial year, \$26,416 of payments were granted to customers under the scheme.

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. High Usage Leak Allowance provided during the reporting period totalled \$46,281.

Community support

Sponsorship and donations were provided to 40 recipients during 2021-22 to the value of \$57,532, supporting engagement and educational outcomes in our community. In total \$66,863 was provided in real value to the community (including in-kind support). We attended 42 community stakeholder engagements and delivered 29 educational engagements.

Sponsorship was provided both financially and in-kind through the provision of goods and services. Most sponsorship was provided through the Community Support Program (CSP). The 2021-22 CSP provided over \$30,000 to 13 local community not-for-profit organisations for projects or events that aligned with our commitment to support a more sustainable community.

Due to the ongoing impact of the pandemic, 23 sponsored community events were postponed or cancelled during 2021-22. Where possible we rolled over support and re-booked events and activities.

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 enquiries.

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.



Westernport Water Managing Director Dona Tantirimudalige with David and Nicole Harman from Harman Wines and Cr Michael Whelan, Bass Coast Mayor, at the Bass Coast Business Awards

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 completed its Water Cycle Adaptation Action Plan in 2022, one of seven plans prepared by the Victorian Government for seven state-wide systems. Each water utility is 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 water and wastewater sources, 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 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 several prioritised adaptation actions split into six focus programs that align with Westernport Water's strategic framework. In 2021-22, Westernport Water completed adaptation actions for water resilience planning as part of the Urban Water Strategy 2022. In addition, Westernport Water embedded a matrix assessing the contribution toward climate change mitigation and adaptation for projects in the next price period, of which six of Westernport Water's top ten projects in PS23 have clear climate change mitigation and/or adaption drivers and/or outcomes. In 2022-23 the next iteration of the Climate Change Adaption Plan will be completed, considering alignment opportunities with DELWP's Water Cycle Climate Change Adaptation Plan 2022-26.



Westernport Water's Climate Change and Environment Advisor planting trees at King Road Wastewater Treatment Plant

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

- wastewater treatment plants and remote pumping stations, 75.9 percent
- water treatment plant, 18.6 percent
- office facilities, 2 percent
- transport 3.4 percent.

GGE during 2021-22 reduced by 150 tonnes CO₂-e from 2020-21 emissions. This is due to the first year of full generation from the 99.8kW solar installations at CWTP, Westernport Water's greatest emitting site, reducing some 126.9 MWh of demand from the electricity grid.

Breakdown of Greenhouse Gas Emissions

Performance Indicator ⁴	Greenhouse gas emissions (t CO ₂ -e)				Variance (%)	Notes
	2021-22 projected emissions ⁴	2021-22 result				
		Scope 1	Scope 2	Total emissions		
Water treatment and supply	–	1.3	1,014.3	1,015.5		1
Sewage collection, treatment & recycling	–	2,643.0	1,970.1	4,613.0		2
Transport	–	217.7	0	217.7		3
Other	–	29.9	97.2	127.2		3
Total Emissions (a)	–	2,891.9	3,081.6	5,973.5		
Self-generated offsets retired (b)	–					
Net Emissions (a-b)	5,974	2,891.9	3,081.6	5,973.5	-0.01	1

Notes

1. Emissions total includes the voluntary surrender of 165 Large-scale Generation Certificates (LGCs) were from wind source of vintage year 2020 as part of Zero Emissions Water (ZEW) Power Purchase Agreement (PPA) certificate record held within REC Registry – Surrender ID 5528. Note, the surrender occurred in July 2022 for prior year reporting.
2. Voluntary surrender of 203 LGCs were from solar source of vintage year 2021 as part of Zero Emissions Water (ZEW) Power Purchase Agreement (PPA) certificate record held within REC Registry – Surrender ID 5527, 5882, 5883. Note, the surrender occurred in July and August 2022 for prior year reporting.
3. Office and transport emissions were similar to the last financial year.
4. We don't project emissions per individual performance indicator, please refer to figure A2 for progress towards emission reduction targets.
5. Numbers may not add up due to rounding

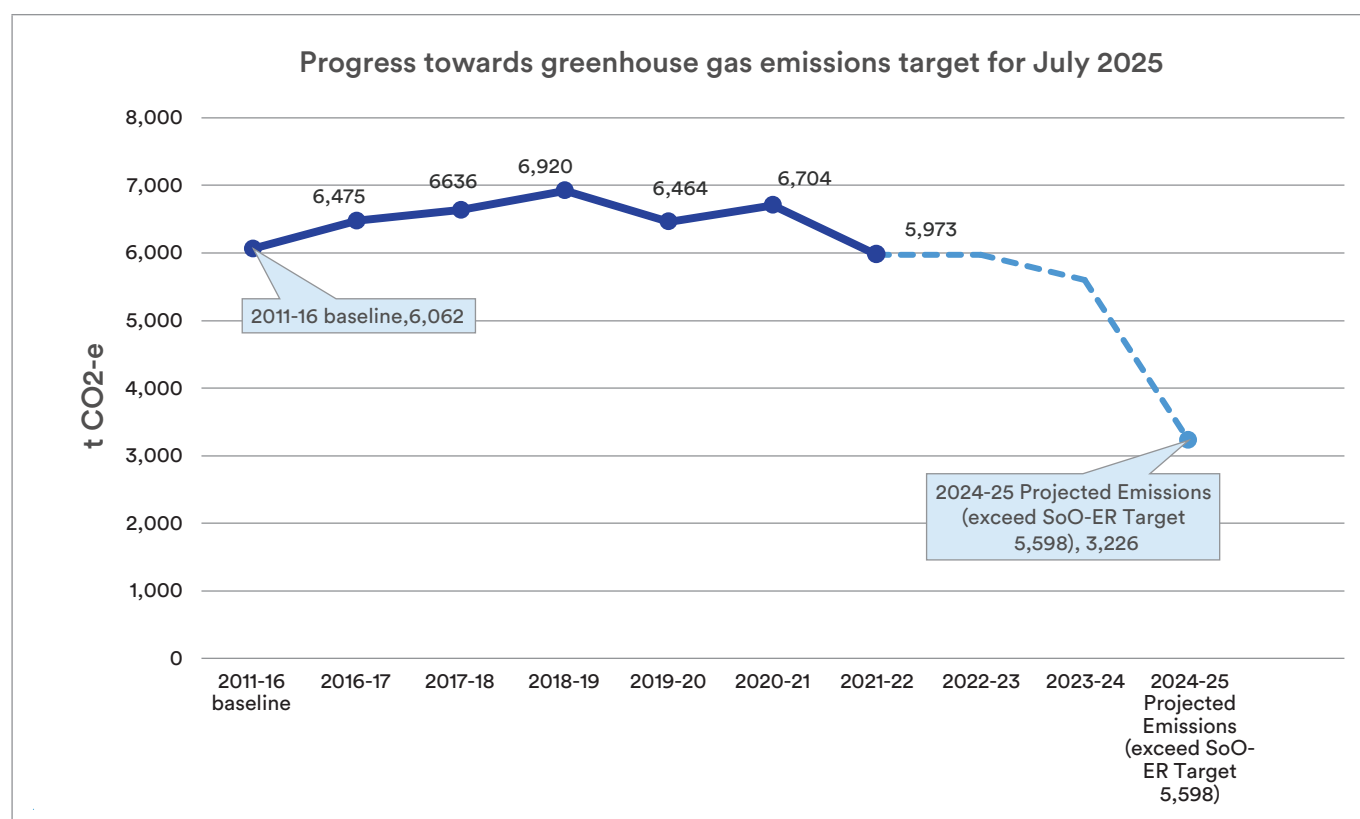
Climate Change Strategy and Emissions Reduction Pledge

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 commit 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 May 2021 the Victorian Government released its Whole of Government Emissions Reduction Pledge, committing all government entities to sourcing 100 percent of its electricity demands from renewable energy sources by 2025. The result of the policy has bolstered Westernport Water's emission reduction pathway as shown in the graph below, where projected emissions reduce to 3,226 tCO₂-e by 2025, exceeding the target commitment within the SoO-ER of 5,598 tCO₂-e. Westernport is preparing a Renewable Energy Plan to provide a pathway to net zero scope 2 emission by 2025 which will be completed in 2022-23.

A2. Progress toward Emissions Reduction Target



Note

1. The reduction in emissions compared to 2020-21 is due to the installation of 99kw solar at CWTP last FY and the voluntary surrender of renewable energy certificates.

In 2021-22, the Corporation delivered the following actions outlined in the strategy:

- Had a full year of renewable energy generation from the 99kw solar array at CWTP, which resulted in clear reductions of grid-based electricity from Westernport Water. This combined with voluntary surrender of 368 renewable energy certificates brought Westernport Water's self-sourced renewable energy consumption to 16.7 percent. Total investment in the Emissions Reductions Pledge Program was \$411k and included solar installations at KRWTP, Newhaven Head Office and Church SPS.
- Completion of the Net Zero Strategy provides the strategic pathway to net zero emissions, which underpins Westernport Water's commitment to 100 percent renewable energy use by 2025, 90 percent emissions reduction by 2030 and net zero emissions by 2035.
- Voluntary surrender of 368 MWh accrued as Large-Scale Generation Certificates obtained as part of the Zero Emissions Water – Power Purchase Agreement (PPA) Initiative to contribute to Westernport Water's consumption of renewable energy.

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

- Completion of the Urban Water Strategy 2022 – 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, including yield modelling under different climate change scenarios.
- Continued participation in the sustainability working group with strategic partners, Totally Renewable Phillip Island, BCSC and PINP, with a shared vision for increased renewable energy production on Phillip Island.
- Continued research into carbon sequestration and offsetting opportunities on Corporation owned land, such as through environmental plantings and investigation of the potential for carbon storage in sediment below wetlands, referred to as teal carbon storage.
- Development of six of the top ten strategic business cases for PS23 to support Westernport Water's emission reduction and climate adaptation pathway into the next pricing period.

Energy consumption and renewable energy production

During 2021-22, the Corporation met 16.3 percent of its total energy demands from renewable energy sources. This renewable energy generation included 216.9 MWh from the behind the meter solar installations at the CWTP, KRWTP, Newhaven Head Office and Church Street sewer pump station. An additional 203 MWh of solar generation was sourced through renewable energy certificate accrued via the Zero Emissions Water (ZEW) Power Purchase Agreement (PPA). These were voluntarily surrendered along with a further 165 wind renewable energy certificates, totalling 368 renewable energy certificates to support scope 2 emissions reduction for the 2021-22 reporting period.

B1. Total electricity consumption reporting

Total electricity use	2020-21 result (MWh)	2021-22 result (MWh)	Notes
Water treatment and supply	1,123.1	1,228.4	1
Sewage treatment and management	2,422.6	2,263.6	2
Other (office, workshops, depots)	101.3	101.3	3
Total	3,647.0	3,593.3	

Notes

1. Slight increase in energy consumption in water treatment and supply to last year due to additional electricity sites required for water turnover during water security project at Wimbledon Heights.
2. Reduction in sewage treatment by 159 MWh largely due to solar installations at CWTP.
3. Similar energy consumption at offices to last year.

B2. Renewable electricity reporting

Total electricity use	2020-21 result (MWh)	2021-22 result (MWh)	2021-22 result % of total consumption (c)	Notes
Total Grid-sourced: Mandatory (LRET)	690.0	668.0	18.6	1
<i>Renewable electricity consumption as a result of Corporation led/self-sourced activities and initiatives</i>				
Biogas	–		–	
Hydroelectric	–		–	
Solar	75.6	419.9	11.7	2
Wind	–	165	4.6	3
Other (e.g. Office, depots, etc.)	–	–	–	
Total Corporation led/self-sourced	75.6	584.9	16.3	4
Total Renewable Electricity Consumption⁵	765.6	1,252.9	34.9	5

Note, Proforma table is updated from 2020-21 in accordance with MRD06 for this FY reporting. This has involved the inclusion of Mandatory Grid-Sourced electricity LRET (as specified in MRD06).

Notes:

1. Grid-sourced renewable energy is the mandatory proportion required by all energy retailers, known as LRET. It was calculated in accordance with Ministerial Guidelines 06 – Greenhouse Gas & Energy Reporting. Note, mandatory consumption of grid-based renewable electricity was not reported in 2020-21, adjustments are made for comparison here. The reduced LRET in 2021-22 is due to reduced grid-based electricity use from solar at CWTP.
2. Onsite consumption of solar includes 216.9 MWh from WPW's behind the meter solar installations and an additional 203 MWh accrued as part of the ZEW PPA as Large Scale Generation Certificates (LGCs) voluntarily surrendered through the REC Registry – Surrender ID 5527, 5882 & 5883 – certificates were of the vintage 2021 with transaction occurring in July and August 2022.
3. Wind includes 165 MWh accrued as part of the ZEW PPA as Large-scale Generation Certificates (LGCs) voluntarily surrendered through the REC Registry – Surrender ID 5528 – certificates were of the vintage year 2021 with transaction occurring in July 2022.
4. Self-sourced renewable energy consumption increased by 509.3 MWh due to first year of 99.8kW solar array at CWTP, combined with voluntary surrender of LGCs (as per note 2 & 3).
5. Total renewable energy consumption reached 1,252.9 or 34.9% in 2021-22 due to increased solar generation from CWTP, voluntary surrender of accrued LGC certificates and inclusion of mandatory renewable energy in grid-based electricity.

Case Study

Pilot Project Virtual Energy Network (VEN) for energy share

Westernport Water commenced a pilot trial to share renewable energy via the electricity grid between the Corporations sites. The pilot project commenced in June 2022 and will continue for a one-year period, informing Westernport Water's broader plans to reach 100 percent renewable energy by 2025 in accordance with the Whole of Government Emissions Reduction Pledge.



Solar energy that is exported from KRWTP to the grid is being shared with WPW's other sites through the Virtual Energy Network Pilot Trial

There are examples of VENs being used across the globe and within Australia, the idea being that localised renewable energy can be shared through a participating energy retailer and partner organisations, with reduced or no cost for the surplus renewable energy that is exported to the identified receival sites.

The VEN pilot project will be compared alongside other options, such as Corporate Power Purchase Agreements to reach the 100 percent renewable energy target by 2035, which will be detailed in Westernport Water's Renewable Energy Plan due for completion in 2022-23.

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 \$1M or more for projects in regional Victoria.

During 2021-22, Westernport Water completed one Local Jobs First Standard project totalling \$4.2M. This project is in the Bass Coast Shire and had a commitment of 91 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 91 percent local commitment was made with 28 SMEs, representing 70 percent of all suppliers engaged on this project
- a total of six standard employees were supported and retained.

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 2021, 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
Environmentally sustainable outputs	<ul style="list-style-type: none"> – Project-specific requirements to use sustainable resources and to manage waste and pollution – Use of recycled content in construction works 	<ul style="list-style-type: none"> – Total number of contracts entered with Victorian Government suppliers that have clauses relating to both sustainable resources and to manage waste and pollution – Total number of contracts entered with Victorian Government suppliers that have clauses relating to recycled content in construction works

Achievements

- Westernport Water undertook capability and awareness activities to support the development of our Social Procurement Strategy 2021-24.
- Procurement training was provide to staff to highlight how to ‘value-add’ to individual procurements by using websites such as Kinaway, Social Traders, Supply Nation and Buy Ability to find suppliers.
- To raise awareness amongst potential suppliers, a website landing page was developed as part of our Supplier Capability Plan to highlight how Social Procurement is part of our procurement 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:

- addressed social procurement actions and commitments in the Corporations Innovate RAP, such as the promotion of certified websites e.g. Kinaway to staff
- 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:

- awarded a capital program contract to an Aboriginal owned business through a tender process
- communicated opportunities for procurement from social enterprises and Aboriginal and Torres Strait Islander businesses to staff.

To address opportunities for Environmentally sustainable outputs, we:

- awarded a contract for an options analysis for Biogas Cogeneration at the CWTP
- explored the transfer of electricity supply of our small and large sites to a Virtual Energy Network.

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.

Government advertising expenditure

In 2021-22, Westernport Water had no advertising campaigns with total media spend of \$100K or greater (excl. GST).

Disclosure of major contracts

Westernport Water did not award any major contracts greater than \$10M during 2021-22.

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

In 2021-22, there were 10 consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2021-22 in relation to these consultancies was \$52,674 (excl. GST).

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

In 2021-22, there were 10 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies was \$496,186 (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 2021 to 30 June 2022 (valued at \$10,000 or greater)

Consultant	Purpose	Start Date	Finish Date	Total Approved Project Fee \$ (ex GST)	Expenditure (\$) 2021-22 (ex GST)	Future Expenditure (\$)
ARC Blue Consulting	Contract supporting documentation	Apr 2022	June 2022	20,000	18,360	0
CMP Consulting Group Pty Ltd ¹	Engineering support services for capital works	Jan 2020	June 2023	165,237	194,171	0
HBA Pty Ltd	Industrial relations Advice	Mar 2022	June 2022	20,887	20,887	0
Landell ICT Procurement and Advisory Services	ICT business case advice	Aug 2021	Apr 2022	69,800	69,800	0
Moray & Agnew	Employment advice	Sep 2021	Mar 2022	19,590	19,590	0
Price Waterhouse Coopers ²	Tax and financial advisory services	Jul 2020	Jun 2023	165,000	36,214	0
SMEC Australia ³	Engineering support services capital works	Sep 2020	June 2023	120,000	46,464	0
The Humphreys Group	Board performance review	May 2022	May 2022	16,700	16,700	0
Utilities Regulation Advisory	PS23 price modelling	Oct 2021	Feb 2022	45,000	45,000	0
Votar Partners	ICT finance strategy	Aug 2021	Aug 2021	29,000	29,000	0

Notes

1. CMP Consulting were awarded a 3-year provision of services contract with an estimated value of \$40k each year and a separate project in 2021-22 valued at \$45k. There is no committed expenditure in 2022-23.
2. Price Waterhouse Coopers were awarded a 3-year provision of services contract with the estimated value of \$55k. There is no committed expenditure in 2022-23.
3. SMEC Australia were awarded a 3-year provision of services contract with an estimated value of \$40k each year. There is no committed expenditure in 2022-23.

DataVic Access Policy

Westernport Water has reviewed its data sets under the DataVic Access Policy and will make available Customer Commitments data, details on contractors and consultants for the 2021-22 reporting period.

Information and Communication Technology expenditure

The Corporation undertook one project or initiative during 2021-22 that met the criteria of the "ICT Reporting Standard for the Victorian Public Service" issued September 2015.

For 2021 22, total ICT expenditure of \$2,149,507, 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) (\$1,591,114)	(Total = Operational expenditure and Capital Expenditure) (\$558,393)	(\$275,758)	(\$282,635)
(\$,000) 1,591	558	276	283

Notes

1. ICT Expenditure decreased in comparison to FY2020-21 reflecting a reduction in CAPEX projects being completed.

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 2021-22.

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 applied from 1 July 2021. Access charges may also be payable if the document pool is large, and the search for material is 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 2021-22, Westernport Water received 3 FOI applications. One that is complete and two remain active.

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 carer 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 good communication, policies and provision of information
- providing flexible working arrangements and leave provisions to ensure that the Corporation complies with the statement of principles in the Act.

Disability Act

In accordance with the *Disability Act 2006*, Westernport Water has developed a Disability Action Plan which sits within the Diversity and Inclusion Strategy 2021-24 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 fourteen complaints (0.63 complaints per 1,000 customers) five of these complaints required investigation, seven of these were assisted referrals which we were able to resolve and two were unassisted referral and resolved by EWOV.

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 & Community
- 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

IBAC Contact Details

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

1300 735 135 | 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.

Disclosures under the *Public Interest Disclosure Act 2012*

	2021-22 number	2020-21 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's 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 2021-22, Westernport Water:

- continued funding of the biennial 0.2 FTE Candowie Catchment Facilitator to promote opportunities for private landholders in the Candowie Catchment to fund on-ground works for farm, land, and waterway improvements.
- identified future program works within the region and land managed by the Corporation to ensure it is contributing to the priorities within the strategy
- was able to fence off 300 metres of Guy's Creek and rehabilitate the area with 5,500 native seedlings at the KRWTP using the Healthy River Way Program grants from Melbourne Water
- completed plans to fence off an additional 700 metres of Guy's Creek before continuing revegetation efforts along the waterway in 2023-24
- completed revegetation works with the use of the Melbourne Water grants resulted in planting 1,000 seedlings below the dam wall at Candowie Reservoir.
- planted over 4,000 semi-aquatic species on the banks of Candowie Reservoir to increase soil stabilisation with native plants.

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 2021-22 to support biodiversity management included:

- continued programs to control target weed and pest animal (rabbit, hare, and fox) species on land managed by the Corporation
- revegetation works at CWTP to rehabilitate and increase biodiversity with the planting of 900 seedlings in the area of the bund wall

- 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, hares, foxes, bridal creeper, asparagus fern, hawthorn, pittosporum, mirror bush, gorse, kikuyu, thistles, boxthorn, blackberry, inkweed and control of willow regrowth.

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

During 2021-22, 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 was undertaken during 2021-22 and was submitted 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.

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, and to improve water security across all basins within the region. DELWP have engaged consultants to undertake a resource outlook under the Long Term Water Resource Assessment for the new amalgamated SWS with workshops being held in 2021-22. The final strategy is expected to be released later in 2022.

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. An additional 300m section of Guys Creek was fenced off in 2021-22 to exclude stock and revegetate with 5,500 plantings. Future revegetation efforts will centre around Guys Creek with further grant application submitted to Melbourne Water for consideration.

State Environment Protection Policy (SEPP Waters) October 2018 policy is being replaced by the Environmental Reference Standards of the *Environment Protection Act 2017*, but is still considered an important part of the State of Knowledge and used in environmental impact assessments, such as the impacts from Westernport Water's treated effluent discharge at Pyramid Rock. SEPP Waters provides environmental quality objectives that reflect conditions of our water environments based on extensive monitoring data, the latest scientific understanding, and relevant national standards. It also clearly identifies rules for decision makers and obligations on industry to guide the protection and management of water quality, considering 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 came 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 CWTP 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 and the ERS 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 Plan (CHMP)

CHMP 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 the following projects:

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

Preparation of a mandatory CHMP was not required under the Aboriginal Heritage Regulations 2018 for the CWTP ground mounted solar project and CWTP Stage 2 upgrade.

A due diligence assessment for the Ventnor Rising main extension project was recommended as per the requirements in the Aboriginal Heritage Regulation 2018, a mandatory Cultural Heritage Management Plan was deemed necessary and Westernport Water's heritage management consultant has been contracted to prepare 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 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 2021-22 the Corporation updated its EMS and continued to implement it across the business to align and meet requirements of the **General Environmental Duty (GED)**, which is the main legislation that underpins the *Environment Protection Act 2017*, which came into effect on 1 July 2021.

In 2021-22 we:

- completed a review of the EMS and its alignment to meet requirements of the GED with revision made to the recently completed Aspects and Impacts Register
- continued business implementation of the EMS, such as inclusion of environmental incidents into Westernport Water's incident management system.

Environmental incidents are unplanned incidents that have the potential to impact on the environment or community. There were seven environmental incidents, and six that involved sewer spills that entered the environment in 2021-22 that were reported to the EPA Victoria. A summary table is provided below.

All incidents were immediately reported to the EPA in accordance with the sewer spill protocol, quick response times ensured large volumes did not enter the environment along with efforts focused on site restoration to its pre-condition. The increase in the number of sewer spills is being investigated further to ensure our proactive maintenance and capital investment programs are targeted effectively. Following all spills Westernport Water complete follow up actions for CCTV camera of sewer main, tree root removal and where required sleeving within the sewer main. Westernport Water complied with all conditions specified within its EPA licenced sites.

Table 1: Environmental incidents

Objective prioritised	Outcome sought	SPF Reporting Metric	
21 August 2021	Bluegum Reserve – Cowes, spill contained & didn't enter waterway.	3,500 litres of raw sewerage	Tree root intrusion caused blockage in manhole.
1 October 2021	Emergency Relief Structure (ERS) at Pioneer Bay Sewer Pump Station, wet weather sewer spill.	50,000 litres of dilute sewerage	Direct stormwater inflow from properties entered the sewage system. Upon inspection it was noted that the caps on sewage system inspection shafts (IS) had been removed, causing flows to exceed capacity of sewage pump station with flows released via the ERS.
5 November 2021	Elsa Terrace, San Remo – flowed along roadside and entered stormwater drain in vacant housing estate.	1,000 litres of raw sewerage	Failure of developer to remove the pressure testing plug in the new development area caused blockage to manhole.
24 January 2022	Manhole in garden bed – Silverwater Resort – San Remo, spill flowed along Potters Hill Road to stormwater drain, did not enter waterway.	5,000 litres of raw sewerage	Tree root intrusion caused blockage to manhole.
1 February 2022	Seacombe Grove, Ventnor, contained within earthen stormwater drain, did not enter waterway.	3,000 litres of raw sewerage	Third party damage to inspection shaft from vehicle running over the top causing sewage to flow into earthen bund/stormwater drain.
11 June 2022	Heyley Ave, Ventnor, blocked ERS resulted in spill to property with fraction leaking from property to outside area and possibly stormwater drain.	3,200 litres of raw sewerage left premises entered environment and possibly stormwater	Broken clay pipe was root cause of sewer blockage, with some minor tree roots. Sewerage built up over time to cause the spill volume to release inside the property as the ORG was buried in garden beds.

Note:

- Each incident has been reported to the EPA and the EPA have been satisfied with measures taken to report the spill, control and clean up sites with appropriate remedial measures.
- After each incident, WPW conducts an analysis and adjusts our Preventative Maintenance Program (PMP) accordingly.
- In 2019 WPW risk assessed all sewerage pipelines and developed a priority for linear renewals and preventative maintenance based on likelihood and consequence.
- Our priority preventative maintenance for sewerage assets is a targeted program of works that includes CCTV, jet wash, root cutting, and spraying to prevent root penetration at pipeline joints.

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 from page 59.

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 and updating the risk rating and strengthening the controls within 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 2021-22, Westernport Water's Biosolids Program did not involve any land application. Site assessments are being further developed considering 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. Validation testing of biosolids material was tested from both treatment plant sites in 2021-22, further planning and risk assessment will be carried out in 2022-23, including assessment against relevant draft guideline limits for emerging contaminants which will inform reuse plans for 2022-23.

Greener Procurement

Westernport Water's main areas of procurement are: contractors 32.1 percent; and goods and services 67.9 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
- introduced a Social Procurement Framework outcome, environmentally sustainable outputs, as part of an ongoing Social Procurement weighting.

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

- natural resources management
- solar inspections and servicing
- commercial waste and recycling collections
- marine ecosystem monitoring consulting
- options analysis for Biogas Cogeneration at CWTP
- virtual energy network.

Procurement targets for 2021-22:

- where achievable, look to incorporate more clauses in contracts relating to sustainable resources and recycled content in construction works
- seek internal feedback on existing Social Procurement Framework's practices and look for opportunities to achieve greater results in terms of dollars spent and outcomes achieved.

2021-22 Performance report

Financial Performance Indicators

KPI No.	Key Performance Indicator	2020-21 Result	2021-22 Result	2021-22 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	32.40	49.51	22.20	52.8%	1a	123.0%	1b
F2	Gearing Ratio Total debt (including finance leases) / total assets * 100	2.4%	3.5%	4.5%	45.8%	2a	-22.2%	2b
F3	Internal Financial Ratio Net operating cash flow less dividends / net capital expenditure * 100	61%	67%	68%	9.8%	3a	-1.5%	3b
F4	Current Ratio Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	0.85	1.19	0.81	40.0%	4a	46.9%	4b
F5	Return on Assets (ROA) Earnings before net interest and tax / average assets * 100	1.4%	-0.1%	0.5%	-107.1%	5a	-120.0%	5b
F6	Return on Equity (ROE) Net profit after tax / average total equity * 100	1.4%	0.0%	0.3%	-100.0%	6a	-100.0%	6b
F7	EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue * 100	37%	26.5%	31%	-28.4%	7a	-14.5%	7b

Notes

- 1a Cash flow from operating activities is higher than prior year due to an increase in net cash flows in 2021-22 compared to 2020-21 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 & 2b Total debt has increased from prior year however was on target. An increase in asset values resulting from the five year independent Valuer General Victoria (VGV) revaluation process applied from 1 July 2021 resulted in higher than planned assets at year end contributed to the favourable result for 2021-22.
- 3a An increase in net operating cash flows compared to prior year resulted in a favourable variance to 2020-21.
- 3b Variations to the timing of the capital expenditure budget due to the impacts of COVID-19 restrictions on work performed resulted in an unfavourable variance to budget.
- 4a & 4b A decrease in current liabilities has resulted in a favourable variance to prior year and target. This was attributed to a decrease in tax payable resulting from the change in tax rate from 26% to 25% in 2021-22.
- 5a & 5b A decrease in earning position due to an accounting adjustment for the cessation of a \$2.1M multi year capital project, previously reported in the balance sheet has contributed to the unfavourable variance against prior year and target. Developer income received was less compared to 2020-21 which has also contributed to the unfavourable result.
- 6a & 6b Return on equity decreased from target and was unfavourable to prior year due to a lower net profit for 2021-22 than planned. An accounting adjustment required for the cessation of a multi year capital project which was previously reported in the balance sheet, resulted in an increase in a reportable expenses of \$2.1M for 2021-22.
- 7a & 7b A decrease in earning position due to an accounting adjustment for the cessation of a \$2.1M multi year capital project, previously reported in the balance sheet has contributed to the unfavourable variance to target and prior year earning before interest, tax, depreciation and amortisation.

Customer Responsiveness Performance Indicators

KPI No.	Key Performance Indicator	2020-21 Result	2021-22 Result	2021-22 Target	Variance to prior year %	Notes	Variance to target %	Notes
CR1	Water quality complaints No. of complaints per 1000 customers	9.35	2.53	2.2	-72.9	8a	15.0	8b
CR4	Billing complaints No. of complaints per 1000 customers	1.19	0.77	1	-35.3	9a	-23.0	9b

Notes

- 8a & 8b. The favourable variance to the previous year is from improvements made to managing naturally occurring manganese within the raw water and compounds that can create taste and odour. There has also been a focus on managing flow variances reducing the likelihood of discolored water. As a result of the improvements, complaints reduced and returned to slightly above target.
- 9a & 9b. The favourable variance to target was due to restrictions being eased and property owners were able to access their property again, therefore not disputing charges.

Water and Sewerage Service Performance Indicators

KPI No.	Key Performance Indicator	2020-21 Result	2021-22 Result	2021-22 Target	Variance to prior year %	Notes	Variance to target %	Notes
WS1	Unplanned Water Supply Interruptions Percentage of customers receiving more than 1 unplanned interruption in the year	0.8%	1.4%	9.3%	80.5	10a	-84.5	10b
WS2	Interruption Time Average duration of unplanned water supply interruptions (minutes)	71.8	83.93	96	16.9	11a	-12.6	11b
WS3	Restoration of Unplanned Water Supply Percentage of unplanned water supply interruptions restored within five hours	100%	97.56%	99%	-2.4	12a	-1.5	12b
SS1	Containment of sewer spills Percentage of sewer spills from reticulation and branch sewers contained within five hours	100%	100%	100%	0.0	–	0.0	–
SS2	Sewer Spills Interruptions No. of residential sewage customers affected by sewage interruptions restored within five hours	100%	100%	100%	0.0	–	0.0	–

Notes

- 10a & 10b. The variance to prior year is because we reverted to a more normal operating environment after purposefully over servicing customers during periods of restrictions and lockdowns in 2020-21. During this time, we were mindful of the impact of water supply interruptions and provided alternate water supplies to reduce impacts to customers, this is also why the variance to target is favourable.
- 11a & 11b. The variance with the previous reporting period was due to a 132% increase in unplanned water supply interruptions – 62 in 2020-21 and 82 in 2021-22. Nevertheless, the result is favourable to target.
- 12a & 12b. We had two unplanned interruptions in 2021-22 that took over 5 hours to restore water supply. There were 82 interruptions in total, 80 were restored in 5 hours. The two interruptions were due to a tree upending a water main which fell on powerlines, and an ageing asset failure which resulted in over 200 customers without water. Water was restored to all residential customers within 5 hours, however a commercial property with no occupancy was not restored within 5 hours.

Environmental Performance Indicators

KPI No.	Key Performance Indicator	2020-21 Result	2021-22 Result	2021-22 Target	Variance to prior year %	Notes	Variance to target %	Notes
E1	Effluent reuse volumes (end use) Percentage recycled	7.4	17.9	25	142	13a	-28.4	13b
E2	Total net CO₂ emissions Total Net tonnes CO ₂ equivalent	6,704	5,973	5,974	-11	14a	0.0	–

Notes

- 13a. The increase in reuse volume is attributed to a combination of the impact of a below average rainfall year and increased irrigation capacity at CWTP and KRWTP from land acquisition and irrigation infrastructure. The reuse volume achieved was due to Class B and C recycled water.
- 13b. Failure to meet target was due to the Class A system being offline for operational issues. Expect to reach target in 2022-23.
- 14a. The reduction in emissions compared to last year is due to 99kw solar installations at CWTP and the voluntary surrender of 368 MWh of Large-scale generation certificates (LGCs) provided through the ZEW PPA.

Certification of Performance Report

We certify the accompanying Performance Report for Westernport Region Water Corporation in respect of the 2021-22 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 2021-22 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 13th day of October 2022

Independent Auditor's Report



Independent Auditor's Report

To the Board of the Westernport Region Water Corporation

Opinion	<p>I have audited the performance report of the Westernport Region Water Corporation (the corporation) for the year ended 30 June 2022, 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 2022 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
18 October 2022



Paul Martin
as delegate for the Auditor-General of Victoria

Financial Statements for the year ended 30 June 2022

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Westernport Region Water Corporation
Comprehensive operating statement
For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Revenue			
Revenue from contracts with customers	2.1	26,295	27,322
Interest income		3	8
Other income		380	229
Total revenue		26,678	27,559
Expenses			
Depreciation and impairment	4.1.1	7,098	6,458
Amortisation	4.2	210	77
Employee benefits	3.1.1	9,090	8,603
Direct operational expenses	3.2	1,693	1,895
Repairs and maintenance expense	3.3	861	963
Environmental contribution	8.2	1,071	1,080
Interest expense	6.1.2	255	238
Administration and other operating expenses	3.4	7,062	4,926
Total expenses		27,340	24,240
Net result from transactions		(662)	3,319
Other economic flows included in net result			
Net gain/(loss) on disposal of non-financial assets	4.1.4	164	166
Impairment of infrastructure, property, plant and equipment	9.2.1	-	(213)
Net (gain) /loss arising from revaluation of derivative financial liabilities	9.2.1	(4)	-
Total other economic flow included in net result		160	(47)
Net result before income tax		(502)	3,272
Income tax expense/(benefit)	8.1.1	(429)	398
Net result for the period		(73)	2,874
Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in physical 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	1,433	1,175
Total comprehensive income for the period		1,433	49,208
Comprehensive result		1,360	52,082

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

Westernport Region Water Corporation

Balance sheet

For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.2.1	1,146	1,064
Receivables	5.1	3,175	2,885
Contract assets	5.2	742	796
Inventories		460	447
Biological assets		78	205
Current tax assets	8.1.1	989	-
Prepayments		191	88
Total current assets		6,781	5,485
Non-current assets			
Receivables	5.1	44	47
Infrastructure, property, plant and equipment	4.1.1	283,693	284,380
Intangible assets	4.2	2,405	735
Investment in Zero Emissions Water (ZEW) Ltd	5.5	5	5
Total non-current assets		286,147	285,167
TOTAL ASSETS		292,928	290,652
LIABILITIES			
Current liabilities			
Payables	5.3	3,671	3,973
Contract liabilities	5.4	3,405	3,327
Interest bearing liabilities	6.1	1,250	1,500
Employee benefits	3.1.2	1,985	2,191
Current tax payable	8.1.1	-	62
Total current liabilities		10,311	11,053
Non-current liabilities			
Interest bearing liabilities	6.1	8,890	5,440
Employee benefits	3.1.2	428	408
Deferred tax liabilities	8.1.2	43,298	45,161
Other financial liabilities	5.6	51	-
Total non-current liabilities		52,667	51,009
TOTAL LIABILITIES		62,978	62,062
NET ASSETS		229,950	228,590
EQUITY			
Contributed capital		51,323	51,323
Physical asset revaluation reserve	9.1.1	107,438	106,005
Accumulated surplus		71,189	71,262
TOTAL EQUITY		229,950	228,590

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

Westernport Region Water Corporation
Statement of changes in equity
For the year ended 30 June 2022

	Note	Contributed capital \$'000	Reserves \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 July 2020		51,323	56,797	68,388	176,508
Net result for the period		-	-	2,874	2,874
Total other comprehensive income for the period	9.1.1	-	49,208	-	49,208
Balance at 30 June 2021		51,323	106,005	71,262	228,590
Balance at 1 July 2021		51,323	106,005	71,262	228,590
Net result for the period		-	-	(73)	(73)
Total other comprehensive income for the period	9.1.1	-	1,433	-	1,433
Balance at 30 June 2022		51,323	107,438	71,189	229,950

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

Westernport Region Water Corporation
Cash flow statement
For the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts			
Service and usage charges / Revenue from contracts with customers		24,647	22,222
Interest received		3	8
Developer contribution fees		386	347
Goods and Services Tax received from the ATO		1,506	1,348
Other receipts		3,211	3,080
Total receipts		29,753	27,005
Payments			
Payments to suppliers and employees		(22,603)	(19,196)
Interest and other cost of finance paid		(133)	(173)
Income taxes paid		-	(1,738)
Environmental contribution levy paid		(717)	(717)
Total payments		(23,453)	(21,824)
Net cash flows from/(used in) operating activities	6.2.2	6,300	5,181
Cash flows from investing activities			
Proceeds from sale of infrastructure, property, plant & equipment		199	146
Payments for infrastructure, property, plant and equipment		(9,617)	(8,703)
Net cash flows from/(used in) investing activities		(9,418)	(8,557)
Cash flows from financing activities			
Proceeds from borrowings		3,200	1,250
Repayment of borrowings		-	(1,000)
Net cash flows from/(used in) financing activities		3,200	250
Net increase/(decrease) in cash and cash equivalents		82	(3,126)
Cash and cash equivalents at the beginning of the financial year		1,064	4,190
Cash and cash equivalents at the end of the financial year¹	6.2.1	1,146	1,064

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.
2. Repayment of borrowings for 2022FY were not cash transactions as were refinanced and reported as non-current liabilities.

Westernport Region Water Corporation

Notes to the financial statements

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 2022. 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 13 October 2022.

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
Estimated fair value of derivative financial instrument	5.5 and 7.3
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 Revenue from Contracts with Customers (AASB 15) or AASB 1058 Income of not-for-profit entities (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
Recognition and measurement of Software as-a-Service (SaaS) arrangements	4.2
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 2022, the Corporation recognised a net loss of \$0.1m. The Corporation's net assets as at 30 June 2022 were \$230.0m. 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 throughout this financial report to reflect management's judgements and assessments.

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 services

Introduction

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

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

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

Structure

2.1 Revenue from contracts with customers

2.1.1 Revenue from service, usage and trade waste charges

2.1.2 Developer contributions

2.1.3 Other revenue

2.1.4 Timing of recognition of revenue from customers

2.1 Revenue from contracts with customers

	Note	2022 \$'000	2021 \$'000
Revenue from service, usage and trade waste charges	2.1.1	23,449	22,990
Developer contributions	2.1.2	2,296	3,688
Other revenue	2.1.3	550	644
Total revenue from contracts with customers		26,295	27,322

2.1.1 Revenue from service, usage and trade waste charges

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 5.4). Where the performance obligations are satisfied but not yet billed, a contract asset is recorded (refer note 5.2).

Total revenue from contracts with customers is \$26.3m (2021: \$27.3m). This consists of revenue from service and usage charges of \$23.4m (2021: \$23.m), Developer contributions of \$2.3m (2021: \$3.7m) and other revenue of \$550k (2021: \$644k).

	2022 \$'000	2021 \$'000
- Water usage charges	4,260	4,201
- Water service charges	7,787	7,654
- Sewage usage charges	11,220	10,964
- Sewage disposal charges	23	26
- Trade waste charges	128	123
- Recycling water charges	31	22
Total revenue from service, usage and trade waste charges	23,449	22,990

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

	2022 \$'000	2021 \$'000
Developer contributed assets	1,718	3,028
New customer contributions	578	660
Total developer contributions	2,296	3,688

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.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
New customer contributions	<p>New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop 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

	2022 \$'000	2021 \$'000
Revenue from other services rendered	436	533
Works and services provided to third parties	114	111
Total other revenue	550	644

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 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.

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 contributions	Other revenue	Total revenue with customers
At a point in time	-	-	-	-	-	123	-	3,028	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	22	3,028	644	27,322

2022	Service charges - water	Usage charges - water	Service charges - sewerage	Disposal charges - sewerage	Disposal charges - trade waste	Recycled water charges	Developer contributed assets	New customer contributions	Other revenue	Total revenue with customers
At a point in time	-	-	-	-	-	128	-	1,718	550	2,974
Over time	7,787	4,260	11,220	23	31	-	31	-	-	23,321
Total	7,787	4,260	11,220	23	128	31	31	1,718	550	26,295

3. The cost of delivering our services

Introduction

This section provides an account of the expenses incurred by the Corporation in delivering services and outputs and how the Corporation's funding is applied and the accounting policies that are relevant for an understanding of these items recognised in the financial statements.

Structure

3.1 Expenses incurred in delivery of services

3.1.1 Employee benefits – comprehensive operating statement

3.1.2 Employee benefits - balance sheet

3.1.3 Superannuation

3.2 Direct operational expenses

3.3 Repairs and maintenance

3.4 Administration and other operating expenses

3.1 Expenses incurred in delivery of services

	Note	2022 \$'000	2021 \$'000
Employee benefit expenses	3.1.1	9,090	8,603
Direct operating expenses	3.2	1,693	1,895
Repairs and maintenance	3.3	861	963
Administration and other operating expenses	3.4	7,062	4,926
Total expenses incurred in delivery of services		18,706	16,387

3.1.1 Employee benefits – comprehensive operating statement

	2022 \$'000	2021 \$'000
Employee benefits		
- Salaries and wages ¹	6,707	5,905
- Annual leave	570	676
- Long service leave	15	86
- Employer superannuation contributions	731	707
- Employer superannuation contributions - defined benefits	43	40
- Payroll tax ²	103	140
- Termination benefits	-	83
- Other	921	966
Total employee benefit costs	9,090	8,603

Note

1. Variance in FY2022 relates to an accounting adjustment for the discontinuance of the Business Transformation Project for salaries and wages expenditure from prior years previously held in work in progress awaiting capitalisation.
2. Variance in payroll tax reflects State Revenue Office (SRO) rate reduction from 2.02% in FY2021 to 1.21% in FY2022

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.

	2022 \$'000	2021 \$'000
Current provisions:		
Annual leave (and RDO)		
Unconditional and expected to settle within 12 months	569	666
Unconditional and expected to settle after 12 months	256	314
Long service leave		
Unconditional and expected to settle within 12 months	78	109
Unconditional and expected to settle after 12 months	830	826
Provisions for on-costs		
Unconditional and expected to settle within 12 months	120	134
Unconditional and expected to settle after 12 months	132	142
Total current provisions for employee benefits	1,985	2,191
Non-current provisions:		
Long service leave - conditional	381	362
On-costs	47	46
Total non-current provisions for employee benefits	428	408
Total provisions for employee benefits	2,413	2,599

Reconciliation of movements in on-cost provisions

	2022 \$'000
Opening balance	323
Additional provisions recognised	27
Amounts utilised during the period	
Effect of changes in the discount rate	(51)
Closing balance	299
Current	252
Non-current	47

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 as an other economic flows included in the net result within the operating statement.

Performance payments

Performance payments for the Corporation's Executive Officers are no longer applicable as they 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 2022 are detailed below:

Scheme	Type of scheme	Rate %	2022 \$'000	2021 \$'000
Vision Super	Defined benefits	10 (2021: 9.5)	43	40
Vision Super	Accumulation	10 (2021: 9.5)	275	287
Other	Accumulation	10 (2021: 9.5)	456	420

In addition to the above contributions, the Corporation has not paid any unfunded liability payments to Vision Super during the 2021-22FY (2021: \$0).

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2023 is \$43k (2022: \$40k).

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 2021 interim actuarial investigation surplus amounts

As at 30 June 2021, an interim actuarial investigation was held as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) was 109.8%. Because the VBI was above 100%, the 2021 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 5.5% pa
- Salary information 2.5% pa to 30 June 2023 and;
- Salary information 3.5% pa thereafter
- Price inflation (CPI) 3.0% pa.

The Fund's interim actuarial investigation as at 30 June 2021 identified the following:

- A VBI surplus of \$214.7 million;
- A total liability surplus of \$270.3 million; and
- A discounted accrued benefits surplus of \$285.2 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 2021.

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.

Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year.

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 2022 interim actuarial investigation

Vision Super has advised that the estimated VBI at 30 June 2022 was 102.2%.

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2022. It is anticipated that this actuarial investigation will be completed in October 2022. The Corporation was notified of the 30 June 2022 VBI during August 2022.

3.2 Direct operational expenses

	2022 \$'000	2021 \$'000
Chemicals	351	353
Electricity	798	765
Testing and Sampling	146	105
Melbourne bulk water entitlement	321	609
Lease payments	77	63
Total direct operational expenses	1,693	1,895

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.
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.
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

	2022 \$'000	2021 \$'000
Preventative maintenance	506	429
Major maintenance	355	534
Total repairs and maintenance	861	963

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

	2022 \$'000	2021 \$'000
Purchase of inventory	(52)	51
Contractors	1,963	2,019
Consultants ¹	1,802	134
Information computer technology expenses	1,679	1,366
Training and education	81	82
Licence fees, permits and registration	219	117
Vehicle repairs & maintenance costs	28	136
Insurance	235	152
Postage charges	99	94
Conference costs (excl travel & accommodation)	20	28
Debt collection fees	6	2
Mobile phone costs	98	64
Subscription & memberships	61	128
Bad debt expenses	19	8
Other supplies	754	545
Initial recognition - expense from derivative financial instruments	50	-
Total administration and other operating expenses	7,062	4,926

1. Variance in FY2022 relates to an accounting adjustment for the discontinuance of the Business Transformation Project for expenditure from prior years previously held in work in progress awaiting capitalisation.

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.
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.
Expense from derivative financial instruments	The initial recognition expense represents the fair value of the expected future settlements at the initial recognition, currently in a [liability/asset] position. Subsequent fair value measurement of the derivative financial instrument is recognised as other economic flow included in the net result (Note 9.2).	Accruals basis. Recognised in the Comprehensive operating statement.

Expense from derivative financial instruments

Expense from derivative financial instruments relates to the Corporation's investment in Zero Emissions Water Limited (ZEW). Refer Note 5.5 for further details on the arrangement between the Corporation and ZEW.

The Corporation pays or receives the difference between the floating electricity price and the fixed price set under the agreement for the units of energy supplied into the National Electricity Market by the solar farm. The future settlements of Contract for Difference (CfD) are classified as derivative financial instruments.

The Corporation has initially recognised the CfD derivative financial instrument and is measured at fair value based on the best available information. The initial recognition expense represents the fair value of the expected future settlements at the initial recognition, currently in a liability position. The initial recognition of the CfD derivative is treated as a "transaction" for the purposes of annual financial statements on the basis that it is an interaction between two entities by mutual agreement in respect to which no cash flows take place on effective date. Refer to Note 7.1 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

4. Key assets available to support delivery of our service

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 Infrastructure, property, plant and equipment: Carrying amount

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

	Land	Building	Plant and equipment	Water distribution	Infrastructure harvesting and major transfer	Infrastructure water quality	Infrastructure sewer collection	Infrastructure treatment and disposal	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2022										
Opening net book amount	14,919	3,694	3,174	94,245	32,373	2,381	96,199	23,729	13,666	284,380
Additions	-	-	-	-	-	-	-	-	6,481	6,481
Disposals	-	-	-	(24)	(8)	(7)	(23)	(8)	-	(70)
Transfer between asset classes	-	261	974	3,106	371	-	671	5,454	(10,837)	-
Depreciation	-	(127)	(580)	(2,270)	(752)	(133)	(2,261)	(975)	-	(7,098)
Closing net book amount	14,919	3,828	3,568	95,057	31,984	2,241	94,586	28,200	9,310	283,693
At 30 June 2022										
Cost of fair value	14,919	3,955	7,022	97,347	32,733	2,373	96,448	29,660	9,310	293,767
Accumulated depreciation	-	(127)	(3,454)	(2,290)	(749)	(132)	(1,862)	(1,460)	-	(10,074)
Net book amount	14,919	3,828	3,568	95,057	31,984	2,241	94,586	28,200	9,310	283,693
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
Disposals	-	(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 value as at 30 June 2021	14,919	3,694	3,174	94,245	32,373	2,381	96,199	23,729	13,666	284,380

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 (2021: \$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.

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

Asset	Useful life years 2022 and 2021
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. Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is 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 change are considered as part of the Corporation's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on the Corporation's principal activities, particularly from 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:

	2022 \$'000	2021 \$'000
Sales proceeds	401	219
Costs of the assets ¹	(965)	(585)
Accumulated depreciation ¹	728	532
Net gain/(loss) on disposal	164	166

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 \$'000	Software costs \$'000	Patents and Licences \$'000	Large scale generation certificates \$'000	Other \$'000	Total \$'000
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)
Closing carrying amount	336	185	176	3	35	735
At 30 June 2021						
Cost of 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
Year ended 30 June 2022						
Opening net book amount	336	185	176	3	35	735
Additions	-	1,876	-	4	-	1,880
Amortisation	(3)	(204)	(2)	(1)	-	(210)
Carrying amount	333	1,857	174	6	35	2,405
At 30 June 2022						
Cost of fair value	370	3,558	279	7	57	4,271
Accumulated amortisation	(37)	(1,701)	(105)	(1)	(22)	(1,866)
Carrying amount	333	1,857	174	6	35	2,405

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 begin when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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 & licenses	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 years – straight line	Useful life - Straight line
Internally generated or acquired	Acquired	Internally generated or Acquired	Acquired	Acquired	Internally generated or Acquired
Impairment test/Recoverable amount testing	Annually and where an indicator of impairment exists	Amortisation method reviewed at each financial year-end; Reviewed annually for indicators of impairment	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	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.

Software costs

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

Software as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Corporation with the right to access the cloud provider's application software over the contract period. As such the Corporation does not receive a software intangible asset at the contract commencement date.

Please refer to Note 9.10 for the change in accounting policy relating to SaaS arrangements.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an other expense (Note 3.4) over the term of the service contract	<ul style="list-style-type: none"> • Fee for use of application software • Customisation costs
Recognise as an other expense (Note 3.4) as the service is received	<ul style="list-style-type: none"> • Configuration costs • Data conversion and migration costs • Testing costs • Training costs

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

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

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

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

Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, the Corporation has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application.

Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*. During the financial year, the Corporation recognised \$1.876M (2021: \$100k) intangible assets in respect of customisation and configuration costs incurred in implementing SaaS arrangements.

Large-scale Generation Certificates

Large-scale Generation Certificates are recognised as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109A *Intangible Assets*), and will be subject to amortisation, as the Large-scale Generation Certificates have a finite life.

5. Other assets and liabilities

Introduction

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

Structure

5.1 Receivables

5.1.1 Impairment of contractual receivables

5.1.2 Reconciliation of the expected credit loss allowance

5.2 Contract assets

5.3 Payables

5.3.1 Ageing analysis of contractual payables

5.4 Contract liabilities

5.5 ZEW transactions and balances

5.6 Other Financial Liabilities

5.1 Receivables

	2022 \$'000	2021 \$'000
Current		
Contractual		
Trade receivables	2,776	2,608
Allowance for expected credit loss	(125)	(125)
Other receivables	368	197
Statutory		
GST input tax credit recoverable	156	186
Payroll receivable	-	19
Total current receivables	3,175	2,885
Non-current		
Contractual		
Trade receivables	101	104
Allowance for expected credit loss	(57)	(57)
Total non-current receivables	44	47
Total receivables	3,219	2,932

Receivables consist of:

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 2022 and 30 June 2021 was determined as follows for receivables – service and usage charges and other receivables:

	Current	More than 30 days due	More than 60 days due	More than 120 days past due	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022					
Expected loss rate	0%	0%	0%	12%	6%
Gross carrying amount - receivables from service and usage charges	1,168	-	191	1,519	2,878
Gross carrying amount - other receivables	-	73	232	62	367
Total receivables	1,168	73	423	1,581	3,245
Loss allowance	-	-	-	182	182

	Current	More than 30 days due	More than 60 days due	More than 120 days past due	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2021					
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

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

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

No interest is charged for the first 28 days from the invoice date. Thereafter, interest is charged at 2.9 per cent on the outstanding balance. The average credit period for sales of goods / services and for other receivables is 40 days. There are no material financial assets that are individually determined to be impaired.

5.1.2 Reconciliation of the expected credit loss allowance

	Notes	2022 \$'000	2021 \$'000
Opening balance 1 July		182	182
Expected credit losses written off	9.2	(87)	(63)
Net provision movements including expected credit losses recovered		87	63
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 loss allowance 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

	2022 \$'000	2021 \$'000
Current		
Usage charges	742	796
Total current contract assets	742	796

	Usage charges \$'000
Opening balance as at 1 July 2021	796
Less: Amounts billed during the year	(638)
Additional provisions reversed	(158)
Add: Amount accrued at year end	742
Carrying amount as at 30 June 2022	742

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.

Significant changes in contract assets

Contract assets have increased as the Corporation has accrued developer gifted assets as a temporary measure until the capitalisation process has occurred. The Corporation has not recognised a loss allowance for these contract assets.

5.3 Payables

	2022 \$'000	2021 \$'000
Contractual		
Trade creditors	883	640
Sundry creditors	642	537
Accrued expenses	1,808	2,448
Statutory		
PAYG and other payables	338	348
Total current payables	3,671	3,973

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 5-10 days.

5.3.1 Ageing analysis of contractual payables

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	Maturity dates			
				1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
2022							
Supplies and services	2,691	2,691	2,691	-	-	-	-
Other payables	642	642	-	-	642	-	-
Total	3,333	3,333	2,691	-	642	-	-
2021							
Supplies and services	3,088	3,088	3,088	-	-	-	-
Other payables	537	537	-	-	537	-	-
Total	3,625	3,625	3,088	-	537	-	-

5.4 Contract liabilities

	Service charges paid in advance \$'000	Developer contributions - unearned \$'000	Total \$'000
Carrying amount as at 1 July 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)
Closing balance at 30 June 2021	3,211	116	3,327
Add: Developers contribution received for performance obligations yet to be completed during the year	18,823	508	19,331
Less: Revenue recognised in the reporting period for the completion of performance obligations	(18,822)	(431)	(19,253)
Total contract liabilities at 30 June 2022	3,212	193	3,405
Represented by			
Current contract liabilities	3,212	193	3,405
Total contract liabilities at 30 June 2022	3,212	193	3,405

Contract liability	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 ZEW transactions and balances

Westernport Region Water Corporation is one of 12 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 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).

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.

5.6 Other Financial Liabilities

	2022 \$'000	2021 \$'000
Non-current		
Other financial liabilities		
Derivative financial instrument	51	-
Total other financial liabilities	51	-

6. How we financed our operations

Introduction

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 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 results 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

	2022 \$'000	2021 \$'000
Current interest-bearing liabilities		
Security borrowings from Treasury Corporation of Victoria (TCV)	1,250	1,500
Total current interest-bearing liabilities	1,250	1,500
Non-current interest-bearing liabilities		
Security borrowings from Treasury Corporation of Victoria (TCV)	8,890	5,440
Total non-current interest-bearing liabilities	8,890	5,440
Total interest-bearing liabilities	10,140	6,940

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

	Maturity dates						
	Carrying amount	Nominal amount	Less than 1 month	1-3 month	3 months - 1 year	1 - 5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022							
Secured borrowings from TCV	10,140	10,140	-	750	500	4,190	4,700
Total	10,140	10,140	-	750	500	4,190	4,700
30 June 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

6.1.2 Interest expense

	2022 \$'000	2021 \$'000
Interest on secured TCV loans	188	170
Financial accommodation levy	67	68
Total interest expense	255	238

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

	2022 \$'000	2021 \$'000
Cash at bank	1,146	1,064
Balance as per cash flow statement	1,146	1,064

6.2.2 Reconciliation of net results to cash flow from operating activities

	2022 \$'000	2021 \$'000
Net result for the period	(73)	2,874
Non-cash movements		
Gain on sale or disposal of non-current assets	(164)	(166)
Depreciation and amortisation of non-current assets	7,308	6,535
Impairment of non-current assets	-	213
Resources provided free of charge or for nominal consideration	(1,718)	(3,028)
Bad debt write-off	87	63
Initial recognition - expense from derivative financial instruments	47	-
Other non-cash movements - Capital labour transfer to work in progress	(918)	(1,054)
Movements in assets and liabilities		
(Increase)/decrease in receivables	2,014	(682)
(Increase)/decrease in inventories and livestock	114	(119)
(Increase)/decrease in other non-financial assets (prepayments)	(103)	84
(Increase)/decrease in derivative financial instruments	4	-
Increase/(decrease) in payables	480	85
Increase/(decrease) in current tax payable/(receivables)	(1,051)	(947)
Increase/(decrease) in provisions	(186)	89
Increase/(decrease) in prepaid income	87	819
Increase/(decrease) in deferred tax liabilities	(429)	(394)
Increase/(decrease) in other liabilities	801	809
Net cash flows from operating activities	6,300	5,181

6.2.3 Financing facilities

	2022 \$'000	2021 \$'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 2021 - 22 and which may be extended by mutual agreement		
Amount used	10,140	6,940
Amount unused	2,000	2,250
Total	12,140	9,190

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:

- Total commitments payable
- Operating lease commitments
- Capital commitments
- 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: 2022	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Capital commitments	896	-	-	896
Environmental contribution levy	1,075	1,075	-	2,150
Operating low value lease commitments payable	554	1	-	555
Other (non-lease commitments)	287	331	-	618
Total commitments (inclusive of GST)	2,812	1,407	-	4,219
Less GST recoverable from the ATO	(157)	(30)	-	(187)
Total commitments (exclusive of GST)	2,655	1,377	-	4,032

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

7. Risks, contingencies and valuation judgements

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

Structure

7.1 Financial instruments specific disclosure

7.1.1 Financial instruments: Categorisation

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

7.1.3 Financial risk management objectives and policies

7.1.4 Interest rate exposure and risk sensitivity

7.2 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 Fair value determination – Financial instruments

7.1 Financial instruments specific disclosure

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	Derivative financial liability
Investment in Zero Emissions Water (ZEW) Ltd	
Derivative financial asset	

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

Classification of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: <ul style="list-style-type: none"> - Loans and receivables - Cash and deposits - Receivables - Investment in ZEW 	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: <ul style="list-style-type: none"> • the asset is held within a business model whose objective is to collect the contractual cash flows, and • the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial assets at fair value through net results		
Derivative instruments	Fair value through net result	Fair value through net result
Listed equity securities, managed investment schemes, investments in ZEW, and five-year government bonds	Fair value through net result.	Fair value through net result.
Financial liabilities at amortised cost		
Financial liabilities include: <ul style="list-style-type: none"> - Payables (excluding statutory payables); - Borrowings - Derivative financial liability 	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.
Derivative financial instruments		
Derivative financial instruments	Fair value on the date on which a derivative contract is entered into.	Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

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. Climate-related matters may be relevant in the calculation of expected credit losses if, for example, they impact the range of potential future economic scenarios or assessment of significant increases in credit risk. 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.

Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Precedent are met and on subsequent measurement. The initial expense recognised represents the fair value of the expected future settlements at initial recognition (refer to Note 3.4).

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

7.1.1 Financial instruments: Categorisation

2022	Notes	Cash and deposits \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
Contractual financial assets					
Cash and deposits	6.2.1	1,146	-	-	1,146
Receivables					
Service and usage charges	5.1	-	2,651	-	2,651
Other receivables	5.1	-	412	-	412
Derivative financial assets					
Investment in Zero Emissions Water (ZEW) Ltd	5.5	-	-	-	-
Total contractual financial assets		1,146	3,063	-	4,209
Contractual financial liabilities					
Trade creditors	5.3	-	-	883	883
Sundry creditors	5.3	-	-	642	642
Accrued expenses	5.3	-	-	1,808	1,808
Borrowings					
Loans from Treasury Corporation Victoria (TCV)	6.1	-	-	10,140	10,140
Derivative financial liabilities					
Financial liabilities designated at fair value through profit or loss	5.6	-	-	51	51
Total contractual financial liabilities		-	-	13,524	13,524

2021	Notes	Cash and deposits \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
Contractual financial assets					
Cash and deposits	6.2.1	1,064	-	-	1,064
Receivables					
Service and usage charges	5.1	-	2,483	-	2,483
Other receivables	5.1	-	244	-	244
Derivative financial assets					
Investment in Zero Emissions Water (ZEW) Ltd	5.5	-	-	-	-
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 Victoria (TCV)	6.1	-	-	6,940	6,940
Derivative financial liabilities					
Financial liabilities designated at fair value through profit or loss	5.6	-	-	-	-
Total contractual financial liabilities		-	-	10,565	10,565

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

	Total interest income / (expense) \$'000
2022	
Contractual financial liabilities	
Financial liabilities at cost	255
Financial liabilities designated at fair value through profit/loss	4
Total contractual financial liabilities	259
2021	
Contractual financial liabilities	
Financial liabilities at cost	238
Financial liabilities designated at fair value through profit/loss	-
Total contractual financial liabilities	238

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 2021-2022 (refer to note 5.1.1).

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

At 30 June 2022, the Corporation has no other significant credit risk. There has been no material change to the Corporation's credit risk profile in 2021-2022.

Credit quality of financial assets

	Financial institution (triple-A credit rating) \$'000
2022	
Financial assets with loss allowance measured at 12-month expected credit loss:	
Cash (not assed for impairment due to materiality)	1,146
Statutory receivables (with no impairment loss recognised)	1,145
Financial assets with loss allowance measured at lifetime expected credit loss:	
Contractual receivable applying the simplified approach for impairment	3,250
Total financial assets	5,541
2021	
Financial assets with loss allowance measured at 12-month expected credit loss:	
Cash and cash equivalents	1,064
Statutory receivables (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

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 has further enhanced its understanding of exposure to climate change risk through the development of the Corporation's Net Zero Roadmap which has provided a net zero emissions pathway to 2035 and a Smart Energy Strategy. The Audit and Risk Committee was presented with an Environment and Climate Change Strategic Risk Deep Dive presentation during February 2022 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, \$13.5m (2021: \$10.6m) represents the Corporation's maximum exposure to liquidity risk (refer to note 7.1.1).

The table below illustrates the maturity analysis of the derivative financial liabilities.

	Carrying amount	Nominal amount	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative liability	51	51	-	-	-	-	51
Total	51	51	-	-	-	-	51

	Carrying amount	Nominal amount	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative liability	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-

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) Foreign Exchange Risk or Other Price Risk

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 2022, 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 \$45k higher / lower (2020-21: \$30k at +/- 50 basis points) as a result of higher / lower interest expense from variable interest rate borrowings.

The Corporation uses the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into this PPA to minimise a portion of the price risk to the Corporation.

7.1.4 Interest rate exposure and risk sensitivity

The carrying amount of financial assets and financial liabilities that are exposed to interest rates are set out in the table below:

2022	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
Financial assets					
Cash	1.00	1,146	-	1,146	-
Receivables	2.90	2,878	1,710	-	1,168
Contract assets	-	742	-	-	742
Other receivables	2.90	367	294	-	73
Total financial assets		5,133	2,004	1,146	1,983
Contractual financial liabilities					
Payables	-	3,333	-	-	3,333
Contract liabilities	-	3,405	-	-	3,405
Borrowings	1.94	10,140	10,140	-	-
Total financial liabilities		16,878	10,140	-	6,738

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	2.90	2,712	1,480	-	1,232
Contract assets	-	796	-	-	796
Other receivables	2.90	197	183	-	14
Total financial assets		4,769	1,663	1,064	2,042
Contractual financial liabilities					
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

2022	Carrying amount \$'000	-50 basis points \$'000	Profit or loss +50 basis points \$'000	-50 basis points \$'000	Equity +50 basis points \$'000
Cash	1,146	(6)	6	(6)	6
Interest bearing liabilities	10,140	51	(51)	51	(51)
Total		45	(45)	45	(45)

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

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 (2021:\$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

	2022 \$'000	2021 \$'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 the financial instruments (refer to Note 7.3.1), non-financial physical assets (refer to Note 7.3.2) and derivatives (refer to Note 7.3.3).

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2022 \$'000	Fair value 2022 \$'000	Carrying amount 2021 \$'000	Fair value 2021 \$'000
Financial assets				
Cash and cash equivalents	1,146	1,146	1,064	1,064
Financial liabilities				
Loans from Treasury Corporation of Victoria (TCV)	10,140	10,140	6,940	6,940

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

2022	Carrying amount as at 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
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	3,828	-	3,828	-
Total of buildings at fair value	3,828	-	3,828	-
Plant and equipment at fair value				
Plant and equipment	3,568	-	-	3,568
Total of plant and equipment at fair value	3,568	-	-	3,568
Infrastructure at fair value				
Infrastructure - water distribution	95,057	-	-	95,057
Infrastructure - water harvesting and major transfers	31,984	-	-	31,984
Infrastructure - water quality	2,241	-	-	2,241
Infrastructure - sewer collection	94,586	-	-	94,586
Infrastructure - sewer treatment and major disposal	28,200	-	-	28,200
Total of infrastructure at fair value	252,068	-	-	252,068

Note

(i) Classified in accordance with the fair value hierarchy.

2021	Carrying amount as at 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
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

Note

(i) Classified in accordance with the fair value hierarchy.

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. A managerial revaluation was performed effective 30 June 2022 in line with FRD103I requirements and determined that no adjustments were required for 2022.

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 was 30 June 2021. A managerial revaluation was performed effective 30 June 2022 in line with FRD103I requirements and determined that no adjustments were required for specialised land and building values for 2022.

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 2022.

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.

Climate change factors

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

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.

2022	Specialised land \$'000	Water distribution \$'000	Water harvesting \$'000	Water quality \$'000	Sewer collection \$'000	Sewer treatment \$'000	Plant and equipment \$'000
Opening balance	14,191	94,245	32,373	2,381	96,199	23,729	3,174
Purchases (sales)	-	3,082	363	(7)	648	5,446	974
Revaluation	-	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-	-
Depreciation	-	(2,270)	(752)	(133)	(2,261)	(975)	(580)
Closing balance	14,191	95,057	31,984	2,241	94,586	28,200	3,568

2021	Specialised land \$'000	Water distribution \$'000	Water harvesting \$'000	Water quality \$'000	Sewer collection \$'000	Sewer treatment \$'000	Plant and equipment \$'000
Opening balance	12,315	58,157	35,905	2,254	76,958	12,605	3,251
Purchases (sales)	-	3,457	49	-	1,720	106	1,124
Revaluation	1,876	34,815	(2,958)	227	19,667	11,540	(237)
Impairment loss	-	-	-	-	-	-	(213)
Depreciation	-	(2,184)	(623)	(100)	(2,146)	(522)	(751)
Closing balance	14,191	94,245	32,373	2,381	96,199	23,729	3,174

Description of significant unobservable inputs to Level 3 valuations

2022 and 2021	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

7.3.3 Fair value determination – Financial instruments

	Carrying amount as at 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Derivative financial liabilities at fair value				
Derivative instrument - Zero Emissions Water	51	-	-	51
Total Derivative financial liabilities at fair value	51	-	-	51

Derivative financial liabilities at fair value in 2021: \$0.

Derivative financial liabilities

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives. In the absence of an active market, the fair value of the Corporation's CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by DELWP's independent advisor and comparable risk free rates of zero coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the economic impact of coronavirus (COVID-19). In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

To the extent that the significant inputs are unobservable, the Corporation categorises these derivatives as Level 3 within the fair value hierarchy.

A reconciliation from the opening balances to the closing balances for fair value measurements is set out within the following table categorised within Level 3 of the fair value hierarchy for financial instruments, disclosing separately changes during the period.

2022	Derivative financial instrument \$'000
Opening balance	-
Initial recognition of derivative financial instruments	50
Gains/(losses) recognised in profit or loss	4
Net cash settlements paid/(received)	(3)
Closing balance	51

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 contributions

8.1 Tax

8.1.1 Income tax

The Corporation is subject to the National Tax Equivalent Regime (NTER) pursuant to section 88(1) of the *State Owned Enterprises Act 1992*, which is administered by the Australian Taxation Office. 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 25% (2021: 26%), 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 26% to 25%, effective from 1 July 2021.

For the 2021-22 financial report, the Corporation has applied the change in the tax rate from 26% to 25% 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).

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

	2022 \$'000	2021 \$'000
Income statement		
Current income tax expense (paid)	(538)	791
Deferred income tax expense		
Temporary differences	413	60
Tax rate change from 26% to 25% (DTA/DTL, 2021: 27.5% to 26%)	(304)	(453)
Income tax reported in the Income Statement	(429)	398
Income tax payable		
NTER instalment paid	(989)	(1,511)
Income tax payable/(receivable) at 30 June	(989)	62
Statement of changes in equity		
Tax rate change from 26% to 25% (2021: 27.5% to 26%)	(1,433)	(1,175)
Income tax reported in equity	(1,433)	(1,175)
Tax reconciliation		
Net result before income tax expense	(502)	3,272
Tax at the Australian tax rate of 25% (2021: 26%)	(125)	851
Tax rate change from 26% to 25% (reduction in DTA/DTL, 2021: 27.5% to 26%)	(304)	(453)
Income tax on profit/loss before tax	(429)	398

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

	2022 \$'000	2021 \$'000
Amounts recognised in Comprehensive Operating Statement		
Doubtful debts	46	47
Employee benefits	603	676
Unearned Revenue	753	761
Project pool	378	403
Other accruals	64	61
Fair value increase in CFD	1	-
Initial recognition of CFD	12	-
Tax losses	538	-
Total deferred tax assets	2,395	1,948
Movements:		
Opening balance at 1 July	1,948	1,993
Tax rate change from 26% to 25% (reduction in DTA, 2021: 27.5% to 26.5%)	(75)	(109)
Credited to the Comprehensive Operating Statement	522	64
Closing balance at 30 June	2,395	1,948
Deferred tax asset expected to be recovered after more than 12 months	804	439
Deferred tax asset expected to be recovered within 12 months	1,053	1,509
Tax losses	538	-
Ending balance at 30 June	2,395	1,948

Deferred tax liabilities

	2022 \$'000	2021 \$'000
Amounts recognised in Comprehensive Operating Statement		
Depreciation	9,870	9,832
Livestock	5	26
Other deferred tax liabilities - FBT	6	6
Amounts recognised directly in equity		
Deferred tax liabilities due to revaluation	35,812	37,245
Total deferred tax liabilities	45,693	47,109
Movements		
Opening balance at 1 July	47,109	31,846
Tax rate change from 26% to 25% (taxable temporary differences, 2021: 27.5% to 26%)	(379)	(562)
Tax rate change from 26% to 25% (reduction in DTL since 2016 revaluation, 2021: 27.5% to 26%)	(1,433)	(1,175)
(Credited)/Debited to the net result	396	124
Credited to the other comprehensive result	-	16,876
Closing balance at 30 June	45,693	47,109
Deferred tax liabilities expected to be settled after more than 12 months	45,683	47,077
Deferred tax liabilities expected to be settled within 12 months	10	32
Total at 30 June	45,693	47,109
Ending balance at 30 June	43,298	45,161

8.2 Environmental contributions

	2022	2021
	\$'000	\$'000
Environmental contribution levy	1,071	1,080

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

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

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

9. Other disclosures

Introduction

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 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

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9.1 Reserves

9.1.1 Physical assets revaluation surplus

	2022 \$'000	2021 \$'000
Balance at the beginning of financial year	106,005	56,797
Increment due to change in tax rate (26% to 25%)	1,433	1,175
Revaluation increments	-	48,033
Balance at the end of financial year	107,438	106,005

9.2 Other economic flows included in net results

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

	2022 \$'000	2021 \$'000
Impairment of infrastructure, property, plant and equipment	-	213
Net (gain) /loss arising from revaluation of derivative financial liabilities	4	-
Total net (gain)/loss on non-financial assets	4	213
Total other gains/(losses) from other economic flows	4	213

(Gain)/Loss on the fair value of derivative financial instrument represents the movement in the fair value of the financial instrument compared to initial recognition. This net gain/loss reflects a positive/negative fair value movement in the Corporation's electricity derivative in the PPA as a result of higher/lower floating electricity prices. Any gain/loss is recognised as an other economic flow included in net result.

9.3 Events occurring after the balance date

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. Harriet Shing MP	Minister for Water	June 2022- 30 June 2022
The Hon. Lisa Neville MP	Minister for Water	August 2021- June 2022
The Hon. Richard Wynne MP	Acting Minister for Water	February 2021- August 2021
Mr Rueben Berg	Board Chair	1 October 2021- 30 June 2022
Mr Philip Clark	Board Chair	1 July 2021- 30 September 2021
Ms Joanne Pearson	Audit Risk Committee Chair, Director	1 July 2021- 30 June 2022
Ms Dona Tantirimudalige	Managing Director	1 September 2021- 30 June 2022
Mr Peter Quigley	Managing Director	1 July 2021- 31 August 2021
Mr Rueben Berg	Director	1 July 2021- 30 September 2021
Ms Yvonne Dickson	Director	1 July 2021- 30 September 2021
Mr Christopher Newton	Director	1 July 2021- 30 June 2022
Ms Tanya Ha	Director	1 July 2021- 30 June 2022
Ms Annabelle Roxon	Director	1 July 2021- 30 June 2022
Mr Leigh Berrell	Director	1 July 2021- 30 June 2022
Mr Graham Hawke	Director	1 October 2021- 30 June 2022
Ms Ishara Saldin	Director	1 October 2021- 30 June 2022

Responsible person's remuneration – Accountable Officer

Remuneration received or receivable by the Accountable Officers in connection with the management of the Corporation during the reporting period was in the range \$340k-\$350k (\$270k-\$280k in 2021) exclusive of superannuation.

	2022 number	2021 number
\$130,000 - \$139,999	1	-
\$210,000 - \$219,999	1	-
\$270,000 - \$279,999	-	1
Total	2	1
Total remuneration	\$349,338	\$277,770

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.

	2022 \$'000	2021 \$'000
Short-term employee benefits	468	579
Post-employment benefits	47	59
Total remuneration (a)	515	638
Total number of executives	3	3
Total annualised employee equivalents (b)	2.5	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 State of Victoria's Annual Financial Report.

	2022 \$'000	2021 \$'000
Short-term employee benefits	560	486
Post-employment benefits	46	44
Total	606	530

Significant transactions with government-related entities

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

Government related entity	Nature of transaction	2022 \$'000	2021 \$'000
Amounts recognised as revenue in the Statement of Comprehensive Income:			
Department of Families, Fairness and Housing	Customer Rebates	908	936
Cash paid during the year:			
Department of Environment, Land and Water Planning	Environmental Contribution Levy	1,071	1,080
Treasury Corporation of Victoria	Interest from borrowings	188	171
Department of Treasury and Finance	Financial Accommodation Levy	67	68
Treasury Corporation of Victoria	Secured borrowings	10,140	6,940
State Revenue Office	Payroll Tax	101	140

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:

	2022 \$'000	2021 \$'000
Contract for difference and compensation net payments	3	5
Investment in Zero Emissions Water (ZEW) Ltd	-	5
Large Scale Generation Certificates	5	3

9.7 Remuneration of auditors

	2022 \$'000	2021 \$'000
Victorian Auditor-General's Office		
Audit or review of the financial statements	29	32
Other non-audit services		
Other non-audit services ⁽ⁱ⁾	111	106
Total remuneration of auditors	140	138

Notes

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 (2021:\$0).

9.9 Changes in accounting policies

Initial application of the International Financial Reporting Standards Interpretations Committee (IFRS IC) Agenda decisions

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.
- Configuration or customisation costs in a cloud computing arrangement (April 2021) – this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

The Corporation's accounting policy has historically been to recognise all costs related to SaaS arrangements as an operating expense in the Comprehensive Operating Statement. Therefore the adoption of the above agenda decisions has not resulted in any reclassification of intangible assets required to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income as has not impacted both the current and/or prior periods presented.

9.10 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 2022 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.

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', with a horizontal line extending from the end of the signature.

Rueben Berg
Chair
Westernport Water

13 October 2022

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 2022 and financial position of the Corporation at 30 June 2022.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 13 October 2022.



Rueben Berg

Chair
Westernport Water



Dona Tantirimudalige

Managing Director
Westernport Water



Kathy Hawke

Chief Finance Officer
Westernport Water

Dated this 13th day of October 2022

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 2022• 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 2022 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
18 October 2022



Paul Martin
as delegate for the Auditor-General of Victoria

Glossary

Terms	Meaning
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
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
BCRN	Bass Coast Reconciliation Network
BCSC	Bass Coast Shire Council
BE	Bulk Entitlement
BLCAC	Bunurong Land Council Aboriginal Corporation
BP4	Budget Paper No. 4
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
CWTP	Cowes Wastewater Treatment Plant
DELWP	Department of Environment, Land, Water and Planning
DI	Diversity and Inclusion
DoH	Department of Health
DPCD	Department of Planning and Community Development
DTF	Department of Treasury and Finance
EA	Enterprise Agreement
EIP	Environmental Improvement Plan
EMP	Environmental Management Plan
EMS	Emergency Management System
EO	Executive Officer
EOFY	End of Financial Year
EPA	Environment Protection Authority
ERS	Environmental Reference Standard
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
IBWPP	Ian Bartlett Water Purification Plant
ICAM	Incident Cause Analysis Method
ICT	Information Communications Technology
ISSN	International Standard Serial Number
IWM	Integrated Water Management

Terms	Meaning
KRWTP	King Road Wastewater Treatment Plant
LGCs	Large-scale Generation Certificates
LoE	Letter of Expectations
LTWRA	Long Term Water Resource Assessment
MOU	Memorandum of Understanding
MPSG	Major Project Skills Guarantee
MRD	Ministerial Reporting Direction
NTER	National Tax Equivalent Regime
OHS	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
PDCC	People, Diversity and Community Committee
PICO	Phillip Island Community Orchard
PMT	Project Management Team
PPA	Power Purchase Agreement
PRGC	People Remuneration and Governance Committee
PSC	Project Steering Committee
PS23	Price Submission 2023-28
PWSR	Permanent Water Saving Rules
RAP	Reconciliation Action Plan
RTW	Return to Work
RWG	RAP Working Group
SCADA	Supervisory Control and Data Acquisition
SD	Standing Direction
SEPP	State Environment Protection Policy
SEW	South East Water
SoO	Statement of Obligations
SPF	Social Procurement Framework
SPS	Sewer Pump Station
SSIC	Safety, Sustainability and Innovation Committee
SWEP	School Water Efficiency Program
TRIFR	Total Recordable Incident Frequency Rate
TYWU	Target Your Water Use
URA	Utilities Regulation Advisory
UV	Ultra Violet
UWS	Urban Water Strategy
VAGO	Victorian Auditor General's Office
VPSC	Victorian Public Sector Commission
VWES	Victorian Water Efficiency Strategy
WHS	Work Health and Safety
WSAA	Water Services Association of Australia
WSDS	Water Supply Demand Strategy
WoV	Waters of Victoria
Units	Meaning
CO ₂ -e	carbon dioxide equivalent
KL	kilolitre = one thousand litres
mg	milligram = one thousand grams
ML	megalitre = one million litres
t	metric tonne
µg	micrograms = one thousand milligrams

Disclosure Index

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

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