



Candowie Reservoir

# Annual Report

## 2023



**WESTERNPORT**  
**WATER**

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## Acknowledgement of Country

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

Aboriginal art by Graham Gilbert a Wiradjuri man who lives on #Millowl.

Graham's painting features Bunjil, the spirit creator as the central figure, surrounded by a collection of freshwater animals found in the #Basscoast and if you look closely, you will see that it references the hunter and gatherer lifestyle lived by his ancestors.



# 1. Year in review

## A message from the Acting Chair and Managing Director

In a year of transitions and change, with global and local economic and geopolitical shifts, Westernport Water continued to serve our community, care about our people, and strived to protect and restore the environment, while maintaining service levels and the long-term financial sustainability of the organisation. We are proud to present Westernport Water's annual report of operations for 2022-23.

### Planning for the future

Creating our 2023-28 Price Submission was a key focus over the last 18 months and to ensure we kept our customers' needs central to our plans and strategies, we engaged with 1 in every 20 of our customers in creating this submission. We were delighted that Westernport Water's submission was one of two Victorian water corporations to receive early preliminary approval from the ESC.

We continue to invest in measures to create a more resilient and sustainable future. In 2022-23 we reviewed our Drought Preparedness Plan, launched our new Climate Change Strategy, updated our Recycled Water Strategy, developed our Renewable Energy Plan, and installed 426 solar panels. We completed stage two of the virtual energy network pilot exploring the use of the electricity grid for energy sharing, and partnered with CSIRO and Deakin University's Blue Carbon Lab to establish a floating wetland pilot project on our Cowes Wastewater Treatment Plant site, a priority project of the Western Port Integrated Water Management Forum. This will help us understand how nature-based solutions can improve the quality of treated wastewater and reduce GHG emissions, while concurrently creating value adding habitat. We proactively plan to ensure we continue to provide reliable and resilient services now and into the future.

### Consistently great tasting water

After consistent investment in our water quality improvement plans, in 2022 we achieved our highest ever satisfaction with drinking water. This followed an annual program of work that included air scouring to clean 105 km of water main, a trial of alternative water main cleaning methods (ice pigging) to remove naturally occurring sediments, the first installation of automatic flushing devices and the commencement of the Stanley Road storage tank roof replacement. Investing in and continuously improving the taste and quality of water remains a lasting priority for Westernport Water.

### Supporting our community

We understand that our customers continue to experience cost of living pressures. In 2022-23 in addition to payment flexibility, Westernport Water facilitated or delivered a record number of rebates and grants to our customers. Our customers were able to get access to \$1,061,548 worth of financial assistance through concession rebates, utility relief grants, high usage leak allowances and hardship support through our customer care program. We will continue to take proactive steps to provide targeted relief to customers, residential or commercial, that are finding it difficult to meet payments. We also continued our sponsorship and grants program across 51 community stakeholder engagements, 34 sponsored events, 24 educational events, and 27 sponsorships and donations.

As a long-term supporter of reconciliation on the Bass Coast, Westernport Water continued to work with its partners to advocate for a future of recognition and opportunity for Traditional Owners and the Aboriginal and Torres Strait Islander community. For the first time we participated in the Australian Reconciliation Barometer to measure the effectiveness of our reconciliation efforts in the workplace. Through the Bass Coast Reconciliation Network, we marked 13 dates of significance and led four major community events. We also successfully delivered our Innovate Reconciliation Action Plan and engaged ten Victorian Aboriginal businesses with a total spend of \$355,000 (excl. GST).




Staff perform confined space entry inspections.

### **A safe and engaged workforce**

Over the reporting period, we successfully delivered the second year of our WHS Strategy, the second year of our D&I Strategy, and the Gender Equality Action Plan.

As part of the 2022 People Matter Survey carried out by the Victoria Public Sector Commission, 100 per cent of our people indicated that Westernport Water provides a safe work environment. This builds on our staff satisfaction of 82 per cent, and engagement score of 79. In addition, a strong focus on continuing to stand for an equitable and inclusive workplace has resulted in balanced gender representation in leadership and has reduced the gender pay gap to 2.9 per cent at Westernport Water. Providing a great place to work where our people are safe, well, engaged and included, and able to thrive is a priority at Westernport Water.



**Annabelle Roxon**  
Acting Chair, Westernport Water  
28 September 2023

### **Financials**

Throughout the year, we have been careful with our spending, managing our expenses wisely. We have been focused on controlling costs while maintaining service levels and being there when our customers need us.

We have maintained our AA credit rating, which helps us save on borrowing costs. Depreciation levels have stayed steady.

Our financial position is healthy and strong and we recorded a modest surplus of \$873,000 with only a small amount of debt compared to our overall resources. We're keeping our debt levels low, preparing for the future.

At Westernport Water, we are passionate about the role we play in building a better future for our people, our customers, and our community.

### **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 2023.



**Dona Tantirimudalige**  
Managing Director, Westernport Water  
28 September 2023



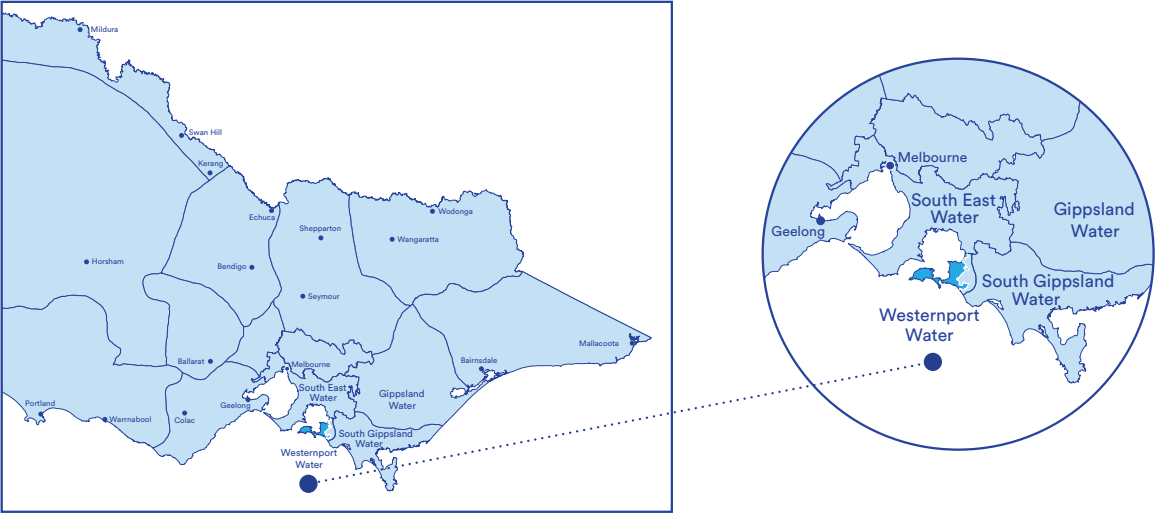
**VISION:** Westernport Water leads through collaboration and innovation to deliver sustainable water and wastewater services that improve the health and liveability of our community.

**VALUES:** Throughout the year, Westernport Water maintained its commitment to nurturing a collaborative and positive workplace culture. Our core values of Care, Courage and Commitment are important to everyone at Westernport Water. These values are the foundation of our workplace, essential to our success and serve as the lens through which we, assess, evaluate, and guide our decisions.



# Westernport Water Area Map

## Victoria Urban Water Corporations



**Assets key**

- Water
- Wastewater
- Corporate
- Recycled water



## About

Westernport Region Water Corporation (the Corporation), trading as Westernport Water, is a regional water business 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 2023-28, or by agreement.

Westernport Water is one of 18 water corporations operating and reporting to the State Government of Victoria. We are responsible for servicing 23,331 customers from 27 townships across an area covering 300 square kilometres, including Millowl (Phillip Island) and mainland communities from The Gurdies in the north to Archies Creek in the southeast.

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. Permanent residential occupancy rates are higher for waterline communities with 70 per cent to 89 per cent, compared to Phillip Island which can be as low as 44 per cent in Cowes and up to 57 per cent in townships like Rhyll, Cape Woolamai and San Remo.

Westernport Water sources water from Tennent Creek, the Corporation's main water supply source, with additional entitlements to the Bass River, the Melbourne Supply System and groundwater from Corinella Aquifer. Drinking water is produced at Ian Bartlett Water Purification Plant (IBWPP) at Candowie Reservoir in

Almurta, then pumped to four enclosed treated water storages for distribution to customers.

Westernport Water operates two wastewater treatment plants: the Cowes Wastewater Treatment Plant (CWTP) and the King Road Wastewater Treatment Plant (KRWTP). Effluent collected from the townships of Kilcunda and Dalyston is treated under an agreement with South Gippsland Water at its Wonthaggi Wastewater Treatment Plant. There are also 99 pump stations across the wastewater network that are used to service approximately 90 per cent of properties that receive drinking water.

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.

### Water sources available to Westernport Water

Source	Volume available (ML)	Water taken ML	Type
Tennent Creek	2,911	2,096	Surface water
Melbourne Supply System	1,000	265	Melbourne Supply System
Bass River	3,000	0	Surface water
Corinella Aquifer	490	0	Groundwater
<b>Total</b>	<b>7,401</b>	<b>2,361</b>	

## Purpose and functions

### 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 1989*. The responsible Minister for the period from 1 July 2022 to 30 June 2023 was the Hon Harriet Shing MP, Minister for Water, who was appointed on 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 Lisa Neville MP, the former Victorian Minister for Water on 22 April 2022 in accordance with section 247 of the *Water Act 1989*. 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.

The 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*.

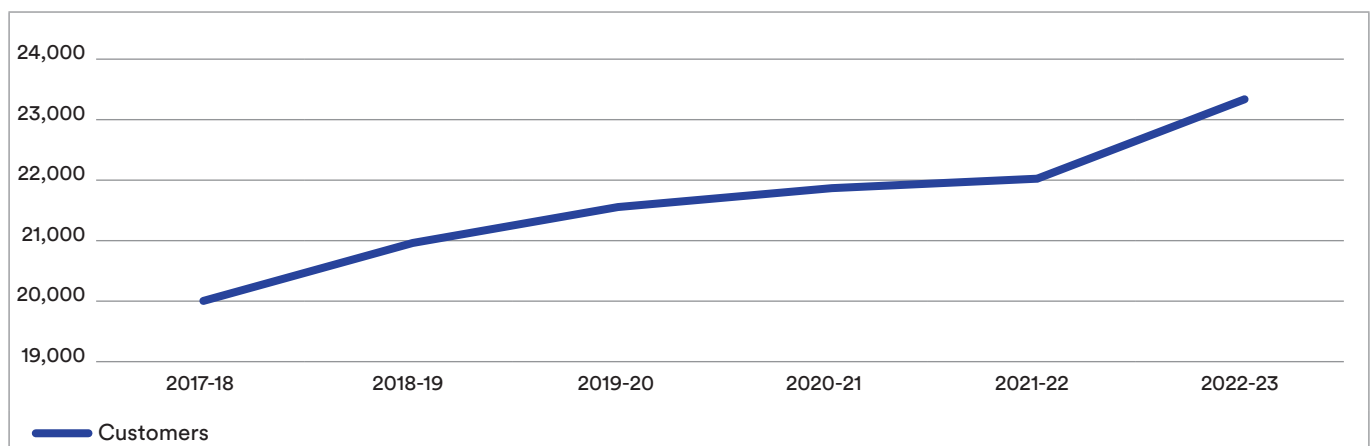
The Environment Protection Authority Victoria (EPA Victoria) and the Victorian Department of Health (DoH) oversee our recycled water quality and drinking water quality respectively.

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 received the ESC final determination for its Pricing Submission 2023-28 and its prices for the next five-years on 23 June 2023, following 18 months of focused engagement with customers and the community.

This report of operations presents the progress made by Westernport Water towards achieving its objectives and commitments to customers and includes full year performance of the outputs for which Westernport Water was responsible at the end of the financial year.

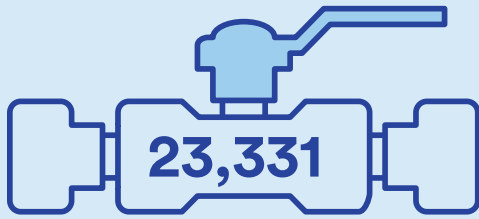
**Figure 1.1: Number of people serviced by Westernport Water (total customers)**



#### Note

1. Customer numbers have increased over the past year by 6.5 per cent, an increase of 1,269 customers. We attributed the increase to residential developments progressing and greater numbers of people moving to their property to live here permanently.





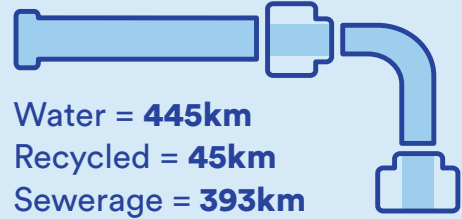
connected customers

Water customers = **18,337**

Sewer customers = **16,883**

Recycled water = **1,067**

## Length of pipes



Water = **445km**

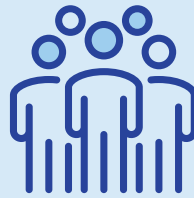
Recycled = **45km**

Sewerage = **393km**



**27**

townships



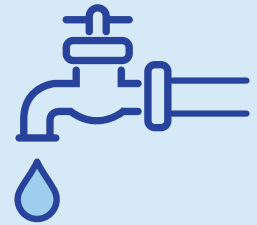
**3.9**

Million

visitors  
annually

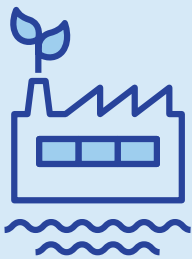


Annual  
customer  
demand  
**2,263ML**



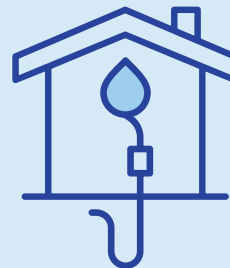
**1** drinking water reservoir

**1** water purification plant



**2**

wastewater  
treatment  
plants



**99**

pump  
stations

## 2. Key initiatives and projects

Since 1 July 2022, Westernport Water has developed and commenced programs and initiatives in line with our Corporate Plan, to deliver efficient and effective water and wastewater products and services. These programs also contribute towards meeting the Minister's expectations and statement of obligations.

### 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.

### Develop Year One of the Performance Stewardship Strategy

The Performance Stewardship strategy focused on culture and working as 'one Westernport Water' across the organisation, governance systems, and process improvements. Over the last 12 months we have reviewed and realigned our structure and roles within the business to ensure we are set up to successfully deliver what we have committed to delivering over the next five-years. This included an increased focus by the Executive on climate change mitigation, financial sustainability, and people, culture, safety and wellbeing. We also reviewed internal reporting and will begin a program of process improvement in the coming year.

During the reporting period, we invested \$17,250 on actions to support change management and process improvements.

### Completion of price submission for the Essential Services Commission's 2023 Price Review

Every five-years, Victorian water corporations are required to undertake a water price review by engaging customers about water and wastewater services, and the standards that customers desire from their water provider – balancing quality of outcomes with affordable prices. Price reviews are overseen by the Victorian water industry regulator, the ESC, which considers and approves each pricing proposal.

We were delighted that Westernport Water's Price Submission 2023-28 was one of two Victorian Water Corporations to receive early preliminary approval from the Essential Services Commission. This recognition is a testament to our customer engagement program and strategic planning efforts in developing a fair and sustainable pricing framework that meets the needs of our customers and ensures the long-term viability of our services.

We believe that our submission represented the needs of our customers, with prudent investment to ensure reliable and sustainable services, with a focus on taking climate action now, improving water quality, and focussing on affordability. The early decision from the ESC recognised our commitment to engaging with the community and incorporating their valuable feedback into the pricing process.

During the reporting period, we invested a further \$81,881 on finance consultants. Further information can be found in section 8.



Customer engagement at the 2023 Whale Festival Phillip Island.

## 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.

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

The second year of the Workplace Health and Safety (WHS) Strategy was successfully delivered in 2022-23. A key focus was to review and improve systems and processes to ensure safety and compliance. Significant efforts were dedicated to enhancing training programs, refining reporting mechanisms, and streamlining the implementation of systems. By adapting and refreshing our approaches, we ensured that our workforce remained equipped with the necessary skills and knowledge to navigate the evolving safety landscape.



Safety checks on chemical storage tanks.

The introduction of a safety competency pilot saw all operational staff assessed against a range of critical activities and training completed where required. The success of this pilot has resulted in the continuation of safety competency assessment on an ongoing basis.

The ongoing success of our WHS Strategy continues to drive improvements in safety performance and organisational culture. Key aspects, include Safety Leadership & Employee Capability, Technology & Systems, Risk Management, Communications, and Injury/Illness Prevention and Health Surveillance. 'Home safe and well, every day' continues to be promoted across the organisation through a range of activities including regular safety shares, promotion of safety events and safety leadership walks. This is reflected in our People Matter Survey results with 100 per cent of staff stating, "My organisation provides a physically safe work environment".

During 2022-23, we invested \$55,000 in the WHS Capital Program to support the initiatives undertaken in Year Two of the Strategy.



Internal public health promotion for suicide prevention.

## We are a great place to work

Westernport Water is proud of its inclusive, diverse, and engaged workforce and our employee engagement through the people matters survey is at an all-time high. At Westernport Water, we aim to embed diversity in all that we do, increasing our understanding and embracing the benefits of a diverse and inclusive workforce. We are also committed to developing a strong workplace culture, as evidenced by five consecutive years of improvement in employee engagement scores.

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

Year Two of the Diversity and Inclusion (DI) Strategy 2021-24 was delivered in 2022-23 in the areas of Aboriginal & Torres Strait Islander cultural capability, gender equity, generational diversity and unlocking barriers to a more inclusive workforce. Implementation of the Gender Equality Action Plan and development of the Gender Impact Assessment process were key deliverables achieved to meet the requirements of the *Gender Equality Act 2020*. Supporting the development of Innovate Reconciliation Action Plan 2.0 with 100 per cent of staff undertaking cultural awareness training, commencement of a phased retirement program for staff and the delivery of our diversity events calendar throughout the year strengthened our commitment to a diverse and inclusive workplace.

During 2022-23, we invested \$14,000 to support delivery of the initiatives in Year Two of the Strategy.



## Our assets enable the sustainable delivery of products and services

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

### Deliver the Water Quality Continuous Improvement Plan (2022-23)

The 2022-23 Water Quality Continuous Improvement Plan continues to drive improvements in raw and treated water quality. The projects of the 2022-23 financial year focused on improvements within the distribution system. Key projects included an investigation and trial of automatic flushing within the distribution system, air scouring to clean 105 km of mains throughout the distribution system, and a trial of 'Ice Pigging' as an alternative method to clean water mains.

During 2022-23, we invested \$48,000 to deliver the Water Quality Continuous Improvement Plan and we received our best results to date for customer satisfaction with drinking water.



Crews monitor under channel pipe cleaning.

### Create a 'Response Plan Review Cycle' to sit within the Crisis and Emergency Management plan

An initial assessment was completed on all Emergency Response Plans, Business Continuity Plans, and our Business Impact Analysis to determine whether we have the right plans and thinking in place to support our critical business functions in an emergency. Working alongside a consultant to complete this review, a Business Resilience Framework and Emergency Management System were then developed, incorporating a calendar of activities to complete the review of the Framework and system documents, and ensure suitability for Westernport Water's size, complexity and risk profile.

With the Business Resilience Framework and Emergency Management System now established, an ongoing review of our response and business continuity plans will commence in-line with a proposed calendar of activities.

To assist with the development of the Business Resilience Framework and Emergency Management System, \$25,000 was invested by the business during the year. In 2023-24, a further \$25,000 has been committed to the review of documentation within the Framework.

## 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.

### Development of a new Reconciliation Action Plan (RAP)

Following the successful completion of our Innovate Reconciliation Action Plan (RAP) in July 2022 we focused our efforts on fostering meaningful relationships and driving positive change through a range of initiatives in our organisation and the community. These include establishing partnerships, leading four major community events marking dates of significance, implementing a cultural awareness program for all employees, increasing opportunities by engaging Aboriginal and Torres Strait Islander businesses, and deepening engagement with the wider community.



Reconciliation Action Plan Working Group briefing at Candowie Reservoir.

Westernport Water's Innovate RAP 2.0 is a significant commitment by our organisation, employees and community to Reconciliation in Australia. Although we did not have the Plan endorsed in the reporting period, we continued to drive reconciliation and embed processes and systems into our day-to-day activities so that it becomes business as usual. The soon to be endorsed Innovate RAP 2.0 is our third RAP, it reflects our dedication to reconciliation, and we are proud that our efforts are making a lasting impact within our organisation and the communities we serve.

During the reporting period, \$37,481 was invested in delivering reconciliation and recognition outcomes and engaging with Traditional Owners. Further information on reconciliation activities, achievements and cultural heritage activities can be found in section 9.



*Our Customer Care crew taking calls.*

### **Continue to support our community via the Customer Care Program**

Westernport Water continued to support customers experiencing financial difficulties with a range of options including Utility Relief Grants, Concession Rebates and Customer Care Grants.

During the reporting period, Westernport Water provided additional Customer Care training to staff and continued to seek new avenues to assist our customers by regularly meeting with other water corporations from around Gippsland.

During the reporting period, we invested \$13,580 on actions to support our customers and facilitated \$75,300 in Utility Relief Grants, totalling \$88,880.

## **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 sphere of influence.**

### **Deliver the final year of the Climate Change Strategy (2017-23)**

We successfully delivered the Climate Change Strategy which focused on emission reduction projects over a five-year period. As a result, Westernport Water has dedicated almost 50 per cent of the capital works budget to projects that address climate change.

Preliminary options analysis was completed, this insight will now inform the broader waste to energy feasibility study being co funded with Sustainability Victoria due to be completed 2023-24. The second year of the pilot trial for a Virtual Energy Network (VEN) for sharing of renewable energy between Westernport Water sites has now been completed and will inform the development of our Renewable Energy Plan.

The total cost for these projects was \$73,981. Information from these studies will inform how we meet our targets of 90 per cent emissions reduction by 2030 and net zero emissions by 2035. Projects and targets are reflected in the second iteration of the Climate Change Strategy 2023-28, and we are focused on moving the organisation to this newly endorsed strategy to continually inform our planning.

### **Implement 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 2022-23, 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. We increased the volume of recycled water used in 2022-23, recording the highest reuse volume across the last five-years. However, due to stormwater infiltration into the sewerage network, we were not able to meet the reuse target volume.

Our new Recycled Water Strategy 2023-26 was endorsed in April 2023. This strategy will inform and direct our decision making and initiatives to ensure we comply with our regulated obligations and meet customer expectations for reuse in our region.



## 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 to deliver improved customer value.

### Identify opportunities to realise business improvements and efficiencies as part of 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 once again collaboratively collected customer satisfaction data for benchmarking purposes and to inform future priorities. This initiative has now grown to benefit other corporations across the sector, proving that good ideas generated within our region are delivering broader benefits to the industry.

A syndicate of three water corporations also completed phase two of an investigation into a collaborative utility billing enhancement. The preliminary business case was completed in 2023, following the development of an options study in the prior year. The business case findings identified various delivery models and procurement pathways for a shared solution, including the associated benefits and challenges. The recommendations will inform future approaches to technology-based solutions and potential delivery mechanisms for other Gippsland-based initiatives.

### Deliver Year Two of the Technology Roadmap (2021-24)

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 with 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 2022-23 deliverables for this initiative identified the projects required to meet the technology target state program defined within Year Two of the Technology Roadmap, which comprised an upgrade to our finance and utility billing platform.

This program commenced in September 2022 and was successfully delivered in June 2023; investment for Year Two was \$986,891.

Year Three of the Technology Roadmap continues in 2023-24 with projects identified to manage hardware and software lifecycle, uplift core systems (including the first year of a multi-year program to renew or replace our asset management and works management systems), improve communications systems across the business, strengthen our cyber security posture and provide greater visibility of active cyber security risks in the water sector via implementation of a shared Security Operations Centre in conjunction with the Victorian Government. The budget allocation for the initiatives identified for Year Three is \$918,885.



*Gippsland Regional Water Alliance leaders.*



# 3. Financial summary

**Table 3.1 : Profit and loss five-year summary**

Profit and loss – summary	2022-23 \$ 000	2021-22 \$ 000	2020-21 \$ 000	2019-20 \$ 000	2018-19 \$ 000
Core revenue	24,731	23,449	22,990	22,227	21,790
Developer contributions and gifted assets	2,455	2,296	3,688	6,408	2,866
Other revenue <sup>1</sup>	488	1,097	1,048	898	831
<b>Total revenue</b>	<b>27,674</b>	<b>26,842</b>	<b>27,726</b>	<b>29,533</b>	<b>25,487</b>
Operating expenditure	11,833	11,644	10,798	10,906	10,284
Depreciation <sup>2</sup>	7,727	7,308	6,749	6,667	6,242
Finance costs	264	255	238	263	285
Other	6,977	8,137	6,668	6,947	6,869
<b>Total expenditure</b>	<b>26,801</b>	<b>27,344</b>	<b>24,453</b>	<b>24,783</b>	<b>23,680</b>
<b>Net profit before tax</b>	<b>873</b>	<b>(502)</b>	<b>3,273</b>	<b>4,750</b>	<b>1,807</b>

## 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 \$0.87M. This planned favourable variance will contribute to fund future multi-year capital projects as outlined in the ESC approved Pricing Submission for 2023-28. Managing debt levels remains a key focus to ensure long term financial sustainability while continuing to deliver security of supply at an affordable cost. The Corporation remains financially sound with steady cash flow and strong cost controls maintained over the financial year.

## Revenue

Total revenue for the year was \$27.67M with an increase of \$0.16M in non-cash gifted asset revenue compared to prior year results. An increase in core revenue of \$1.28M was driven by growth in the service area. Despite a reduction 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 the 2022-23 financial year by CPI in line with the ESC approved guidelines of 5.1 per cent. Water consumption was slightly above forecast levels due to an increase in permanent residents compared to prior year.

## Expenditure

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

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

## Financial position – balance sheet

The balance sheet remains in a healthy and strong position with a low gearing ratio of 3.4 per cent as debt levels remain low in anticipation of capital works funding required in future years to facilitate growth.

## Current liabilities

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.

**Table 3.2 : Balance sheet summary**

Balance Sheet – summary	2022-23 \$ 000	2021-22 \$ 000	2020-21 \$ 000	2019-20 \$ 000	2018-19 \$ 000
Current assets	8,923	6,781	5,485	7,433	9,876
Non-current assets	287,100	286,147	285,167	214,312	208,486
<b>Total assets</b>	<b>296,023</b>	<b>292,928</b>	<b>290,652</b>	<b>221,745</b>	<b>218,362</b>
Current liabilities	9,911	10,311	11,053	9,320	8,911
Non-current liabilities	53,660	52,667	51,009	35,917	39,266
<b>Total liabilities</b>	<b>63,571</b>	<b>62,978</b>	<b>62,062</b>	<b>45,237</b>	<b>48,177</b>
<b>Net assets</b>	<b>232,452</b>	<b>229,950</b>	<b>228,590</b>	<b>176,508</b>	<b>170,185</b>

**Cash flows**

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

**Significant changes or factors affecting performance**

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

**Capital projects/asset investment programs**

The capital expenditure program for the year was \$3.92M against a target spend of \$4.70M which has assisted to deliver capital works in line with year five of the 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: <https://www.budget.vic.gov.au/budget-papers>. There were no capital projects completed during the 2022-23 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 2022-23 accounts with the continuation of the National Tax Equivalent Regime (NTER) tax rate change from 26 per cent to 25 per cent as per AASB 108 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 2022-23 financial year.

**Subsequent events**

There were no events occurring after the balance date that would significantly affect Westernport Water's reported financial position for 2022-23 financial year.

# 4. Governance and organisational structure

## Organisational structure and corporate governance arrangements

### The Minister for Water

Westernport Water is established under the *Water Act 1994*. The responsible Victorian Minister for Water, the Hon Harriet Shing MP was appointed on Friday 24 June 2022, for the period from 1 July 2022 to 30 June 2023.

### Corporate governance

The Corporation operates on a three divisional structure. The divisions are Corporate & Customer, Assets & Operations and Executive Office.

### 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
- Gareth Kennedy – General Manager Corporate & Customer
- Paul Donohue – General Manager Assets & Operations (1 July 2022 – 7 October 2022)
- Chaminda Jayasena – Acting General Manager Assets & Operations (10 October 2022 – 20 January 2023)
- David Girdwood – General Manager Assets & Operations (30 January 2023 – Present)
- Kathy Hawke – Executive Manager Finance – Chief Financial Officer
- Emma Harry – Executive Manager People Culture and Safety (1 July 2022 – 10 May 2023)
- Lisa Manning – Acting Executive Manager People Culture and Safety (11 May 2023 – 30 June 2023).

### Governing Board

During 2022-23, the Board of Directors consisted of nine members, including the Managing Director, appointed by the Victorian Government. Director's key functions include:

- setting the strategic direction and policy framework by adopting, implementing, and resourcing the Corporate Plan 2023-28
- ensuring compliance with legislative and regulatory obligations
- setting service standards and monitoring achievements
- establishing measurable goals and objectives as well as Board and Committee charters

- evaluating Board and Executive performance to ensure integrity of corporate governance practice and ethical conduct.

The following Board Director movements occurred for the duration of the 2022-23 reporting period.

From 1 July 2022 to 30 June 2023 – Exiting Director and movements

- Rueben Berg (Chair) resigned as a Director and Chair on 13 December 2022.
- Director Berg re-assigned the role of Chair to ongoing Director Annabelle Roxon from 14 December 2022.

**Annabelle Roxon** (Acting Chair) was appointed to the Board of Westernport Water on 1 October 2019 until 30 September 2023, and is Acting Chair of the Board. She is an experienced company director, also serving on the Board of Box Hill Institute. Annabelle is also a management consultant in the social sector who advises on strategy and outcomes management to a diverse range of clients including social purpose organisations and government. In her prior experience as a lawyer over 12 years, she has advised in procurement, sales and marketing, disputes and litigation, and mergers and acquisitions. In addition to a Masters of Business Administration, she holds a Bachelor of Laws (Hons), and a Bachelor of Arts. Annabelle became Acting Chair on 14 December 2022 after the resignation of former Chair Rueben Berg.

**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 nine years of experience as a Board Director and 25+ 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, is an industry director on the Energy & Water Ombudsman of Victoria Board, and is on the Institute of Water Administration Board. Dona is also a non-executive director on the Board of the Community Bank Inverloch & District (Bendigo Bank). 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).



**Chris Newton** (Acting Deputy Chair) was appointed to the Board on 1 October 2017 until 30 September 2025, and was appointed Acting Deputy Chairperson on 14 December 2022. He is a member of the Westernport Water Audit and Risk Committee and the People, Diversity and Community Committee. Chris is a leading practitioner in Responsible Investment and ESG Strategy advising public and private organisations on sustainability strategy and investment approaches. He is also an Independent Director & Chair of the Investment Committee of Traditional Owner group of the Yawuru people in WA, member of ESG Advisory Committee of Max Capital and Black Wattle Investment Partners.

Chris has a Bachelor of Commerce with a major in Marketing and Management and minor in Asian Studies. He has a Graduate Diploma in Applied Finance, a Master of Business Administration as well as a Graduate Certificate in International Development.

**Graham Hawke** was appointed to the Board from 1 October 2021 to 30 September 2025 and is a member of the Westernport Water Safety, Sustainability and Innovation Committee and the People, Diversity and Customer Committee. Graham is the Chief Operating Officer at Phoenix Australia Ltd, a public company and a national centre of excellence in Posttraumatic Mental Health. He volunteers on the Strategic Advisory Committee of Water Research Australia. 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. Graham has a Bachelor of Engineering (Hons), Master of Engineering Science, MBA, a graduate member of the Australian Institute of Company Directors, a chartered professional engineer, a registered engineer (Vic) and a Fellow of Engineers Australia.

**Ishara Saldin** was appointed to the Board of Westernport Water on 1 October 2021 until 30 September 2025, and is a member of the Westernport Water Audit and Risk Committee and the Safety, Sustainability and Innovation Committee. Ishara 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. Ishara is a member of the Australian Institute of Company Directors with over 20 years' experience in banking, her expertise is in complex transaction delivery, and 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. In addition, she has co-authored

three publications in the area of Venture Capital and Small and Medium Enterprises which were presented at the Nordic conference in Helsinki, Finland, and the SMEs in a global economy conference in Wollongong, Australia.

**Joanne Pearson** was first appointed to the Board on 1 October 2017 and was reappointed on 1 October 2021 until 30 September 2025. Joanne is also the Chair of Westernport Water's Audit and Risk Committee and is a member of the People, Diversity and Community 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 and the Environment and Public Health 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.

**Leigh Berrell** was appointed to the Board of Westernport Water on 1 October 2019 until 30 September 2023, and is a member of the Audit and Risk Committee and the Safety, Sustainability and Innovation Committee. Leigh is an independent consultant, who has previously served in executive roles with Yarra Valley Water, Icon Water and ActewAGL. Leigh brings more than 25 years of technology leadership experience across a range of industries including utilities, aerospace, transportation and logistics, peacekeeping 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, and is the Chair of Westernport Water's Safety, Sustainability and Innovation Committee and a member of the People, Diversity and Customer Committee. Tanya is an award-winning science journalist, best-selling author and environmental behaviour change expert. She is currently Director of Engagement at the specialist science communication agency Science in Public. Tanya currently serves on the advisory groups of the Marine Energy Research Centre and Science Gallery Melbourne. She is a past Vice President of Science & Technology Australia, and has served on the boards of Diversity Council Australia, Sustainability Victoria and Keep Australia Beautiful. Tanya has a Bachelor of Science (Chemistry) and a Master of Environment. She is best known for her popular environmental guidebooks Greenology and Green Stuff for Kids, and her media work, including reporting for ABC's Catalyst. In 2010, she won a UN Association of Australia media award for environmental reporting.

## Board committees

Westernport Water currently operates three Board committees, details for each of these committees are provided in the following section.

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

### Audit and Risk Committee (ARC)

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

- independently review and assess the effectiveness of Westernport Water's systems and controls for financial management, performance and sustainability, including risk management
- oversee the internal audit function under Direction 3.2.2
- review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament
- review information in the report of operations on financial management, performance and sustainability before it is released to Parliament
- review and monitor compliance with the Financial Management Act (FM), these Directions and the Instructions, and advise the Responsible Body on the level of compliance attained
- review and monitor remedial actions taken to address compliance deficiencies
- maintain effective communication with external auditors (including the Auditor-General and the Auditor-General's duly appointed agents and representatives)

- consider recommendations made by internal and external auditors relating to or impacting on financial management, performance and sustainability and the actions to be taken to resolve issues raised
- regularly review the implementation of actions in response to internal or external audits, including remedial actions to mitigate future instances of non-compliance.

Members are appointed by the Board 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 2022-23, the committee met five times. The ARC membership for the reporting period was as follows:

From 1 July 2022 to 28 February 2023

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

From 1 March 2023 to 30 June 2023

- Joanne Pearson (Chair)
- Leigh Berrell
- Christopher Newton
- 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 regard 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 1 July 2022 to 13 December 2022 was as follows:

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

From 14 December 2022 to 30 June 2023

- Tanya Ha (Chair)
- 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 regarding 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 1 July 2022 to 13 December 2022 was as follows:

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

From 14 December 2022 to 28 February 2023

- Annabelle Roxon (Chair)
- Chris Newton
- Tanya Ha
- Graham Hawke
- Joanne Pearson.

From 1 March 2023 to 30 June 2023

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

## Board / Committee attendance

During the 2022-23 period a total of eight Board meetings, five ARC meetings and two each for SSIC and PDCC were held. The following tables provide a breakdown of Director attendance.

**Table 4.1: 1 July 2022 – 13 December 2022**

O/I	Board	ARC	SSIC	PDCC
Rueben Berg (Chair)	3/4	N/A	0/1	1/1
Annabelle Roxon (Deputy Chair)	4/4	2/2	N/A	1/1
Chris Newton	3/4	2/2	N/A	1/1
Graham Hawke	4/4	N/A	1/1	1/1
Joanne Pearson	4/4	2/2	1/1*	1/1
Leigh Berrell	4/4	2/2	1/1	N/A
Tanya Ha	4/4	N/A	1/1	1/1
Ishara Saldin	4/4	2/2	1/1	N/A
Dona Tantirimudalige (Managing Director)	4/4	2/2*	1/1*	1/1*

**Table 4.2: 14 December 2022 – 30 June 2023**

Board Members	Board <sup>1</sup>	ARC	SSIC	PDCC
Annabelle Roxon (Acting Chair)	4/4	2/3*	N/A	1/1
Chris Newton (Deputy Chair)	4/4	3/3	N/A	1/1
Leigh Berrell	4/4	3/3	2/2	N/A
Tanya Ha	3/4	1/3*	2/2	1/1
Graham Hawke	3/4	1/3*	1/2	0/1
Joanne Pearson	4/4	5/5	1/2*	0/1
Ishara Saldin	4/4	5/5	2/2	N/A
Dona Tantirimudalige (Managing Director)	4/4	5/5*	2/2*	1/1*

Notes

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



## Organisational structure



### Note

1. Westernport Water operates on a three divisional structure. The divisions are Corporate & Customer, Assets & Operations and Executive Office.

# 5. 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 2022-27 initiatives:

- Deliver Year Two of the Diversity and Inclusion Strategy 2021-24.
- Deliver Year Two of the Workplace Health and Safety Strategy 2021-24.
- Development of new Reconciliation Action Plan following the successful delivery of Innovate RAP 2020-22. Reported in section 9.

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 build a culture we can all be proud of.

## Diversity and inclusion

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.



*Our Team celebrating International Women's Day 2023.*

Following the implementation of our three-year Diversity and Inclusion Strategy 2021-24, Year Two was successfully delivered in 2022-23. Key deliverables from the focus areas of Aboriginal and Torres Strait Islander cultural capability, gender equity, generational diversity and barriers to a more inclusive workforce included:

- development of the WPW Innovate Reconciliation Action Plan (RAP) 2.0
- implementation of a Gender Equality Action Plan
- completion of Gender Impact Assessments
- implementation of a phased retirement program
- increased promotion and uptake of a range of flexible work agreements
- re-commencement of work experience program
- implementation of Executive Champions across the key areas covered in the strategy
- continued development of the Corporation's website to more strongly promote our commitment to a diverse and inclusive workplace
- delivery of annual Diversity and Inclusion training for staff
- delivery of an annual Diversity and Inclusion Events Calendar.

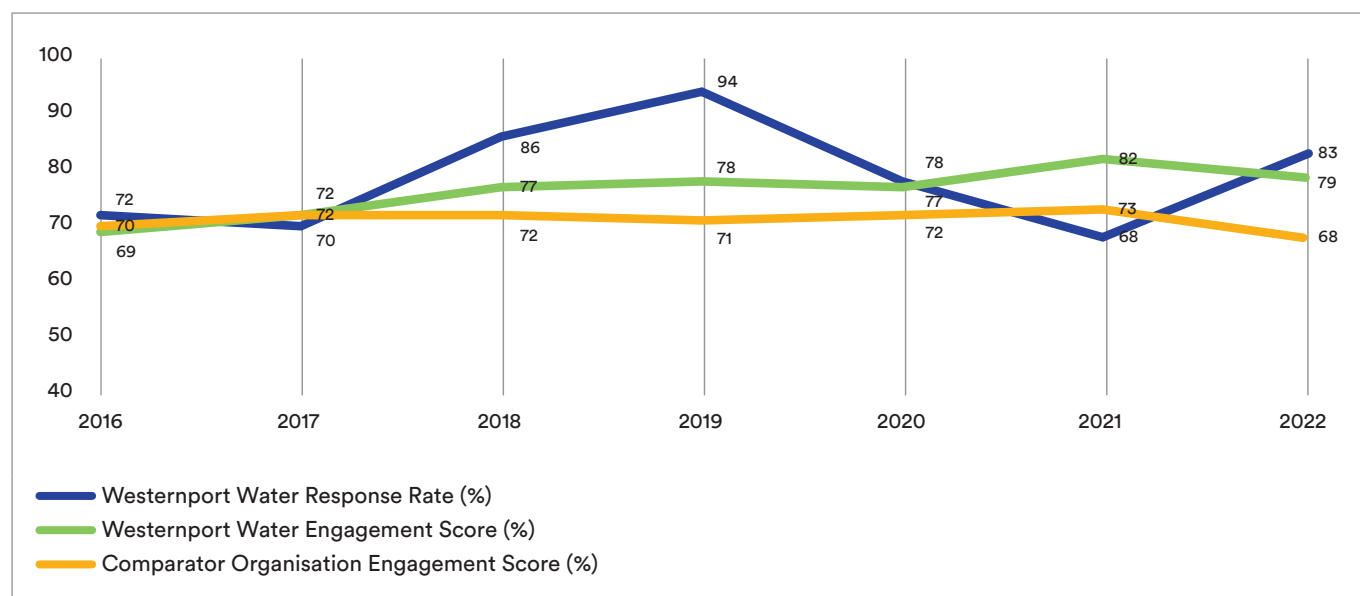
## Reward and recognition

Celebration of employees' abilities, qualities, achievements and years of service regularly takes place. In 2022-23, Westernport Water congratulated nine staff members who reached an outstanding 10, 15 and 35 years of valuable service to the Corporation. We also regularly recognise those who live our values with thank you cards from our MD, sent following nomination by their peers.

## People matter survey

Our target is to meet or exceed the industry benchmark for employee engagement annually and strive to continuously improve on our results year on year. Figure 5.1 provides participation and engagement scores over the past eight years since 2016. Overall, staff engagement has increased significantly from 69 per cent in 2016 to 79 per cent in 2022.

**Figure 5.1: People Matter Survey participation and engagement scores 2016 to 2022 (%)**



**Note**

1. Participation rates have increased after two years of lower scores attributed to working from home or remote work due to the pandemic.
2. Engagement score remains strong. This is reflective of the continued high level of wellbeing support provided to all employees as we transitioned to a hybrid working model following the pandemic.

## 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 public sector 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, induction program, VPS Code of Conduct, 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

Governance Matters training was delivered to all staff by subject matter experts from across the business as well as online training. Training focused on topics such as Health Safety and Wellbeing, Finance, Purchasing and Procurement, Information Technology, and Risk. The program is designed to ensure that our policies and procedures are accessible to staff and our obligations are well understood.

## Industrial relations

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

## Employee development

With an improved online Learning Management System, a comprehensive learning and development program continued to be a focus in 2022-23. 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, and ties into our learning and development, and succession planning practices.



**Table 5.1: Training completed**

Training   Course   Description	Type	No. Achieved	Int   Ext	Funded
Certificate IV in Work Health and Safety	Certificate	1	Ex	Fully
Master of Data Science		1	Ex	Fully
Foundations of Directorship qualification		1	Ex	Partly
Water Industry Network Operator Development Program	Participation	1	Ex	Partly
Water Industry Operations	Certificate III	2	Ex	Fully
Executive leadership coaching and team workshops	Short course	2	Ex/In	Fully
ICAM Lead Investigator Training	Certificate	3	Ex/In	Fully
Customer Service Team Hardship support training	Short course	3	Ex/In	Fully
Handling of chemicals and hazardous materials, embankment dam safety, and water sampling	Short course	10	Ex/In	Fully
Gender Impact Assessments	Participation	12	In	Fully
'Safety in Leadership' workshop	Participation	15	In	Fully
Active Bystander training	Participation	19	Ex	Fully
Child Safety training	Participation	22	In	Fully
Emergency Management training	Participation	25	In	Fully
Work Health and Safety (WHS) based training	Certificate	271	In/Ex	Fully
Governance Matters training – Kineo	Certificate	276	In	Fully
Kineo – a comprehensive online learning personal development catalogue	Certificate	85	In	Fully

## Health and safety

Our primary focus for Workplace Health and Safety (WHS) is to ensure the well-being of all staff members, so they can return home safe and healthy each day. As pandemic restrictions were lifted, our workforce transitioned back to the office, adopting a hybrid structure. Westernport Water is now managing a flexible workplace with a long-term view prioritising health and wellbeing in both physical and remote working environments.

We recognise the importance of focusing on psychosocial health to reduce the risk of work-related stress that can lead to psychological or physical harm. During the year, we initiated a project to review any psychosocial hazards that may be present in the design or management of work, create a detailed psychosocial risk assessment, and identify opportunities for mitigations and subsequent prevention plans. We established a Psychosocial Working Group with representatives from all areas of the

Corporation and held several consultative workshops to explore ways to reduce risk to employees. This resulted in a prioritised risk management plan which is due to be rolled out over the next two years. This project also positions us well to respond to the pending psychosocial legislative changes to the *Occupational Health and Safety Act 2004*.

As an organisation that provides some services to children, for example school tours, Westernport Water completed a review into the eleven Victorian Child Safety Standards to reduce risks to children from harm and abuse. This involved an analysis of current policy and procedure, introduction of a new Child Safety Policy and Code of Conduct, introduction of a child safety position categorisation and treatment plan system, mandatory Working with Children Checks, a reporting process and mandatory child safety training, among other activities.

## 2022 People Matter Survey

# 100%

of surveyed staff said:

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



# TRIFR

Total Recordable Injury Frequency Rate

**3** Lost time injuries  
(LTIs / MTIs – 2022-23)

**0** Significant injuries  
(LTIs / MTIs – 2022-23)

**5** days lost to injury  
(2022-23)

**30.18** 2022-23  
**0** 2021-22  
**10.87** 2020-21

The second year of the WHS Strategy 2021-24, our blueprint for continuous improvement of safety performance and culture, was delivered in 2022-23. Key deliverables under the banners of Safety Leadership and Employee Capability, Technology and Systems, Risk Management, Communications and Injury/Illness Prevention and Health Surveillance included:

- delivery of the Safety Leadership Program for the Leadership Team
- delivery of the annual Health and 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 three years because of pandemic impacts
- successful completion of a safety competencies pilot which will continue to be embedded in the coming year
- significant investment in digital technologies to ensure lone worker safety including a working alone application, implementation of iAuditor a program to support WHS Inspections
- review and simplification of 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 to be further structured and implemented in Year Three of the strategy
- ongoing management and oversight of all pandemic related requirements to ensure a safe workplace for all.



Take 5 – Safety campaign resources.

## Incident management

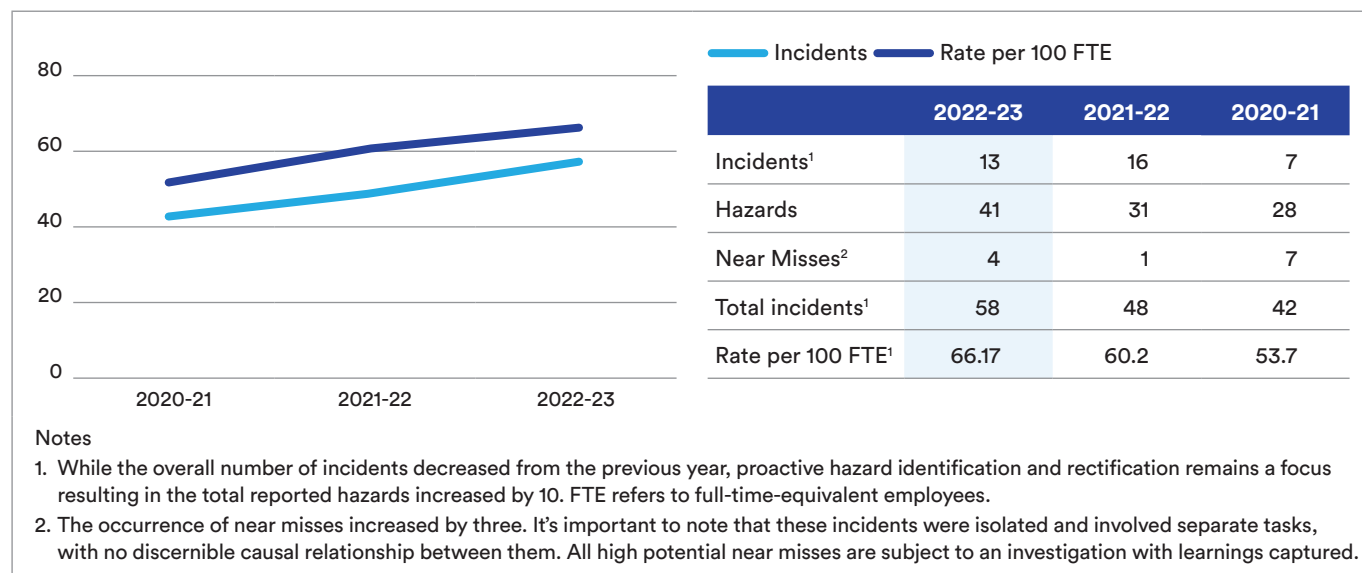
There was a small increase on the previous number of incidents, hazards and near misses during the year. This number remains low in context to the high risk work our staff undertake. The Total Recordable Injury Frequency Rate did rise compared to the previous twelve months. Much of the increase is due to minor injuries and reflects our strong safety reporting culture.

There were two high potential incidents recorded during the period and Incident Cause Analysis Method (ICAM) investigations were conducted to ascertain and address the root causes to ensure appropriate corrective actions were applied to prevent future incidents. This was up from one in the previous year. There were no incidents that required notification to WorkSafe Victoria, and one worker's compensation claim was lodged because of a reported incident.

Staff are encouraged to report on hazards and safety walks are completed regularly by the Leadership group so risk can be reduced.

Employee engagement is also a focus through our WHS committee who proactively work on health and safety and review the effectiveness of controls and systems to raise awareness and promote a safe and healthy workplace to protect everyone from harm so we all go home safe and well.

**Figure 5.2: Total number of incidents / hazards / near misses and rate per 100 FTE**



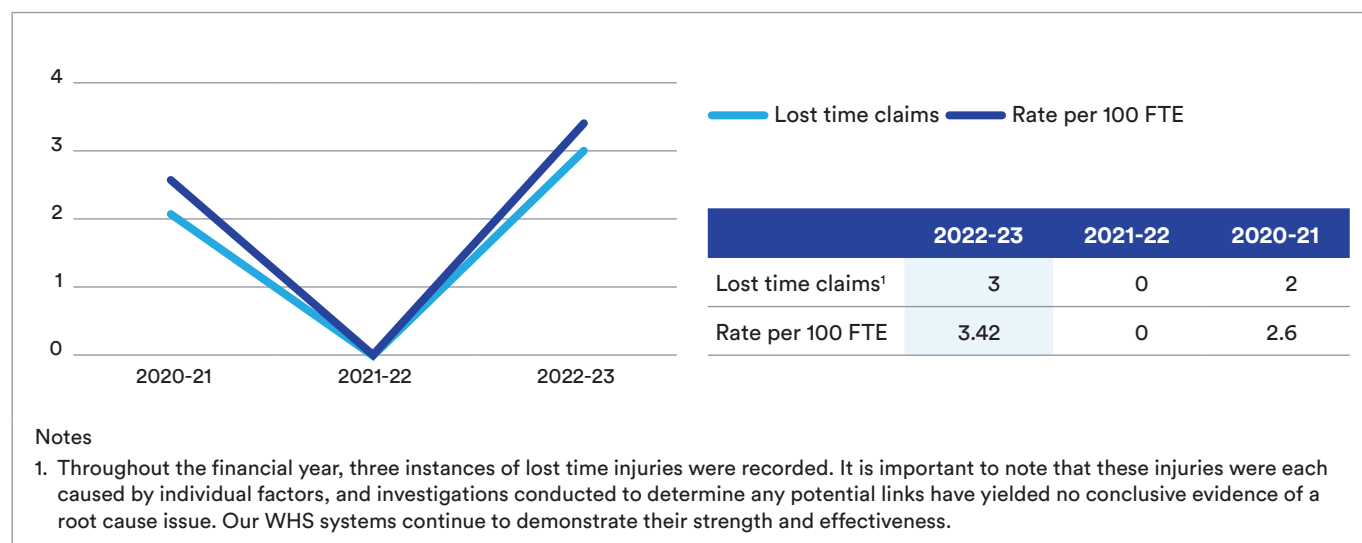
## WorkCover

In 2022-23, there was one worker's compensation claim.

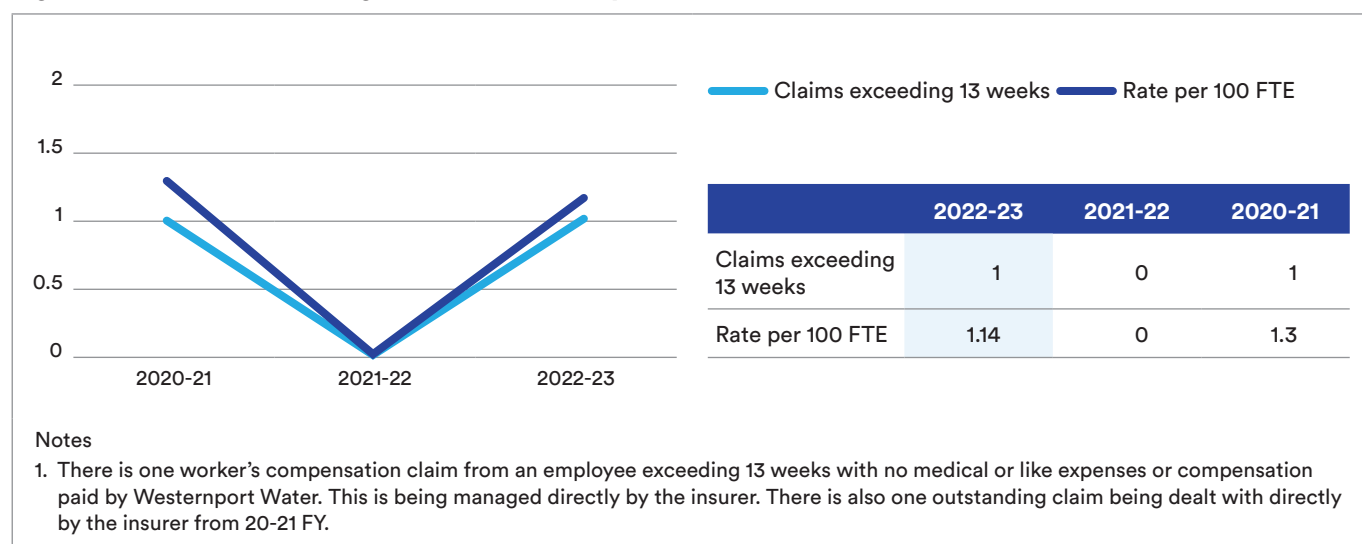
**Figure 5.3: No. of standard claims and rate per 100 FTE**



**Figure 5.4: Lost time standard claims and rate per 100 FTE**



**Figure 5.5: Claims exceeding 13 weeks and rate per 100 FTE**





**Table 5.2: Performance against WH&S management measures**

Measure	KPI	2022-23	2021-22	2020-21
Incidents	No. of Incidents / hazards / near misses <sup>1</sup>	58	48	42
	Rate per 100 FTE	66.17	60.2	53.7
Claims	No. of standard claims <sup>2</sup>	1	0	2
	Rate per 100 FTE	1.14	0	2.6
	No. of lost time claims	3	0	1
	Rate per 100 FTE	3.42	0	1.2
	No. of claims exceeding 13 weeks	1	0	1
	Rate per 100 FTE	1.14	0	1.3
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim <sup>3</sup>	\$91,400	\$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	14	15	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: <sup>4</sup>			
	– induction	100%	100%	100%
	– management training	100%	100%	100%
	– contractors, temps, visitors	100%	100%	100%
	Percentage of HSR's trained:			
	– acceptance of role <sup>5</sup>	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. A proactive focus on hazard identification has results in increase hazard identification and rectification.
2. One new workers' compensation claims was lodged for the period.
3. \$1,002 medical or like expenses have been incurred. \$91,400 compensation for salary maintenance was paid in the reporting period.
4. Our Rapid Global contractor and visitor management system includes an induction for all contractors, temporary staff and visitors on arrival.
5. Two new HSR's commenced in late 2022-23. The five-day full HSR training will be offered in 2023-24. All HSRs receive annual refresher training delivered by the WHS Coordinator.

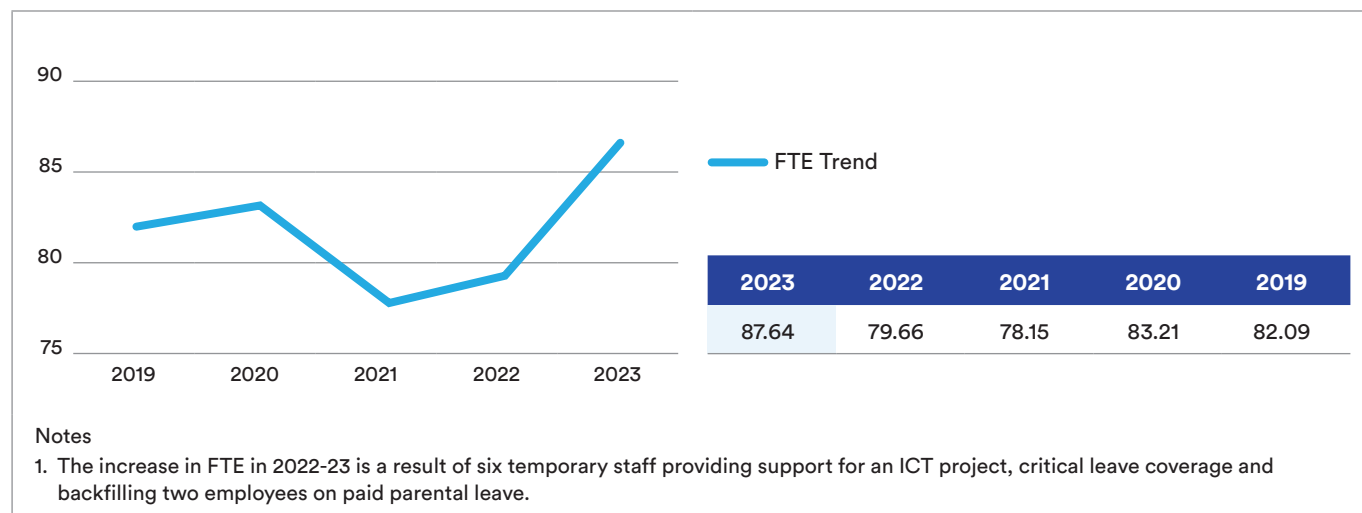
## Workforce data

Westernport Water experienced an increase in full-time-equivalent (FTE) employees in 2022-23. This is a result of six temporary staff providing support for an Information Communication Technology (ICT) project, critical leave coverage and backfilling two employees on paid parental leave.

In September 2022, the two divisions of Corporate & People and Customer & Community were merged into Corporate & Customer. The departments of Finance, and People, Culture & Safety both transitioned to become Executive portfolios.

The following tables disclose the workforce breakdown on 30 June 2023. Employees have been correctly classified in workforce data collections.

**Figure 5.6: Comparative workforce data – FTE employee trends for 2019-23**



**Table 4: Employment levels<sup>1</sup>**

Classification	2022-23		2021-22	
	Number (headcount)	FTE	Number (headcount)	FTE
Executive <sup>2</sup>	3	3	3	3
Senior managers <sup>3</sup>	16 <sup>6</sup>	16	13	12.63
Administration staff <sup>4</sup>	49 <sup>7</sup>	44.25	43	37.82
Field staff <sup>5</sup>	26 <sup>8</sup>	24.39	27	26.21
<b>Total</b>	<b>94</b>		<b>86</b>	
Male	52	51.39	50	48.36
Female	42 <sup>9</sup>	36.25	36	31.3
<b>Total</b>	<b>94<sup>10</sup></b>	<b>87.64</b>	<b>86</b>	<b>79.66</b>

### 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.
- Additional SEOs result of two roles being reclassified and a temporary employee supporting the delivery of an ICT project. All SEOs work full time.
- Additional administration staff due to two employees on paid parental leave and roles being backfilled, three temporary staff providing support for an ICT project and a field officer on secondment to a temporary administration role.
- A field employee is currently seconded to an administration role resulting in a minor adjustment to this figure.
- The adjustment to this figure is due to additional administration positions and employees on paid parental leave and backfilled by temporary staff.
- Variation due to additional administration positions, employees on reportable parental leave and with positions backfilled increasing headcount and the use of a casual employee.

**Table 5.4: Gender categories – June 2023**

Gender	All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (Headcount)	FTE	Number (headcount)	FTE
Women <sup>1</sup>	42	36.25	19	13	28.09	10	8.16
Men	52	51.39	48	0	48.0	4	3.39
Self-described	0	0	0	0	0	0	0

**Notes**

1. The rise from 36 to 42 headcount for women is attributed to a concerted effort to create a balanced working environment and the promotion of flexibility.

**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 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 64 per cent female employees. As part of our Diversity and Inclusion Strategy 2021-24, Westernport Water is committed to maintaining a minimum 50/50 gender balance in leadership positions.<sup>1</sup>

**Table 5.5: Workforce inclusion**

Gender equity progress against target in 2022-23 and performance in 2021-22.

Workforce inclusion policy initiative	Target for 2024	Progress in 2022-23	Progress in 2021-22
Gender equity	In June 2024, there will continue to be a 50/50 gender balance in senior leadership positions <sup>1</sup>	64% of senior leadership positions held by women <sup>2</sup>	57% of senior leadership positions held by women <sup>2</sup>

**Notes**

1. Senior leadership positions include those holding an executive or manager title.
2. Our commitment to gender equity through a range of activities as part of our Diversity and Inclusion Strategy has seen us exceed our 2024 target of 50/50 in 2021-22 and a further increase in 2022-23.

**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 three per cent of our workforce who identify as being Aboriginal and/or Torres Strait Islander by 2024.

**Table 5.6: Workforce inclusion**

Aboriginal and/or Torres Strait Islander progress against target in 2022-23 and performance in 2021-22.

Workforce inclusion policy initiative	Target for 2024	Progress in 2022-23	Progress in 2021-22
Increase % of employees who identify as Aboriginal and/or Torres Strait Islander <sup>1</sup>	Employees who identify as being Aboriginal and/or Torres Strait Islander: 3% by 2024 <sup>2</sup>	Employees who identify as being Aboriginal and/or Torres Strait Islander: 2.8% <sup>3</sup>	Employees who identify as being Aboriginal and/or Torres Strait Islander: 4.3%

**Notes**

1. Total number of employees includes Board Directors.
2. Target has been set taking into account the temporary nature of Board Directors.
3. The variance is due to the departure of an Aboriginal and/or Torres Strait Islander Board Director and an increase in the overall headcount resulting in a lower percentage outcome.

**Table 5.7: Details of employment as at the end of June 2023 and 2022**

	June 2023			June 2022		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
<b>Gender</b>						
Male	52 <sup>5</sup>	48	3.39	50	47.36	1.00
Female	42 <sup>6</sup>	28.09	8.16	36	25.94	5.36
<b>Age</b>						
Under 25	5	3.00	2.00	3	3.00	0
25-34	16	10.47	3.26	13	8.42	2.26
35-44	32	25.83	2.90	23	19.73	1.47
45-54	17	14.00	3.00	25	21.21	2.63
55-64	18	16.95	0.39	17	16.31	0
Over 64	6	5.84	0	5	4.63	0
<b>Classification</b>						
Band 1	0	0	0	0	0	0
Band 2	19 <sup>7</sup>	11.26	5.63	16	12.47	1.63
Band 3	14	11.63	1.06	12	10.42	0.63
Band 4	18	14.47	2.63	17	14.37	1.63
Band 5	17 <sup>8</sup>	15.47	0.39	22	17.41	2.47
Band 6	7 <sup>9</sup>	5.26	0.84	3	3.00	0
SEO <sup>2</sup>	16 <sup>10</sup>	15.00	1.00	13 <sup>7</sup>	12.63	0
Executive <sup>3</sup>	3	3.00	0	3	3.00	0
Other <sup>4</sup>	0	0	0	0	0	0

**Notes**

1. Employees are classified as a band 1 to 6 under the Westernport Water EA.
2. SEO – Senior Executive Officers full-time or under contract.
3. Executive – Executive staff employed under the Public Entity Executive Remuneration Policy.
4. Other – Traineeships outside of banding system.
5. Increase in male headcount due to temporary meter reader contract to provide leave coverage and vacant position filled.
6. The increase in women's headcount is due to additional administration positions, employees on reportable parental leave and being backfilled.
7. Increase in band 2 headcount due to parental leave backfills and additional temporary meter reader.
8. Decrease in band 5 headcount a result of 5 positions reclassified to band 6 level.
9. Increase in band 6 headcount a result of 5 positions reclassified to band 6 level.
10. Increase in SEOs due to two band 6 positions reclassified to SEO level and a temporary SEO contract to support ICT Project.



## 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 2023. These are referred to as members of the Senior Executive Service (SES).

- Table 5.8 – discloses the total numbers of SES with remuneration over \$100,000
- Table 5.9 – provides a reconciliation of SES numbers per division and gender
- Table 5.10 – provides a reconciliation of SES numbers per SES level
- Table 5.11 – provides the annualised total salary range for executives and other senior non-executive staff.

**Table 5.8: Reconciliation of SES numbers**

		2023	2022	2021
	Executives with total remuneration over \$100,000	3	3	4
<i>Add</i>	Vacancies	0	0	0
	Executives employed with total remuneration below \$100,000	0	0	0
	Accountable Officer (Secretary)	0	0	0
<i>Less</i>	Separations	0	1 <sup>1</sup>	0
	<b>Total executive numbers at 30 June 2022</b>	<b>3</b>	<b>3</b>	<b>4</b>

### Notes

1. Following an Executive resignation in 2021-22, an organisational realignment occurred resulting in the permanent reduction of one Executive.

**Table 5.9: Executive officers by division and gender**

Divisional breakdown	Total		Women		Men		Self-described	
	No.	Var.	No.	Var.	No.	Var.	No.	Var.
Corporate & Customer	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)
<b>Total</b>	<b>3</b>	<b>(1)</b>	<b>1</b>	<b>(0)</b>	<b>2</b>	<b>(1)</b>	<b>0</b>	<b>(0)</b>

### Notes

1. Previous divisions Corporate & People and Customer & Community were merged into Corporate & Customer. Due to an existing vacancy in the Corporate & People division there was no overall change to Executive officer numbers.

**Table 5.10: 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)
<b>Total</b>	<b>3</b>	<b>(1)</b>	<b>1</b>	<b>(0)</b>	<b>2</b>	<b>(1)</b>	<b>0</b>	<b>(0)</b>

**Table 5.11: Annualised total salary for executives and other senior non-executive staff**

Income band (salary) <sup>1</sup>	Executives	SEO
<\$160,000		13
\$160,000 – \$179,000		2
\$180,000 – \$199,000		
\$200,000 – \$219,000	2	1
\$220,000 – \$239,000		
\$240,000 – \$259,000		
\$260,000 – \$279,000		
\$280,000 – \$299,000		
\$300,000 – \$319,000	1	
<b>Total</b>	<b>3</b>	<b>16<sup>2</sup></b>

**Notes**

- Salaries are based on Total Remuneration Packages. Increases are as a result of Enterprise Agreement increases for SEOs and PEERS increases for Executives.
- Additional SEOs are due to two roles being reclassified and a temporary employee supporting the delivery of an ICT project.

# 6. Resilient and Liveable Cities and Towns

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

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 difficult to draw direct comparisons with other water corporations.

Aligned Corporate Plan 2022-27 initiatives:

- Completion of price submission for the Essential Services Commission's 2023 Price Review.
- Deliver Year Two of the Workplace Health and Safety Strategy 2021-24.
- Deliver the Water Quality Improvement Plan 2022-23.
- Create a 'Response Plan Review Cycle' to sit within the Crisis Emergency Management Plan.
- Continue to support our community via customer care program.
- Deliver final year of Climate Change Strategy 2017-23 and implement new strategy for 2023-28.
- Continue to participate in Catchment and Regional Integrated Water Management outcomes.

## Water consumption and drought response (L2b)

### Per capita residential drinking water consumption

In 2022-23, the per capita residential drinking water consumption was 195 litres per day, a decrease of 43 litres per day. This follows changes to occupancy rates and household usage as customers return to pre-coronavirus habits.

### The average residential household bills

In 2022-23, average residential household bills were \$1,223, based on our average residential consumption of 86kL. In comparison, larger water users paid \$1,463 and tenants paid \$422 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.

**Table 6.1: Household drinking water consumption (KL) – Residential**

Quarter 1	305,873
Quarter 2	462,808
Quarter 3	402,147
Quarter 4 <sup>1</sup>	81,627
<b>Total annual residential consumption</b>	<b>1,252,455</b>

Notes

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

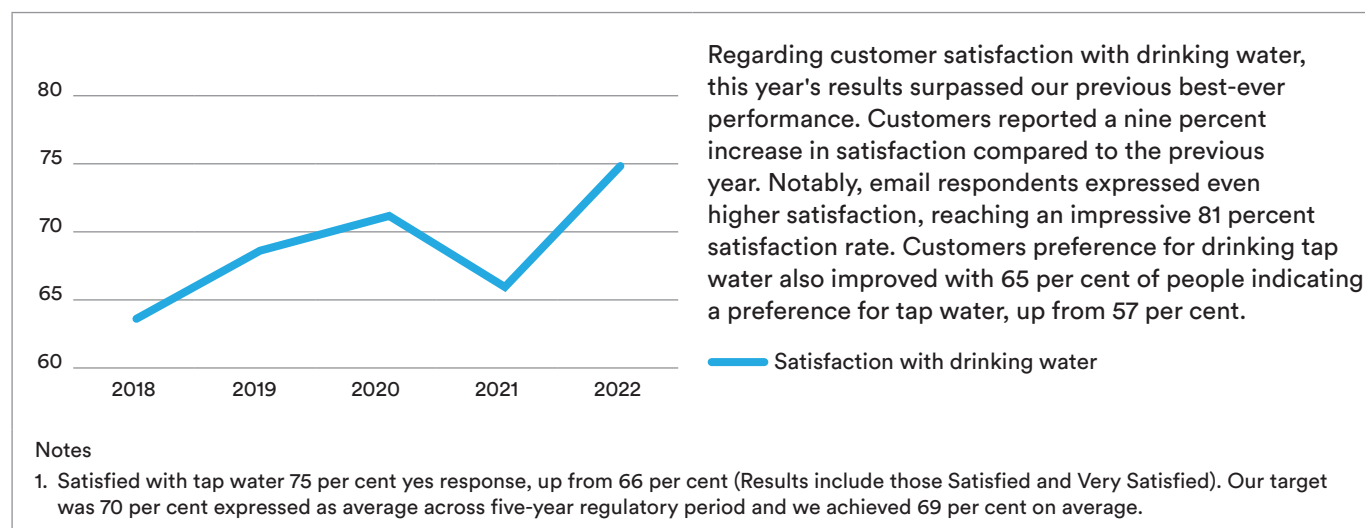
Water quality is determined by undertaking a sampling and analysis program against a set of standards. These standards are derived from the Safe Drinking Water Regulations 2015 and administered under the *Safe Drinking Water Act 2003*. Standards and associated targets have been met for the last five 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

In the 2022 Annual Customer Satisfaction Survey, Westernport Water achieved some of its highest results for satisfaction with drinking water compared to previous years. Although we achieved our best results ever, we did not meet our customer commitment over the five-year regulatory period, falling just one per cent short.

**Figure 6.1: Customer satisfaction trends for drinking water 2018 – 2022**



**Table 6.2: 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 2022-23	17,207	1,067	1,487	33	–	1,130	648	90	–	18,337
WPW district 2021-22	17,033	1,007 <sup>1</sup>	1,574	33	–	1,116	689	80	–	18,149

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) (13)	Firefighting (14) (14)	Other (15) (15)		
WPW district 2022-23	2,135	123	2,258	2,180	3.77	–	174.23	178	2,436
WPW district 2021-22	2,263	113 <sup>2</sup>	2,376	2,143	30.23 <sup>3</sup>	–	232.77 <sup>3</sup>	263 <sup>4</sup>	2,639

**Notes**

- There was continued growth in recycled water customers as developments continued in the area.
- The increase in recycled water consumption was due to increased demand for Class A and Class B recycled water from existing customers.
- The decrease in leakage can be attributed to a reduction in mains breaks during the reporting period.
- Total non-revenue water decreased in comparison to the previous year which required significant flushing for the San Remo Basin liner renewal project.



**Table 6.3: Water quality performance against target 2022-23**

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 <sup>1</sup>	100	100	100	100
Turbidity (Nephelometric Turbidity Units, NTU)	100	100	Yes <sup>2</sup>	100	100	100	100
Trihalomethanes (ug/L)	100	100	Yes <sup>3</sup>	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”.

## Integrated water management (L1)

### Urban Water Strategy

Westernport Water's Urban Water Strategy (UWS) provides a clear pathway for long term water management in the region including the efficiency and sustainability of water supply from potable and recycled water sources. The UWS takes the impacts of population growth and climate change into consideration. The objectives of the strategy are to:

- balance supply and demand at the lowest practical cost
- provide customers with a reliable water supply
- support the health of the local environment in which we operate
- ensure that the UWS has the support of customers and stakeholders through consultation.

Westernport Water aims to meet the strategy objectives by:

- forecasting demand by extrapolating historical data
- forecasting supply based on infrastructure and entitlements
- ensuring supply by improvements in infrastructure and alternative water sources (replace potable with recycled water where appropriate).

### 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. Due to the shallow nature of the reservoir, algal blooms persist as an ongoing challenge. Process improvements, coupled with a focus on treatment plant management, resulted in minimal disruptions to the water supply and minimal taste and odour issues during the reporting period.



Managing Director Dona Tantirimudalige and The Minister for Water Harriet Shing with project Manager Meg Humphrys and site Manager Chirs West.

### Healthier urban waterways and landscapes

Westernport Water is contributing to healthier urban waterways and landscapes by constructing and installing a floating wetland system filled with 1,800 native plants at CWTP, as part of an environmental study to understand how floating plant species can improve water quality and reduce greenhouse gas emissions.

Together with scientists from Deakin University and CSIRO, Westernport Water will monitor the plants for 18-months to determine how effective they are at absorbing nutrients, which is expected to reduce emissions and contaminants from the water.

Results of the research project will be used to inform the design and implementation of a permanent, large-scale restorative wetland system at KRWTP, scheduled for 2025. The project is also expected to improve water quality within the effluent storage lagoon, reducing the impact on the receiving environment.

## Drought response (L2b)

### Drought preparedness

The Drought Preparedness Plan is a component of Westernport Water's UWS 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 2022-23 as the reservoir level remained above the drought response trigger.

### Water restriction by-law

Westernport Water adopted a new Water Restriction by-law in the reporting period titled 'Water Restriction By-law 106' in accordance with the *Water Act 1989*, revoking Water Restriction By-law 105.

Water Restriction By-law 106 was made using a Model Water Restriction By-law issued by the Minister for Water on 04 March 2022. The Water Restriction By-law 106 is made in relation to restrictions and prohibitions on the use of water that may be imposed in the Water Supply Districts of Westernport Water.

The purpose of the by-law is to:

- promote the efficient use and conservation of water; and
- set out four stages of restrictions on the use of water; and
- specify things which must not be done while each stage of restriction persists; and
- specify principles for considering applications for exemptions from particular restrictions; and
- prescribe offences and penalties for the contravention of the By-law, including for which an infringement notice may be served; and
- prescribe classes of persons for the purpose of issuing infringement notices.

## Water efficiency (L2a)

### Recycled water

Westernport Water produces recycled water for use on Westernport Water land and provides it at a lower price than potable water for use by customers. Recycled water results in reduced demand on the potable water system as a result. The following reuse volumes were achieved in 2022-23. Recycled water produced was used by Westernport Water as well as commercial and residential customers.

**Table 6.4: Recycled water use**

	Recycled water used 2022-23 ML/y
Recycled Water Use (Total)	348
Recycled Water used by agriculture	274
Recycled Water used by industrial and commercial users	39
Recycled Water used by municipal	3
Recycled Water use on Westernport Water managed land	231

Recycled water can be used in place of potable water in specific applications to help to reduce the demand on the potable water network and reduce the treated effluent discharged to ocean outfall. In 2022-23, 77.7 ML of recycled water was used in applications that would have otherwise been supplied with potable water, including, household uses (toilet flushing, wand garden watering), process water on the wastewater treatment site, irrigation of public facilities, sporting fields, community gardens, and cattle drinking water.

Irrigation on Westernport Water land occurs at both CWTP and KRWTP. To maintain and improve efficiency, irrigation infrastructure is being upgraded as part of Westernport Water's 'Sustainable Reuse and Afforestation' project.

The Recycled Water Strategy is key for achieving sustainable water management in our region. This strategy provides clear reuse targets and information on how targets will be achieved. Actions from the strategy include:

- a review of the recycled water treatment plant and capacity to supply users now and in the future
- exploration of funding opportunities to assist with customer infrastructure to enable increased reuse
- community campaign to raise awareness of recycled water and how it can be beneficial to customers
- exploration of options for expansion of irrigation infrastructure at both CWTP and KRWTP sites.

## Circular economy outcomes (L3)

### 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 second iteration of the Recycled Water Strategy 2023-26 sets out a range of initiatives to meet the baseline volumetric customer commitments, with more ambitious projections for dry years. However, recent years have provided evidence that heavy rain events can impact these commitments. Investigations into diversifying our recycled water customer base that are not weather dependent will make water reuse more resilient to climate variabilities. The trial of Class B recycled water for irrigation on a neighbouring farm will also be continued, as well as the expansion of irrigation at Westernport Water's two wastewater treatment plants.

As part of the Class B trial, 39.2 ML of Class B recycled water was supplied to a neighbouring farm in 2022-23 for irrigation.

The total reuse volume for irrigation to Westernport Water land was 230.7 ML, with a total reuse volume of 347.4 ML achieved in a combined effort from Westernport Water and reuse customers. Due to high rainfall during the 2022-23 period, we only achieved 18 per cent reuse and we did not meet our reuse target of 25 per cent. Westernport Water expects to meet the 267 ML volumetric reuse target set for 2023-24 in the Recycled Water Strategy. Recycled water usage data is available in table 6.4.

All biosolids produced this year were stockpiled, no biosolids were reused.

## Sustainable water strategies

### 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 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.

### Conservation and water recycling

Westernport Water provides recycled water to customers at a lower price than potable water. It also reduces the discharges from wastewater treatment plants to receiving environments (ocean or creek discharge). Westernport Water's Recycled Water Strategy provides a pathway for achieving recycled water targets in our region. For further information please refer to the Circular Economy Outcomes and Sustainable Water Use sections of this report.



*Recycled water traveling irrigator.*

## Corporate water consumption (L2b)

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. During the reporting period a small number of alerts were received, identified and resolved.

**Table 6.5: Corporate water consumption**

Indicator	2022-23	2021-22	2020-21	2019-20	2018-19
W1. Total water consumption (kilolitres)	536 <sup>1</sup>	317	219	473	490
W2. Units of office water used per FTE (kilolitres/FTE)	6.12	3.98	2.8	5.6	6
W3. Units of office water used per office area (kilolitres/m2)	0.55	0.33	0.23	0.4	0.5

### Notes

1. The increase in total water used is due to staff returning to the Newhaven Office on flexible working arrangements after a period of restrictions and reduced access.

## Environmental statutory obligations (L4)

**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 2022-23 to exclude livestock and prepare for revegetation planting. Together with Melbourne Water, Westernport Water provided approximately \$18,000 in funding with Melbourne Water to support these fencing and revegetation efforts centred around Guys Creek.

**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 wetland of international importance, with a range of habitats and associated mangrove, salt marsh, sea grass, reef and soft seabed communities.

### Sewerage Planning

As part of the wastewater asset management plans, Westernport Water is continuously investigating growth impacts within the service area. A 2023-33 wastewater system review has highlighted various capacity improvements to ensure the serviceability of growth. In addition to the 10-year plan, forecasted long term development in the San Remo catchment has initiated discussions with Bass Coast Shire Council on feasibility studies, and investigations into sewerage upgrade options.

### Management of irrigation runoff

As part of the management of Westernport Water's irrigation land, runoff from the irrigated land was minimised by process monitoring (visual inspection as well as automated water application based on soil moisture). Any runoff from the irrigation of Westernport Water's land is captured and pumped back into the treatment plant so that there is no runoff from Westernport Water's land. This is to prevent any runoff entering local drainage channels.

### Solids loading for Western Port

The Victorian Government has placed an annual cap on the mass of suspended solids permitted to enter Western Port (SEPP Waters 2018). Compliance with the licence conditions for CWTP and KRWTP in terms of volume and water quality enables us to ensure that the contribution of our treatment plants to the mass of suspended solids remains negligible.



*Settling pond at King Road Wastewater Treatment Plant.*



# 7. Compliance

## Bulk water entitlements

Under Ministerial Reporting Direction 08, 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.

The standard reporting template for Westernport Water's three Bulk Entitlements (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 7.1.

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

Candowie Reservoir reached capacity on 14 August 2022 and 2,154 ML was spilled over 63 days during this period. In accordance with the environmental flow conditions of the BE, 494 ML was released. The environmental flow enhances the downstream creek environment, assisting the flora and fauna to remain healthy.

**Bass River BE** was not used during 2022-23. Westernport Water complied with all conditions of the BE during the reporting period.

**Greater Yarra System – Thomson River Pool BE** was used during 2022-23. 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. A total of 265.02 ML was extracted from the Greater Yarra System in 2022-23.

In 2022-23, South East Water (SEW) and Westernport Water undertook reciprocal trades of 0.02 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 zero ML trade. This is required because Westernport Water does not hold an entitlement to desalinated water. This ongoing administrative process was agreed between DECCA, South East, South Gippsland, Melbourne and Westernport Water. The volume of water extracted from the Greater Yarra System whilst the Victorian Desalination Plant was offline was 265 ML.

The latest information from the resource manager is that Westernport Water has a water allocation of 1,121 ML, a carryover of 3,273 ML, and a balance of available water of 4,395 ML (equivalent to 24 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.



*Candowie Reservoir's first spill for the season on 28 June 2023.*

**Table 7.1: Water consumption**

BE (Westernport) Conversion Order			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 <sup>1</sup>	Amount taken ML/y	Annual environment flow ML <sup>3</sup>	Amendment of programs
Tennent Creek	Candowie Reservoir	2,911	13.2	5.0 winter 0.1, summer 7.5 fresh	4,586	2,096	494	No
			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
			No	No	No	No	No	No

BE (Westernport – Bass River) Order 2009 <sup>3</sup>			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 <sup>2</sup>	Amendment of programs	Amount taken ML/y	Entitlement transfer from	Entitlement transfer to
Bass River		3,000	12	Yes	No	0	No	No
			11.1(g)	11.1(h)	11.1(i)	11.1(j)		
			Entitlement amendment	New entitlement	Failure to comply	Difficulties and remedial actions		
			No	No	No	No		

BE (Greater Yarra system – Thomson River Pool – Westernport Water) Order 2014 <sup>3</sup>			16.1(a)	16.1(b)	16.1(c)	16.1(d)	16.1(e)	16.1(f)
		Bulk entitlement ML/year	Amount taken ML/y	Water allocation and carryover ML	Entitlement volume compliance	Entitlement transfer	Metering program	Entitlement amendment
Greater Yarra System – Thomson River Pool		1,000	265.02	4,395	Yes	Yes <sup>4</sup>	Yes <sup>5</sup>	Yes
			16.1(g)	16.1(h)	16.1(i)			
			New entitlement	Failure to comply	Difficulties and remedial actions			
			No	No	No			

**Notes**

1. Water storage level at 30 June 2023.
2. Daily flow in waterway must exceed 40 ML/d during any extraction periods.
3. Environmental flow released through the environmental flow pipeline.
4. Reciprocal temporary trade with South East Water of 0.02 ML, further details on pg. 41.
5. Metering program review commenced in 2022 will be completed Oct 2023.

# 8. Customer and community outcomes

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

## Aligned Corporate Plan (2022-27) initiatives:

- Develop Year 1 of the Performance Stewardship Strategy.
- Completion of the Price Submission for the Essential Services Commission's 2023 Price Review.
- Development of new Reconciliation Action Plan (RAP) following successful delivery of Innovate RAP 2020-22.
- Identify opportunities to realise business improvements and efficiencies as part of the Gippsland Regional Water Alliance.

We take immense pride in our commitment to delivering exceptional customer and community-focused engagement. Our ability to effectively reach a significant portion of our customers through various engagement methods and communication channels sets us apart.

## Customer commitments and the completion of the 2018-23 price period

In 2018, Westernport Water worked with its customers to identify a set of five-year customer commitments across four priority areas that were considered to be important. Annual performance against each commitment assists customers to understand whether they are receiving value for the prices that they pay. This initial five-year period has now concluded, and Westernport Water has met 8 out of 14 customer commitments for the five-year period. In the last 12 months, Westernport Water sustained or improved its performance in 11 out of 14 measures proving that corrective actions throughout the period are working. Furthermore, we also achieved our best result on record for customer satisfaction with drinking water.

From 2023, Westernport Water will be introducing a new customer commitment framework, with 20 measures across six priority areas. Performance against each will now be overseen by a customer panel that will report directly to the community following its evaluation.

## Customer and community engagement (C2)

We were delighted that Westernport Water's Price Submission 2023-28 was one of two Victorian Water Corporations to receive preliminary approval from the Essential Services Commission.

In short, our customers expect that water and wastewater services are delivered in an accessible, reliable, efficient, and safe manner, with a focus on water quality, the environment, and affordability. The early decision from the ESC recognises our commitment to engaging with customers and the community and incorporating their valuable feedback into the pricing process. The ESC final decision rated Westernport Water's price submission as Standard under the economic regulator's model which was consistent with our self-rating.

The outcomes framework for the 2023 Price submission reflects the priorities and expectations of our customers, providing a clear link between our customer engagement findings and our projects, service levels and activities.

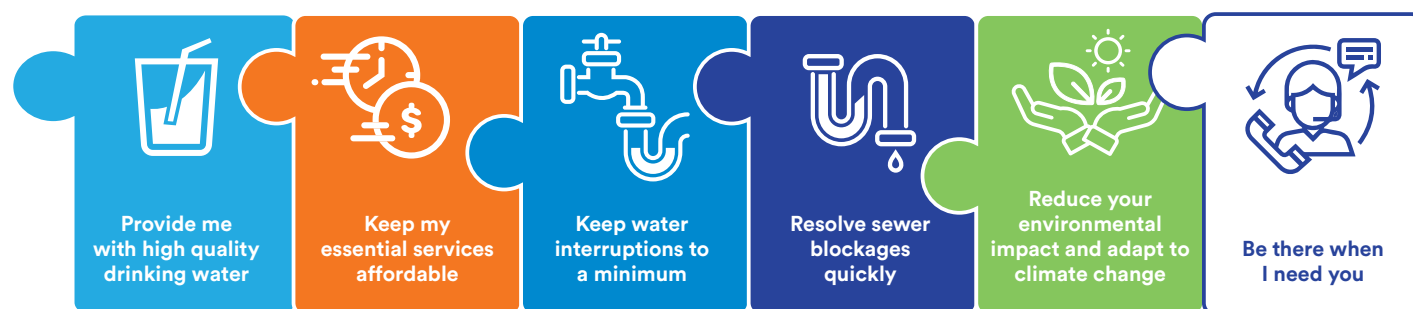
The framework includes six customer outcomes, with 20 commitments to our customers that will be reported on annually via the Annual Watermark. While the framework provides clarity for customers in the way it identifies the areas that matter and contribute to customer value, it also signals to our workforce how their daily work contributes to customer priorities.

## ESC Water price review final determination summarised

Westernport Water has committed to improving customer outcomes, with a focus on water quality and the environment. We plan to deliver the following outcomes for customers:

- Provide high-quality drinking water
- Reduce our environmental impact and adapt to climate change
- Resolve sewer blockages quickly
- Keep water interruptions to a minimum
- Be there when needed
- Keep essential services affordable.

**Figure 8.1: Customer Commitments 2023-28**



### Tariff structures

Tariff structures have generally remained the same, but with some increase in variable water charges to provide customers with greater bill control. For water services, this includes a fixed service charge and a variable component that depends on water use. To enable a reduction in the fixed water service charge the variable water charge increased slightly. Our engagement identified that customers supported a minor adjustment to the balance of these charges to provide them with greater bill control. For residential and non-residential sewerage services, customers will continue to receive a fixed charge only.

### Prices for the 2023-28 period

A 0.3 per cent increase was proposed by Westernport Water as part of our 2023-28 Price Submission which has subsequently been approved by the ESC. In addition, adjustments of seven per cent have been made to prices to align with inflation and the average cost of debt. As such a combined price increase of 7.3 per cent was applied for 2023-24. Maintaining affordability and providing excellent customer support remains a priority at Westernport Water. We understand the importance of delivering reliable services at reasonable prices and are committed to finding efficiencies, engaging with our customers, and implementing measures that protect those who may be facing financial hardship. We also encourage anyone experiencing hardship or seeking support to reach out to our Customer Care Officer on 1300 720 711.

### Establishment of a customer panel

A customer panel will be appointed by Westernport Water each year to provide commentary on our performance against our outcome commitments. If outcome targets are missed over consecutive years, we will provide a corrective action plan to explain to customers how performance will improve. Additionally, we will return funds to the community if targets are not met.

### Customer rebate

Following the conclusion of the 2018-23 Price Period, we reviewed our performance in accordance with our unique performance framework that was co-designed with our customers back in 2017. Whilst we performed well in the majority of areas, we recognise that we fell below our targets in select areas, including the number of water quality complaints, and recycled water reuse. As a result of falling below our agreed standard in these areas, Westernport Water paid residential owners a \$20 performance-based rebate funded from efficiencies. This was provided to customers in their first bill in the 2023-24 financial year. Further performance details will be provided to customers in our Annual Watermark, which will be released in October 2023.

### Ongoing engagement

Following the pricing submission engagement process, Westernport Water continued to engage with customers, community and Traditional Owners through a range of activities including water cafés, events, reconciliation forums, community meetings, working groups, tours, project briefings, Choose Tap, education and the Schools Water Efficiency Program.



*Pricing Submission Customer engagement campaign.*



## Customer Satisfaction (C1)

### Customer satisfaction and the ESC customer perceptions survey



Pricing Submission engagement session.

The Commission surveys approximately 6,000 customers every 12 months across the 16 urban regional water corporations on four key areas: value for money, reputation in the community, level of trust and overall satisfaction. The quarterly survey results provide a customer sentiment comparison between water corporations, providing insight into whether customers believe that they are receiving customer value.

The ESC surveyed 5,800 water customers across the 16 state-owned urban and regional water corporations on the four areas below. Customers rated each area out of 10.

The ESC used automated robocalls to conduct the surveys of 100 customers from each urban and regional water corporation (except for the two smallest water corporations, Westernport Water and South Gippsland, where they only surveyed 25 customers).

While surveying 25 customers each quarter might give Westernport Water some insights, the results are not statistically reliable for drawing conclusions about the entire customer base.

For more information visit [www.esc.vic.gov.au/how-customers-rate-their-water-business](http://www.esc.vic.gov.au/how-customers-rate-their-water-business).



**Value for money** – average rating: 5.9 (across the sector, scores ranged from 5.6 to 6.7)



**Reputation in the community** – average rating: 6.4 (across the sector, scores ranged from 6.1 to 7.1)



**Level of trust** – average rating: 6.3 (across the sector, scores ranged from 6.0 to 7.0)



**Overall satisfaction** – average rating: 6.2 (across the sector, scores ranged from 6.2 to 7.2).

### Regional Water Alliance Customer Satisfaction Survey Results

Westernport Water undertakes annual customer satisfaction surveys to identify and evaluate customer perceptions, measure performance and inform future activities and initiatives. The annual telephone survey has provided source data for key corporate performance indicators since 2014. Research is conducted by an independent contractor on behalf of participating water corporations in the regional 'Water Alliance' who together survey 2,400 customers annually.

Surveying has traditionally been done over the phone, seeking customer insights on Community Reputation, Value for Money, Trust, Overall Satisfaction and Tap Water Quality. The collaborative survey approach enables us to benchmark, compare and measure our performance against six other Victorian Water Corporations and continually track and monitor results for any changes or insights into our performance.

While telephone surveys were once a popular method for collecting customer insights, they are now seen as outdated and less effective than other methods for collecting customer insights. As such, we undertook a pilot project to test the effectiveness of email to proactively reach out to customers. The email pilot project captured data from over 670 customers total across five participating Water Corporations. The pilot study proved that email was quicker, more efficient and response rates proved much higher than telephone methodology.

**Figure 8.2: Overall customer satisfaction level (%) for the services provided**



#### Note

- Customer satisfaction results are obtained from a random sample of 400 customers using a telephone survey method and include Very satisfied, satisfied, and neutral responses, 93 per cent satisfied compared to 95 per cent for the Regional Water Alliance average across seven water corporations.

## Customer satisfaction survey results 2022

The five-year average for customer satisfaction remains above our 90 per cent target at 94 per cent, during 2022 customer satisfaction results were recorded at 93 per cent, a three per cent decline on the previous period 96 per cent. A decline in satisfaction is not uncommon after a sustained customer engagement program like we undertook in 2021-22 for the pricing submission. The extent and reasons for the decline are not clear, however, one known impact driving the decline appears to be linked to price and the cost of living combined with CPI increases prior to the survey, this is reflected in customer perceptions for value for money which declined by nine per cent. According to customer feedback, we performed consistently across a range of metrics, and satisfaction with Westernport Water as an essential service provider remains positive. Westernport Water remains committed to using customer insights and feedback to ensure our services meet customer expectations.



### Satisfaction with tap water:

**Yes**  
2022 **75%**

(2021 – 66%)

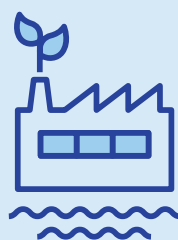
### Overall satisfaction as service provider

2022 **4.0**  
out of 5



(2021 – 4.0)

avg.  
rating



### Service reliability and satisfaction with wastewater:

2022 **97%**

(2021 – 97%)

### Overall satisfaction

as displayed in Figure 8.3

2022 **96%**



(2021 – 93%)



### Valued member of the community?

**Yes**  
2022 **63%**

(2021 – 63%)

### Level of trust – Net Promoter Score

2022 **-1**



(2021 NPS score -1)



### Value for money – average rating:

**Yes**  
2022 **59%**

(2021 – 68%)

## The Victorian Water Efficiency Strategy (VWES)

The VWES brings 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 2022-23 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; promotion of Water Night
- standardised website messaging
- comparative consumption data – on bills and website
- customer care programs
- Choose Tap campaign.



*Water refill station initiative making access to water easier.*

## Choose Tap

Westernport Water has been a member of the Choose Tap Coalition for many years. This coalition comprises various councils and water corporations from across Australia, all working together to promote the Choose Tap campaign nationwide. By collaborating, we share knowledge, resources, and leverage a consistent and widely recognised brand and message. Westernport Water has achieved notable successes as part of the Choose Tap initiative during this period including:

Continuation of the Prep Water Bottle Initiative in all local primary schools, distributing 283 stainless steel water bottles in January 2023. 150 plastic reusable drink bottles were also donated to year seven students starting at the San Remo campus of Bass Coast College.

Strengthening the South Coast Water Partnership to advance the internal and external promotion of the Choose Tap campaign messages, that local tap water is clean, safe, and good for our health. Partnership member organisations collaborated on the annual summer social media campaign featuring Choose Tap messaging and begun drafting collateral for internal promotion. As the list of members changed, organisations will re-sign the Joint Statement of Commitment and continue the partnership in 2023-24.

## Schools Water Efficiency Program (SWEP)

SWEP provides Victorian primary and secondary schools with data loggers on their water meters, linked to an online portal which gives 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.

Eight of the nine schools in the service area continue to be registered to the SWEP program, with seven of these schools receiving email alerts for higher than usual water usage and possible leaks during 2022-23. This was a saving of an estimated 1.1 million litres of water, at a cost of \$1,903. Since the beginning of the program in 2012, local schools have saved 35.5 million litres of water at an estimated avoided cost of \$55,300.

## Social sustainability (C2)

**Table 8.1: Social sustainability reporting**

Through our collective customer care program our customers received a total value of \$1,061,548 of water and sewerage concessions, utility relief grants, rebates for not for profits, customer care grants and high usage leak allowances.

Performance indicator	2021-22 (\$)	2022-23 (\$)	Notes
Water and sewerage concessions	921,794	932,655	
Rebates for not-for-profit organisations under the water and sewage rebate scheme	27,046	24,052	1
Utility relief grant scheme payments	26,416	73,482	2
Customer Care grant (Hardship relief grant) scheme (Sewerage and Water Connection Scheme)	12,750	13,530	3
High usage leak allowance (HULA) <sup>3</sup>	46,281	17,779	4
Water concession for life-support machines	0	0	5
<b>Total community service obligation provided</b>	<b>\$1,034,242</b>	<b>\$1,061,548</b>	

### Notes

1. Rebates to not-for-profit organisations have decreased slightly from last year. We assume this is because funding has ceased for some not for profits.
2. Significant increase in assistance to customers who qualify for a Utility Relief Grant.
3. Customer Care Grants have slightly increased from last year, indicating more customers are requesting additional assistance due to financial pressures.
4. We have seen a decrease in the amount of HULA's awarded from last year (120) with less claims (80) totaling a smaller value in each claim.
5. We do not currently have any customers who access a water concession for life support machines.

### Customer care

Continued support was offered to customers experiencing the financial impacts of cost-of-living increases. Debt collection and restriction activities remained paused. 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 Customer Care Grants, Utility Relief Grants and concession rebates.

In addition to existing support provisions, customers were provided with the option of payment extensions for up to three months and 228 Customer Care (Hardship) Grants totalling \$13,580 were awarded to customers experiencing financial difficulties, an increase of \$780 compared to the previous financial year.

At the end of the financial year, there were 211 customers in our Customer Care program who were on an instalment plan. Awareness of support continues to improve with 93 per cent of surveyed customers indicating that they would be comfortable reaching out if they were struggling.

### Community rebate program (housing retrofit)

The Community Rebate Program offers free water efficiency audits from a licensed plumber. The program was on hold during 2022-23 while we sought to appoint a new contractor and re-started for 2023-24. It has been restarted for 2023-24 and there is \$14,757 remaining in the program to assist customers in reducing their water use. Under the Program eligible customers may receive assistance of up to \$750 for agreed products or services. The Program does not provide subsidies for bills but assists customers on a concession or payment arrangement to reduce water use and utility costs.

### Utility Relief Grants Scheme

Utility relief is available to low-income customers or customers experiencing unexpected financial difficulties. 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, \$73,482 of payments were granted to customers experiencing unexpected hardship under the scheme.



### High Usage Leak Allowance

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. Only one water bill rebate will be offered per customer, per property per five-year period for eligible water loss events. Customers may make one claim for either a single leakage event or a single unexplained high usage event within a five-year period. Claims for both a leakage event and an unexplained high usage event cannot be made within a five-year period. The High Usage Leak Allowance Scheme provided \$17,779 of relief for 80 customers during the reporting period.

### Community support – sponsorship

The 2022-23 period observed sponsorship and donations amounting to \$50,846.97, alongside in-kind support, resulting in a total community value of \$76,755. Our involvement in 51 community stakeholder engagements, 34 sponsored events, 24 educational engagements and the provision of 27 sponsorships or donations demonstrates our dedication to fostering active community participation.

Most of this support was provided through the Community Support Program (CSP), which played a pivotal role in providing over \$35,000 to 17 local community not-for-profit organisations. These funds were allocated for projects or events that aligned with our commitment to fostering a more sustainable community.



Community Support Program recipient, Kids are Catalyst program.



Grade Prep Water Bottle Program 2023.

### Education

As restrictions lifted, we have had the opportunity to welcome back community groups and schools to our sites for tours and excursions. During this period, three school groups visited CWTP, and one walking group had access to KRWTP. We successfully delivered a total of 24 educational engagements in the 2022-23 period.

Four sector wide campaigns that remain a focus for Westernport Water are: Choose Tap; the 3Ps; National Water Week; and Target Your Water Use. These campaigns are integral to Westernport Water's efforts in promoting sustainable water practices, raising awareness about water conservation, and encouraging responsible water use within the community.

Westernport Water actively participates in National Water Week (NWW), a national initiative that promotes water conservation and sustainability. During the annual campaign, various events and educational activities are organised to engage the community and raise awareness about responsible water use, in particular the NWW Poster Competition for local primary school aged children.

### Learning opportunities for the community

Westernport Water supported a local student to complete a week of work experience. A detailed program was developed to provide exposure to several areas of the business that aligned with the student's subjects of interest. The program was highly successful and will continue for future placements.

### Telephone interpreter services

At Westernport Water, we recognise the importance of effective communication in providing exceptional service to all our customers. Understanding that language barriers can hinder seamless interactions, we are proud to offer this valuable service which is designed to cater specifically to non-English speaking customers. This free service aims to remove or reduce barriers to accessing support and information about water and wastewater services when needed.

# 9. Aboriginal Values

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

## **Aligned Corporate Plan (2022-27) initiatives:**

- Deliver Year two of the Diversity and Inclusion Strategy 2021-24.
- Development of new Reconciliation Action Plan (RAP) following the successful delivery of our Innovate RAP 2020-22.
- Continue to participate in Catchment and Regional Integrated Water Management outcomes.

## **Supporting Aboriginal self-determination (ACI and AC2)**

The concept of self-determination holds profound significance for Aboriginal and Torres Strait Islander peoples and we recognise that we have a lot of work to do to support self-determination. Self-determination embodies the inherent right of Aboriginal and Torres Strait Islander communities to govern themselves, make decisions about their own future, and uphold their unique cultures, traditions, and ways of life. The following section explores the engagement activities and initiatives that Westernport Water do to support self-determination, reconciliation, and positive social change.



*Bridge Walk for Reconciliation July 2022.*

## **Victorian Aboriginal businesses engaged**

During the reporting period, we are pleased to report that we engaged ten Victorian Aboriginal businesses with a total spend of \$355k (excl. GST), this is a 250 per cent increase in activity with Aboriginal businesses compared to the previous reporting period.

## **Cultural heritage and contracts**

Cultural heritage management plans (CHMP) are prepared by Westernport Water to protect Aboriginal cultural heritage. During the reporting period, we engaged local certified supplier Kaptify to provide cultural heritage advice for the Archies Creek Water Main Renewal project which is due to be undertaken in October 2023. Due to the smaller capital program for the year, there were no further requirements to undertake cultural heritage assessments in 2022-23.

## **Partnerships with Traditional Owners**

### **The Bunurong Land Council Aboriginal Corporation – Registered Aboriginal Party**

We acknowledge and respect Aboriginal and Torres Strait Islander peoples as the first Australians. We provide services on the traditional lands of the Bunurong people. 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 members 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, we strengthened engagement with the BLCAC, and socialised opportunities to work with one another on projects and reconciliation and other fee for service work to be outlined in a Service Agreement. Westernport Water is actively working to strengthen relationships with the Bunurong Land Council and identify mutually beneficial opportunities for the years ahead.

### **Traditional Owner and First Nations Water Industry Working Group**

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.

Westernport Water actively engages with the Traditional Owners and the Victorian Water industry through the First Nations Water Industry Working Group, to make sure the aspirations of the Bunurong people are highlighted in water strategies and planning in Bunurong Country and delivered in partnership with the relevant water corporations and government agencies.

The working group played a vital role in developing the Water is life: Traditional Owner Access to Water Roadmap. We are dedicated to fostering partnerships with Traditional Owners, with a focus on increasing water access and participation in water management. Recognising the significance of water for Aboriginal Victorians, we support their involvement in Victorian water planning and management frameworks while respecting the rights and interests of Traditional Owners.

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.

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.

Moving forward, Westernport Water will continue to explore opportunities for greater Aboriginal and Torres Strait Islander participation in land and water management and will work in collaboration with the Bunurong Land Council, Registered Aboriginal Party, to explore potential options.



*Flags on display at the Walk for Reconciliation.*

### **Walking together for Reconciliation – A partnership approach**

The Bass Coast Reconciliation Network (BCRN) is a collective of organisations in the Bass Coast region. BCRN members include the 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. During the year the BCRN expanded its partnership to include the following organisations, Myli My Community Library, West Gippsland Catchment Management Authority and South Gippsland Water as event partners.

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 the Aboriginal and Torres Strait Islander community.

The BCRN's primary objective is to actively engage in actions that promote reconciliation. Together, we share our time, resources, and knowledge to create a meaningful impact. Serving as a conduit for organisational and community networking, we facilitate connections and foster collaborations. Our focus extends beyond individual initiatives, as we strive to enhance the knowledge and understanding of reconciliation within partner organisations and the broader community. By driving positive social change, we aim to contribute to a reconciled and harmonious society. Through our united approach, we present a strong and cohesive front, demonstrating our commitment to reconciliation as a collective force.

Through the regional reconciliation partnership, we aim to empower Traditional Owners and Aboriginal and Torres Strait Islander people, involve them activities that impact them and include their input where possible.



## Reconciliation and our Action Plans (AC3)

### Reconciliation Journey

Westernport Water officially commenced its reconciliation journey back in 2015 with the preparation of a business plan to support its commitment to engage with First Nations Peoples and commence its reconciliation journey. From there we:

- devoted two years – 2016-17 to relationship building and engaging on the development of our first RAP
- launched our first RAP a Reflect RAP – May 2018
- had our second RAP an Innovate RAP endorsed July 2020
- concluded our Innovate RAP – July 2022
- engaged on the development of our third RAP, Innovate RAP 2.0; and
- are consulting to have our Innovate RAP 2.0 endorsed in September 2023.

Our reconciliation journey over the last eight years has been challenging, rewarding and thought-provoking. We have made positive progress, particularly in developing genuine, trusting relationships and improving Aboriginal and Torres Strait Islander employment and supplier opportunities at Westernport Water.

Throughout our journey, employees and stakeholders have acknowledged how they have gained a better understanding of Aboriginal and Torres Strait Islander cultures, histories, and communities and how this has contributed to creating a welcoming and culturally rich and inclusive workplace while driving social change within the community. Further information is provided in the section titled 'Australian Reconciliation Barometer'.

Earlier in the year we officially concluded our Innovate RAP and since our engagement efforts have focused on strengthening relationships and making progress in the development of our third RAP, Innovate RAP 2.0. A key accomplishment has been maintaining momentum and strong representation of members on our working group who bring extensive knowledge and experience.

In our pursuit of reconciliation, we are actively working to foster meaningful relationships and drive positive change through a range of initiatives in our organisation and the community. These include establishing partnerships, leading community events, implementing employee cultural awareness programs, providing employment opportunities, engaging with the wider community and measuring the effectiveness of our efforts which includes annual reporting, surveys and participation in the Australian Reconciliation Barometer through Reconciliation Australia.

### Innovate RAP 2.0

Westernport Water's Innovate RAP 2.0 is a significant commitment by our organisation, employees and community to contribute to reconciliation in Australia. The soon to be endorsed Innovate RAP 2.0 outlines our strategies, actions, and goals in promoting understanding, respect, and opportunities for Aboriginal and Torres Strait Islander peoples.

Our RAP reflects our dedication to reconciliation, we are proud to embrace this important journey toward reconciliation and aim to make a lasting impact within our organisation and the communities we serve.



*RAP Working Group member meeting.*

### RAP Working Group (RWG)

Westernport Water's RWG is the driving force behind reconciliation activities and provides a forum to engage with Aboriginal and Torres Strait Islander Communities, reconciliation stakeholders and the Board. The RWG works towards delivering RAP commitments and being champions for reconciliation across the corporation and the community. The RAP Working Group comprises 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.



*Sorry Day Smoking Ceremony 2023.*

### Community engagement and reconciliation efforts

During the year, Westernport Water supported an annual program of events with the BCRN with four major events, acknowledging and celebrating dates of significance for Aboriginal and Torres Strait Islander peoples. Among these efforts, we proudly highlight our commitment to community engagement and reconciliation, fostering meaningful connections and promoting a reconciled future. Some of the initiative included:

- The NAIDOC Week Art Show, an annual event held in July that celebrates the rich culture, heritage, and artistic talents of Aboriginal and Torres Strait Islander peoples. NAIDOC Week, an annual observance in Australia, honours the history, achievements, and contributions of Aboriginal and Torres Strait Islander people.

The Art Show serves as a platform to showcase diverse artworks that encapsulate the stories, traditions, and contemporary experiences of Aboriginal and Torres Strait Islander communities. Artists from the Bass Coast region and beyond are invited to display their creations, including paintings, sculptures, textiles, and other forms of artistic expression. Artists are also able to feature and sell their art online in an online portal established to support Indigenous artists in the region. During July 2022, we held the largest ever bridge Walk in Bass Coast with well over 1,000 people in attendance marching for Reconciliation.

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

- Hosting a Sorry Day event and acknowledging the strength of Stolen Generations Survivors. This occasion serves as a solemn remembrance of the Stolen Generations while promoting truth telling as a means to foster healing and reconciliation. National Sorry Day, also recognised as the National Day of Healing, annually acknowledges the profound impact of the forced removal of Aboriginal and Torres Strait Islander children from their families, communities, and cultural heritage. It stands as a testament to the resilience and strength of those affected and emphasises the importance of acknowledging past injustices to pave the way for a harmonious future.
- Celebrating National Reconciliation Week by co-hosting a Community Panel Forum with two special interactive discussion panels to raise awareness on how to become a champion for reconciliation. This event held in early June was themed “Be A Voice for Generations” and encourages everyone to act today for a reconciled tomorrow. The event was hosted by the Bass Coast Reconciliation Network with the support of Reconciliation Victoria.



*Reconciliation Victoria CEO Nicole Findlay, Uncle Anthony Egan, Mungadi and Patrice Mahoney, Jarrod and Jill West from the Bunurong Land Council at the National Reconciliation Week Community Forum.*

### Workplace RAP Barometer

The Australian Reconciliation Barometer (ARB) is a national research survey conducted every two years by Reconciliation Australia. The survey looks at the relationship between Aboriginal and Torres Strait Islander peoples and other Australians, and how perceptions affect progress towards reconciliation. The ARB provides Westernport Water a unique and valuable opportunity to better understand the impact of our RAP on employees' attitudes toward and perceptions of reconciliation and focuses on assessing our performance compared to like RAP organisations with RAPs at similar levels.





*Aboriginal and Torres Strait Islander Community lead 1,000's of people for the Bridge Walk for Reconciliation.*

Pleasingly, Westernport Water's results compared very positively, when benchmarked against other participating organisations at the same RAP level, with staff perceptions rating well above the national average on nearly every metric. Provided below are some highlights.

- 100 per cent of staff believe that Westernport Water has a strong visible stance against prejudice and racism both internally and in the community, although, a small percentage indicated awareness of prejudice/ racism in the past 12 months, and policy effectiveness was in doubt by a few.
- Reconciliation Australia report that 57 per cent of First Nations people believe that Australia remains a racist country, a view shared by 42 per cent of non-Indigenous respondents, and 41 per cent of Westernport Water staff, with 50 per cent of staff neither agree or disagree.
- The majority of respondents believe it is important to undertake formal truth-telling processes in relation to Australia's shared history and past issues of European colonisation. Knowledge of Voice, Treaty, Truth was very strong.
- Nearly all staff indicated that they know whom the Traditional Custodians are and that they would be comfortable taking part in or giving an Acknowledgement of Country which is a credit to Westernport Water's continued focus.
- Significant interest was shown from respondents to get involved with activities that support reconciliation and cultural understanding, indicating that there are opportunities to get involved at Westernport Water.
- Relationships between First Nations employees and non-Indigenous employees are good and staff feel that most senior leaders at Westernport Water are prominent champions of reconciliation.

# 10. Recognising recreational values

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



Phillip Island Community Orchard 2022.

## Aligned Corporate Plan 2022-27 initiatives:

- Completion of price submission for the Essential Services Commission's 2023 Price Review.
- Development of new RAP following the successful delivery of Innovate RAP 2020-22.
- Continue to participate and implement Catchment and Regional Integrated Water Management outcomes.

## Recreational values (Rec1)

Westernport Water is a small water corporation that has limited opportunity to provide access to its water catchment and reservoir which are closed to the community. Providing open access for recreation poses several challenges including the protection of water quality, and the need to balance environmental protection and public safety. Due to these challenges and limitations, we are thinking more broadly on ways to ensure that the management of water now and into the future supports healthy environment, thriving community and prosperous economy.

Alternative recreational opportunities and facilities are being carefully considered to accommodate public enjoyment while minimising the impact on the environment and water supplies. Some of the notable ongoing social and recreational activities and initiatives include:

- the ongoing provision of land and funding support for the Phillip Island Community Orchard
- use of recycled water to support high valued community assets
- provision of education trailer to support educational events, tours and outcomes
- provision of permanent and portable community water refill stations
- funding support through our community support program to support social and sustainability outcomes
- providing community access to water and wastewater treatment facilities by appointment with schools and organised groups for bird watching and guided walking groups
- restorative wetlands research project on Phillip Island to improve water quality released to Bass Strait.

## Future activities include:

- consideration of environmental flows from Candowie Reservoir
- restorative wetlands rehabilitation at KRWTP to improve water quality and providing habitat. Currently, a pilot project is occurring at CWTP to inform a restorative wetlands project at KRWTP.
- event based recreational activities, community art projects, wetlands and bird watching.

# 11. Climate change

**Undertake activities and provide services that minimise environmental impacts, reduce greenhouse gas emissions, adapt to climate change, increase renewable energy use, and demonstrate reasonable progress in integrating change adaptation into planning and decision making across the business.**

## **Aligned Corporate Plan 2022-27 initiatives:**

- Deliver final year of Climate Change Strategy Actions 2017-23.
- Finalise and implement new Climate Change Strategy for 2023-28.
- Continue to participate in catchment and regional integrated water management outcomes.

## **Climate change adaptation**

Under the *Climate Change Act 2017* the water sector has been chosen to pilot climate change adaptation plans. DEECA completed its Water Cycle Adaptation Action Plan in 2022, and it's one of seven plans prepared by the Victorian Government for state-wide systems. Water for Victoria Chapter 2 and the Water Minister's LoE highlight the need for water corporations to take the lead on climate adaptation and have their own plan.

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.

Westernport Water initiated its inaugural Climate Change Adaptation Plan during 2018-19. The primary 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, while 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 2022-23, Westernport Water completed adaptation actions for water resilience planning as part of the UWS 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 2023-24,

the next iteration of the Climate Change Adaption Plan will be completed, considering alignment opportunities with DEECA's Water Cycle Climate Change Adaptation Plan 2022-26. Westernport Water continues to identify climate risks and is working across the organisation to ensure a holistic approach is taken and imbedded.

## **Climate Change Strategy and Emissions Reduction Pledge**

Underpinning the Climate Change Adaptation Plan is Westernport Water's Climate Change Strategy and Emissions Reduction Pledge. The second iteration of the Climate Change Strategy 2023-28 was endorsed by the Board in May 2023 and is to be rolled out from July 2023. The strategy was developed to reduce our GGE footprint and change the way we work to ensure the physical impacts of climate change are managed effectively. In May 2021, the Victorian Government released its Whole of Government Emissions Reduction Pledge, committing all government entities to sourcing 100 per cent of its electricity demands from renewable energy sources by 2025, subsequently accelerating reduction targets by 45 per cent. The result of the policy has bolstered Westernport Water's emission reduction pathway as shown in figure 12.1 (A1), where projected emissions reduce to 3,226 tCO<sub>2</sub>-e by 2025, exceeding the target commitment within the SoO-ER of 5,598 tCO<sub>2</sub>-e.

Westernport will develop a Renewable Energy Plan to provide a pathway to net zero scope 2 emission by 2025 which will be completed in 2023-24. Further supporting the Climate Change Strategy to achieve the 90 per cent emissions reduction by 2030, compared with our baseline emissions from 2011-16, and the strategic 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.



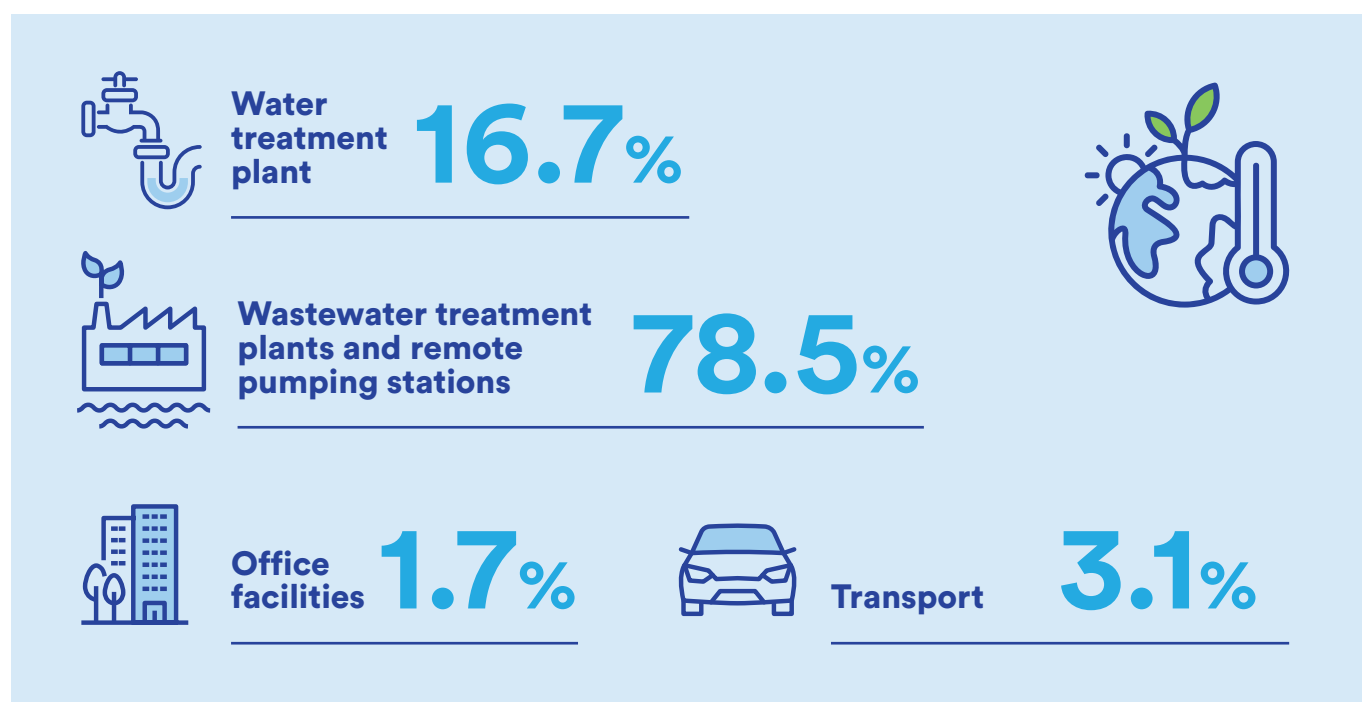
In 2022-23, the Corporation delivered the following actions outlined in the strategy:

- installed a total of 426 solar panels across four sites, which produced a total of 228 MWh, 208 of those MWh were consumed on site, which otherwise would have been sourced from grid-based electricity. This brought Westernport Water's self-sourced renewable energy consumption to five per cent, equivalent to 201 greenhouse gas emissions.
- completed Stage 2 of the Virtual Energy Network (VEN) Pilot, which has provided 61.2 per cent of the energy for our pilot sites. This Pilot enables exploration of virtually sharing energy between sites, as opposed to having to install renewable energy systems at all large consuming sites. Westernport Water can instead focus on the most feasible sites and share from there.
- continued to participate in the Zero Emissions Water (ZEW) Initiative which is a collaborative initiative aimed at reducing greenhouse gas emissions and achieving carbon neutrality within the water industry.

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

- 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.
- Sustainability Victoria awarded Westernport Water with a grant for a feasibility and functional design for a waste to energy project on one of our sites. This feasibility will provide a better understanding of the options to reduce methane gases, which will inform improved wastewater management and the associated greenhouse gases.

## Emissions reported are broken down into scope 1 and 2



**Table 11.1: (A1) Total emissions 2022-23**

Service delivery category <sup>4</sup>	Greenhouse gas emissions (t CO <sub>2</sub> -e)				Variance (%)	Notes
	2021-22 total emissions <sup>4</sup>	2022-23 Emissions				
		Scope 1	Scope 2	Total emissions		
Water treatment and supply	1,015.5	9	1,139	1,148	13	1
Sewage collection, treatment & recycling	4,613	2,934	2,474	5,408	17.2	2
Transport	218	219	0	219	0.5	
Other	127	19	99	118	-7.2	3
<b>Total Emissions (a)</b>	5,074	<b>3,180</b>	<b>3,711</b>	<b>6,891</b>	<b>15.4</b>	
Self-generated offsets retired (b)	–					
<b>Net Emissions (a-b)</b>	<b>5,974</b>	<b>3,180</b>	<b>3,711</b>	<b>6,891</b>	<b>15.4</b>	4

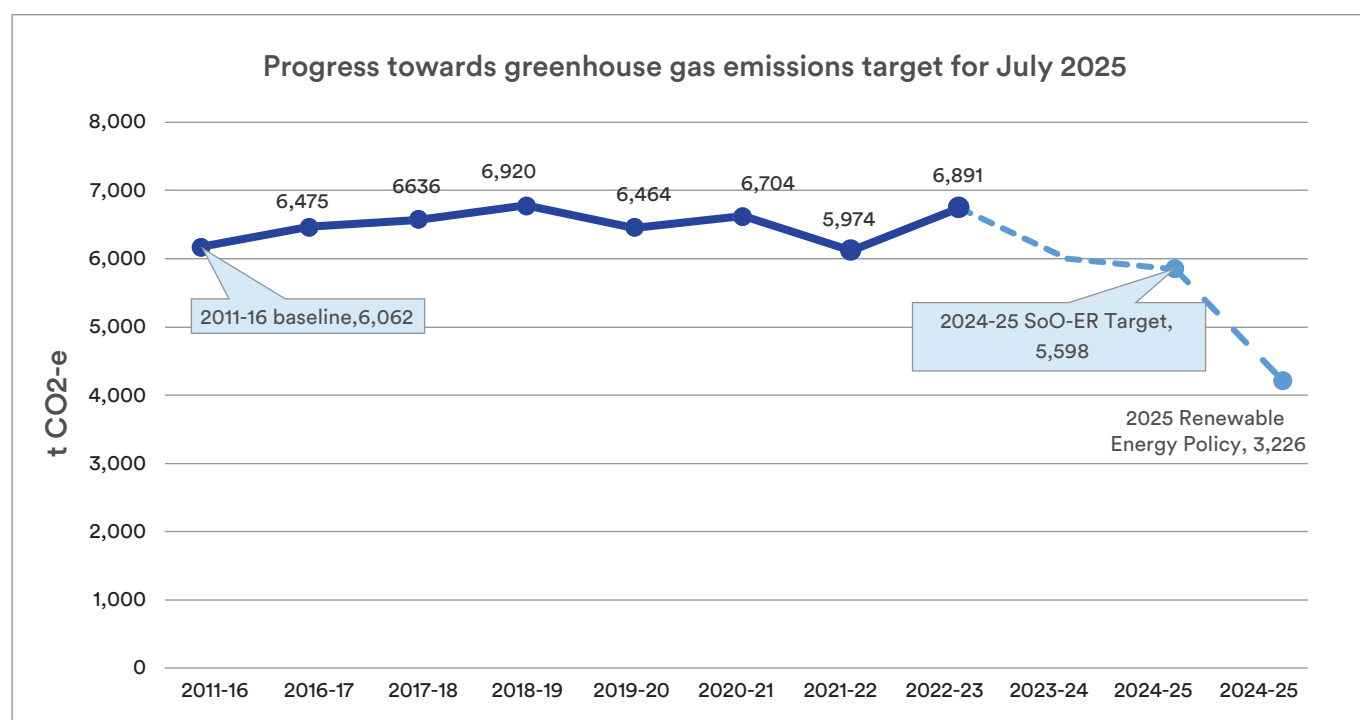
**Notes**

1. Increased treatment in water Scope 2 emissions due to treatment of Algae Bloom outbreaks
2. Westernport Water Greenhouse Gas Emissions (GGE) have increased in comparison to last year due to an increase in fugitive, electricity emissions (direct scope 1 and 2 emissions) from a 14 per cent increase of inflow to Cowes wastewater treatment plant, and 12 per cent increase of inflow into King Road. This is due to impact from greater stormwater entering the wastewater treatment plant from a 90th per centile year, and more demand on treatment. Westernport Water is responding with a comprehensive Inflow and Infiltration Program, targeting known stormwater inflow 'hotspots'.
3. Stationary fuel use has decreased from 2021-22 data, due to the substantial energy demand in 2021-22 required to respond to an unplanned power outage and refuel requirements of generators.
4. No large-scale certificates were surrendered during this reporting period, however planning for future surrenders is underway.

GGE during 2022-23 increased by 917.5 tonnes CO<sub>2</sub>-e from 2021-22 emissions. This is due to additional impacts on wastewater treatment and a 90th per centile rain year. In addition, Large-scale Generation Certificates (LGC) were not surrendered in this reporting period, planning for future surrender is underway. The emissions progress graph below shows how we are tracking in reducing emission targets to meet 2025 targets.



**Figure 11.1 (A4) 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.

This reporting period greenhouse gas emissions have been separated into service delivery categories and refined further into CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O gases as tabulated below.

Wastewater services has the highest emissions due to the energy demand attributed to the CO<sub>2</sub> component of the greenhouse gases of the plant. The predominant gas is methane from the wastewater services from the natural biological processes and decomposition of waste. During 2023-24, a feasibility assessment will be undertaken to look at ways to reduce this CH<sub>4</sub> component of emissions as part of the waste to energy investigation.

**Table 11.2: (A5) Reporting of full breakdown of Scope 1 and 2 emissions by each greenhouse gas**

Performance Indicator <sup>4</sup>	Greenhouse gas emissions (t CO <sub>2</sub> -e)						Notes
	Carbon dioxide (CO <sub>2</sub> )		Methane (CH <sub>4</sub> )		Nitrous oxide (N <sub>2</sub> O)		
	tonnes	t CO <sub>2</sub> -e <sup>1</sup>	tonnes	t CO <sub>2</sub> -e <sup>1</sup>	tonnes	t CO <sub>2</sub> -e <sup>1</sup>	
–Water treatment and supply		1,142		0.01		0.01	1
Sewage collection, treatment & recycling		2,487		2,667		251	2
Transport		217		0.03		1	3
Other (e.g. Offices, depots, etc)		121		0.03		0	4
<b>TOTAL</b>		<b>3,968</b>		<b>2,667</b>		<b>253</b>	5

**Notes**

1. Carbon Dioxide tCO<sub>2</sub>-e is based on emission factor 0.96 (2021-22 FY most recent update), in accordance with NGER released by the Clean Energy Regulator.
2. vehicle emissions for unleaded petrol cars uses the energy content factor 34.2, 67.4 carbon dioxide, 0.02 methane, 0.02 nitrous oxide.
3. Vehicle emissions for diesel vehicles uses the energy content of 38.6, with emission factor for CO<sub>2</sub> of 69.9, CH<sub>4</sub> of 0.01 and NO<sub>2</sub> of 0.5.
4. Stationary diesel is calculated using the same emission factor for diesel as per above.
5. Only these three greenhouse gases are required to be reported on that are representative of our activities.

## Stationary fuel

Sources of emissions from stationary fuel include diesel back-up generators for critical facilities and machinery. Westernport Water collected data primarily through billing information from fuel suppliers. Natural gas is not used on any sites.

Stationary fuel use has decreased from 2021-22 data, specifically diesel, which was due to the substantial energy demand for the 2021-22 reporting period from unplanned power outage preparation and refuelling requirements of generators. Stationary fuel consumption in 2022-23 reduced as a direct result from nil power supply interruptions that threatened our services.

Unleaded fuel, however, has increased significantly and is attributed to internal resourcing and the expansion of site maintenance, that has previously been undertaken by a contractor.

**Table 11.3: Stationary fuel**

Total fuels used in buildings and machinery (MJ)	2022-23	2021-22	Notes
Machinery			
Diesel	429,835	568,234	1
Unleaded	120,139	11,559	2
<b>Total Fuels (MJ)</b>	<b>549,974</b>	<b>579,793</b>	3
<b>Greenhouse gas emissions from stationary fuel (CO<sub>2</sub>-e)</b>	<b>37.56</b>	<b>40.81</b>	

### Notes

1. In 2021-22, greater diesel consumption was required to run the network on generators during large scale power outages.
2. Significant, increase in unleaded fuel this financial year is attributed to internal resourcing of maintenance works across Westernport Waters' three treatment sites. In previous years, external contractors undertook this work.
3. All buildings use electricity only and more detail can be seen in Table 11.6 (B1) of electricity consumption. No natural gas is used and therefore not reported.

Steps to implement reporting for separating stationary fuel between buildings and machinery is expected to be further developed this financial year to coincide with data collection in readiness to fulfill complete reporting requirements for 2024-25 FY.

## Transportation

Our fleet comprises of 33 vehicles, 76 per cent of which are maintenance and operations vehicles requiring power and traction. Nine per cent of vehicles are hybrid, with the intent on increasing this number as the transition to electric vehicle plan will be developed in 2023-24.

**Table 11.4: (T2) Number and proportion of vehicles in the organisation segmented by engine/fuel type**

Total fuels used in buildings and machinery (MJ)	2022-23	%	2021-22	%	Notes
Road vehicles	33				
Passenger vehicles					
<i>Internal combustion engines total</i>	8	24	14	42	1
Petrol	3	–	3	–	
Diesel	5	–	11	–	
<i>Hybrid</i>	3	9	2	6	2
Plug-in Hybrid Electric Vehicle	0	–	0	–	
<b>Range-extended electric vehicle</b>	3	–	–	–	
Maintenance & Operations Vehicles	25	76	19	57	3
<i>Internal combustion engines total</i>					
Petrol	1	–		–	
Diesel	24	–	19	–	
<i>Hybrid</i>					
Plug-in Hybrid Electric Vehicle	0	–	–	–	
Range-extended electric vehicle	0	–	–	–	

### Notes

1. Passenger vehicles include shared pool cars that are listed as corporate in our fleet records.
2. Passenger vehicle unleaded and hybrid are same vehicle and noted under both categories
3. Maintenance & Operations includes vehicles listed as maintenance, operations, and treatment in our fleet records.

The five per cent increase in transport fuel is assumed to be due to an increase in travel for in person events since Covid Pandemic restrictions lifted.

Steps to further improve reporting so we can separate road vehicles from maintenance vehicles, and fuel type and vehicle category, is expected to be developed this financial year so we can fulfill complete reporting requirements for 2023-24 FY.

The change in reporting will enable Westernport Water to understand what contributes to fuel consumption in the future. For further breakdown of the CO<sub>2</sub>-e into each gas, see table 12.2.

**Table 11.5 (T1) Total energy used in transportation**

Total energy used in transportation (MJ)	2022-23	2021-22	Notes
Road vehicles Total (MJ)	3,116,571	3,100,623	1
<i>Fuel Type</i>			
Petrol	237,897	209,430	2
Diesel	2,878,673	2,891,193	
Electricity	0	0	3
<b>Greenhouse gas emissions from fleet (CO<sub>2</sub>-e)</b>	<b>218.77</b>	<b>217.7</b>	

Notes

1. Conversion factors are taken from the National Greenhouse Accounts emission factors.
2. Slight increase in petrol consumption due to increase in travel for in person events since Covid Pandemic restrictions lifted.
3. No electric vehicles in Westernport Waters' fleet however we have three hybrid vehicles.

**Energy consumption and renewable energy production**

During 2022-23, electricity demand increased slightly for the wastewater treatment, recycling and collection service as seen in the table 11.6 (B1) below. The slight increase has been attributed to the 90th per centile rain year resulting from La Niña impacts and the additional wastewater treatment required due to stormwater infiltration into the sewerage system.

**Table 11.6: (B1) Total electricity consumption reporting by service**

Total electricity use	2023-23 (MWh)	2021-22 (MWh)	Notes
Water treatment and supply	1,186	1,228	
Sewage treatment and management	2,577	2,264	
Other (office, workshops, depots)	103	101	
<b>Total</b>	<b>3,866</b>	<b>3,593</b>	

Westernport Water has a demand of 3,886 MWh on the grid which constrains the energy retailer, under the Renewable Energy Target to surrender a per centage of these Large-scale Certificates referred to here as LRET. Subsequently, forcing the retailer to meet their Large-Scale Renewable Energy Target and as a result, our retailer surrendered 730 certificates equivalent to 730MWh as seen in the below tables 11.7 and 11.8.

**Table 11.7: (B3) Total electricity consumption reporting by source**

Total electricity use	2022-23 Electricity consumption (MWh)	2021-22 Electricity consumption (MWh)	Notes
Purchased directly through an electricity retailer	3,866	3,593	
Not directly purchased but sourced from outside the organisation	–	–	
Corporation led/self-sourced activities and initiatives	208	200	1
<b>TOTAL (By source)</b>	<b>4,074</b>	<b>3,794</b>	

Notes

1. This accounts for solar consumption behind the meter.

During 2022-23, the Corporation met 5.5 per cent of its total energy demands from self-sourced renewable energy. This renewable energy generation included 228 MWh from the behind the meter solar installations at the CWTP, KRWTP, Newhaven Head Office and Church Street sewer pump station, in which 208 MWh (or 91 per cent) was consumed onsite.

Although Westernport Water accrued 121 LGCs via the Zero Emissions Water (ZEW) Power Purchase Agreement (PPA) over the 2022-23 financial year, no LGCs were surrendered this reporting period, which contributes to the higher reported net emissions compared to 2021-22 FY. There is, however, planning occurring to surrender LGCs in the near future.

The 50 per cent variance shown below for corporation led/self sourced is correlated directly to the surrender of 368 LGCs in the 2021-22 financial year, which equates to 368 MWh. Westernport Water is planning on surrendering accrued LGCs in the coming years, however this year chose not to. Without the previous surrender of LGCs the total self sourced consumption would be very similar.

**Table 11.8: (B4) Total electricity consumption reporting renewable**

Renewable energy consumption categories	2021-22 renewable electricity consumption	2022-23 renewable electricity consumption			Notes
	MWh	MWh	% of total consumption	Variance between current and previous year (%)	
Total Grid-sourced (LRET)	668	730	18	9	1
<i>Renewable electricity consumption as a result of Corporation led/self-sourced activities and initiatives</i>					
Biogas		–	–	–	
Hydroelectric		–	–	–	
Solar	420	208	5	-50	2
Wind	165	0	–	-100	3
Other renewable					
<b>Total Corporation led/self-sourced</b>	<b>585</b>	<b>208</b>	<b>5</b>	<b>-64</b>	<b>4</b>
<b>Total Renewable Electricity Consumption</b>	<b>1,253</b>	<b>938</b>	<b>23</b>	<b>-25</b>	<b>5</b>

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 01 – Electricity Consumption.
2. Onsite consumption of solar includes 208 MWh from behind the meter solar installations, no export was included in this calculation
3. No LGCs from our ZEW power purchase agreement were surrendered this financial year, plans are being developed for future surrender.
4. Total self sourced behind the meter consumption is decreased due to the nil surrender of LGCs this reporting period.
5. Total renewable energy consumption reached 938 MWh due to solar behind the meter consumption and inclusion of mandatory renewable energy in grid-based electricity LRET.

Four sites now have solar systems installed with an approximate combined rated capacity of 175 kW. In the reporting period, these systems generated a combined 228 MWh and 91 per cent of this electricity was consumed on site. The Corporation has moved to a State Purchase Contract as of 2023-24 that will increase our renewable energy consumption. In addition, further feasibility assessments on constructing other renewable energy assets are occurring informing the development of the Renewable Energy Plan that is underway.

The renewable energy plan will provide a methodical approach as to how best Westernport Water will reach the emission reduction targets and the 100 per cent renewable energy sourced electricity.

# 12. Other disclosures

## Local jobs first

The *Local Jobs First Act 2003* introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) Policy and the Major Project Skills Guarantee Policy which were previously administered separately. Westernport Water is required to apply the Local Jobs First Policy in all projects valued at \$1 M or more for projects in regional Victoria.

During 2022-23, Westernport Water completed one Local Jobs First Standard project totalling \$2.2 M. This project is in the Bass Coast Shire and had a commitment of 92.46 per cent 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 92.46 per cent local commitment was made with 37 SME's, representing 72.55 per cent of all suppliers engaged on this project
- a total of 10.93 standard employees were supported and retained by that supplier.
- a total of 1.21 apprentices 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.

Westernport Water's Social Procurement Strategy developed in 2021, enables a strategic, agency-wide approach on how it will deliver social and sustainable outcomes through procurement in accordance with the SPF and beyond.

Prioritised in the strategy are three SPF objectives 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. The tables below provide the 2022-23 results against our prioritised objectives and any additional objectives.

**Table 12.1: Social procurement**

Objective prioritised	Outcome sought	SPF Reporting Metric	2022-23 Results
Opportunities for Victorian Aboriginal people	Purchasing from Victorian Aboriginal businesses	Number of Victorian Aboriginal businesses engaged	10
		Total spend with Victorian Aboriginal businesses (excl. GST)	\$355,692
Sustainable Victorian social enterprise and Aboriginal business sectors	Purchasing from Victorian social enterprises and Aboriginal businesses	Number of Victorian Aboriginal businesses engaged	10
		Total spend with Victorian Aboriginal businesses (excl. GST)	\$355,692
Environmentally sustainable outputs	Project-specific requirements to use sustainable resources and to manage waste and pollution	Total number of contracts entered with Victorian Government suppliers that have clauses relating to both sustainable resources and to manage waste and pollution	1 – Floating Wetland Pilot Project – Further details pg. 63.
Supporting safe and fair workplaces	Purchasing from suppliers that comply with industrial relations laws and promote secure employment	Number of Victorian Government suppliers that attest to compliance with the supplier code of conduct	6



## Case Study

### Social procurement

In October 2022, Westernport Water advertised an open tender for an appropriately qualified and experienced party to design and construct a floating wetland system, using wetland plant species, on an existing 14 ML effluent storage lagoon at Cowes Wastewater Treatment Plant as part of a Floating Wetland Pilot Project.

The Floating Wetland Pilot Project is an innovative two-year study and the first of its kind to measure the performance of a floating wetland for both water quality and greenhouse gas emissions and aims to provide evidence to support and encourage more nature-based solutions in the water sector.

The CWTP site emitted 2,421 tonnes of CO<sub>2</sub>-e this reporting year, from a combination of CO<sub>2</sub>, methane gas and nitrous oxide generated by biological processes during the wastewater treatment.

The use of wetland plants, combined with other initiatives onsite, will support our emission targets to be net zero by 2035. Other expected benefits from the project include:

- increased biodiversity, wetland vegetation provides habitat and food for birds and wildlife
- enhanced water security, making the best use of recycled water for multiple purposes
- cost-savings – less power consumption through the use of a sustainable nature-based system
- provision of data to inform future projects, such as the large-scale restorative wetland system planned for KRWTP.

Together with scientists from Deakin University and CSIRO, Westernport Water will monitor the plants over an 18-month period to determine how effective they are at absorbing nutrients, which is expected to reduce emissions and contaminants from the water.

For the design, supply and installation of the floating wetlands system, tenderers were tasked with responding to the request to meet sustainable project specifications such as; the floating wetlands must be manufactured from non-toxic, non-degrading materials that are 100 per cent UV-resistant with an expected lifespan ≥ 20 years, all components must be recyclable at end of design life (i.e. minimal or no landfill



*Floating Wetland Pilot Project.*

requirement) and they must allow for installation (and removal) of suitable temporary frames for securing bird netting across the entire wetland.

Following evaluation, Clarity Aquatic was the successful company and was awarded the project. As a technology provider, Clarity Aquatic has formed relationships with engineering and environmental consultants to design specific constructed floating wetlands. Clarity Aquatic continue to work with environmental consultants to conduct research and plant selections for optimum nutrient removal in a variety of scenarios. As part of its proposal, Clarity Aquatic committed to ensure that it uses maximum recycled materials in the manufacture of the wetland modules, that they are UV resistant, do not release microplastics into the environment, have a long life and are fully recyclable at the end of life.

With the inclusion of sustainable requirements within the project specifications, Westernport Water was able to procure the experience of Clarity Aquatic and develop a pilot project with a variety of benefits to our business, the sector and the environment.

## Achievements

While the three prioritised social procurement framework objectives guide our procurement delivery, we are committed to pursuing any opportunities to advance social and sustainable outcomes for Victorians.

To address opportunities for Victorian Aboriginal people, we:

- contributed social procurement actions and commitments in the development of the draft Innovate 2.0 RAP 2023-25
- 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:

- completed a capital program project with an Aboriginal owned business
- utilised Aboriginal business consultants and speakers for our RAP working group and community events.
- To address opportunities for Environmentally Sustainable outputs, we:
  - awarded a contract for an innovative Floating Wetland Pilot Project that utilises non-toxic, non-degrading materials with an expected lifespan >20 years
  - extended the agreement of electricity supply for a sample of small and large sites that form part of a Virtual Energy Network.

## Competitive neutrality

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any advantage arising solely from their government ownership is 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 the government and focuses on efficiency in the provision of service.

## Government advertising expenditure

In 2022-23, there were no advertising campaigns with a total media spend of \$100,000 or greater (excl. GST).

## Disclosure of major contracts

Westernport Water did not award any major contract greater than \$10 M during 2022-23.

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

In 2022-23, there were four consultancies engaged during the year, where the total fees payable to the consultants was less than \$10,000. The total expenditure incurred during 2022-23 in relation to these consultancies was \$17,638 (excl. GST).

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

In 2022-23, there were ten consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred in relation to these consultancies was \$442,082.57 (excl. GST).

Details of individual consultancies can be found on the Westernport Water website and are outlined in table 12.2: Consultancies awarded 01 July 2022 to 30 June 2023.

**Table 12.2: Consultancies awarded 01 July 2022 to 30 June 2023**

Consultant	Purpose	Start Date	Finish Date	Total Approved Project Fee \$ (ex GST)	Expenditure (\$) 2021-22 (ex GST)	Future Expenditure (\$)
CMP Consulting Group <sup>1</sup>	Engineering support services for capital works	Jan 2020	Apr 2023	40,000	111,548.92	0
Employwyer	Employment advice	Nov 2022	Dec 2022	20,372	20,372	0
HBA	Employment advice	Aug 2022	Aug 2022	16,620	16,620	0
Insync Surveys	Customer Survey	Sep 2022	Jan 2023	20,985	20,985	0
Landell ICT Procurement and Advisory Services	ICT project advice	Aug 2022	Jun 2023	12,000	12,000	0
Mott MacDonald Australia	CWTP Master Plan	Jan 2023	Jan 2023	120,982	120,982	0
Price Waterhouse Coopers <sup>2</sup>	Tax and financial advisory services	Jul 2020	Jun 2023	55,000	31,486	0
SMEC Australia <sup>3</sup>	Engineering support services capital works	Sep 2020	Jun 2023	40,000	18,060	0
Triplex Acies Consulting	Business resilience project	Dec 2022	May 2023	20,700	20,700	12,300
Utilities Regulation Advisory	PS23 price modelling and quality assurance	Aug 2022	Oct 2022	69,327	69,327	0

**Notes**

1. CMP Consulting were awarded a 3-year provision of services contract with an estimated value of \$40k each year. There is no committed expenditure in 2023-24.
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 2023-24.
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 2023-24.

## 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 2022-23 reporting period.

### Table 12.3 Information and Communication Technology expenditure

The Corporation undertook one project or initiative during 2022-23 that met the criteria of the “ICT Reporting Standard for the Victorian Public Service” issued September 2015. For 2022-23, total ICT expenditure of \$2,834,933, with the details shown in table 12.3 (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) (\$ 282,873)	Capital expenditure CAPEX (\$792,491)
(Total) (\$1,759,568)	(Total = Operational expenditure & Capital Expenditure) (\$1,075,364)		
<b>\$1,760,000</b>	<b>\$1,075,000</b>	<b>\$283,000</b>	<b>\$792,000</b>

#### Notes

1. ICT Expenditure increased in comparison to FY2021-22 reflecting an increase in CAPEX projects being completed.

### Table 12.4 Disclosure of emergency procurement

In 2022-23, Westernport Water activated Emergency Procurement on one occasion in accordance with the requirements of government policy and accompanying guidelines. Details of Westernport Water’s emergency procurements are provided in Table 12.4.

Nature of Emergency	Date of activation	Summary of goods and services procured under new contracts	Total spend on goods and services in response to the emergency	Number of new contracts awarded valued at \$100 000 (incl. GST) or more.
Rising Sewer Main Spill	14 December 2022	Feed provided to farmer, water quality sampling and testing, eductor truck services, excavation work and expert water quality advice.	\$47,900	0

## 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 2022-23.

## 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 the Department 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 a department in-confidence and information that is confidential under another Act.

Under the Act, the FOI processing time for requests received is 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time is 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, 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 [ovic.vic.gov.au](http://ovic.vic.gov.au). An application fee of \$31.80 applies from 1 July 2023. Access charges may also be payable if the document pool is large and the search for material time consuming.

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

When making an 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 2022-23, Westernport Water received no FOI applications.

Enquiries can be made to the department's FOI Team via email at [westport@westernportwater.com.au](mailto:westport@westernportwater.com.au)

### **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](http://foi.vic.gov.au).

### **Additional information available on request**

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

- (a) details of publications produced by Westernport Water about itself, and how these can be obtained
- (b) details of any major external reviews carried out on Westernport Water
- (c) details of major research and development activities undertaken by Westernport Water
- (d) details of major promotional, public relations and marketing activities undertaken by Westernport Water to develop community awareness of the agency and its services
- (e) details of changes in prices, fees, charges, rates and levies charged.

The information is available on request from:

Freedom of Information Team  
Westernport Water  
2 Boys Home Road, Newhaven  
Email: [westport@westernportwater.com.au](mailto:westport@westernportwater.com.au)

### **Additional information included in Annual Report**

Details in respect of the following items have been included in Westernport Water's annual report, on the pages indicated below:

- (f) assessments and measures undertaken to improve the occupational health and safety of employees (on page 11 and 29)
- (g) a statement on industrial relations within Westernport Water (on page 23)
- (h) a list of Westernport Water's major committees, the purposes of each committee, and the extent to which the purposes have been achieved (on page 19)
- (i) details on consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement is available (on page on page 64)

Information that is not applicable to Westernport Water

The following information is not relevant to Westernport Water for the reasons set out below:

- (j) a declaration of shares held by senior officers (No shares have ever been issued in Westernport Water).
- (k) details of overseas visits undertaken (No board members or senior executives took overseas work related trips.)



## Carers recognition

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 employee needs and seeking employee insights on improvement opportunities
- 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 five complaints (0.021 complaints per 100 customers) one complaint required investigation, two 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](mailto:ewovinfo@ewov.com.au)  
GPO Box 469 Melbourne 3001  
[www.ewov.com.au](http://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 and Community
- Protected Disclosure Officer – Manager Strategy, Performance and Governance
- manager or supervisor of the disclosure
- manager or supervisor of the person who is the subject of the disclosure; or
- a person acting in any of the above roles.

Alternatively, disclosures may also be made directly to the Independent Broad-based Anti-corruption Commission (IBAC) Victoria

### Address:

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

Phone: 1300 735 135

Internet: [ibac.vic.gov.au](http://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.

**Table 12.5: Disclosures under the *Public Interest Disclosure Act 2012***

	2022-23 number	2021-22 number
The number of disclosures made by an individual to Westernport Water and notified to the Independent Broad based Anti corruption Commission	0	0
<b>Assessable disclosures</b>	<b>0</b>	<b>0</b>

# 13. Other statutory obligations

The Port Phillip and 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 2022-23, Westernport Water:

- identified future program works within the region and land managed by the Corporation to ensure it is contributing to the priorities within the strategy
- completed fencing off an additional 900 metres of Guy's Creek before continuing revegetation efforts along the waterway in 2023-24 using the Healthy River Way Program grants from Melbourne Water.

**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 2022-23 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
- 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.

**Sustainable Water Strategy (SWS).** The SWS is one of the main statutory processes for state-wide water resource planning in Victoria. They strategies are regionally focussed and are used to manage threats to the supply and quality of water resources to environmental, economic, cultural and recreational values. The Central and Gippsland Region 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.

During 2022-23, Westernport Water continued to monitor its approved Urban Water Strategy to determine future water supply demand and incorporated demand for alternative supplies, such as Class A residential water supply.

**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 2022-23 to exclude livestock and prepare for revegetation planting. Westernport Water entered into approximately an \$18,000.00 funding agreement with Melbourne Water to support these fencing and revegetation efforts centred around Guys Creek.

**State Environment Protection Policy (SEPP Waters)** October 2018 policy has been replaced by the Environmental Reference Standards of the *2017 Environment Protection Act* 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 CWTP upgrade in 2017-18 and 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 Outfall Report was completed in November 2022 which assessed the impact of the discharge of treated effluent from the CWTP at Pyramid Rock, determining whether Westernport Water meets the requirements specified in SEPP Water's and other requirements specified by the EPA. Marine studies will continue to assess the condition of the mixing zone extending 200 m from the effluent discharge point.

### **Environmental Protection and Biodiversity Conservation Act 1999**

There were no referrals made during this reporting year.

### **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*. Westernport Water complied with all conditions specified within its EPA licenced sites.

During 2022-23, the Corporation improved its EMS and continued implementation of this framework across the business to align and meet requirements of the General Environmental Duty (GED) that underpins the *Environment Protection Act 2017*.

In 2022-23 we:

- continued business implementation of the EMS, such as inclusion of environmental incidents into Westernport Water's incident management system
- continued review and improvement actions of the EMS and its alignment to meet requirements of the GED
- improved processes for identifying waste and improved awareness of environmental impacts from construction projects
- presented a suite of EPA videos over ten weeks to the organisation to better understand our obligations as a water corporation and as individuals.

### **Environmental incidents**

Environmental incidents are unplanned incidents that have the potential to impact on the environment or community. There were fifteen reportable environmental incidents during 2022-23, seven of which occurred in one day during an extreme wet weather event. Most of these occurred from emergency relief structures that are designed to manage intense rainfall events. In each instance, EPA Victoria was immediately notified and samples were taken from the receiving environment. Westernport Water ensures that all areas are cleared and disinfected after a sewer spill. Incident debriefs also take place to ensure that learnings can inform future maintenance and upgrade programs. If incidents are caused by sewer blockages, follow up CCTV inspections ensure that the pipeline is free from obstruction.

### **Office based environmental reporting**

Westernport Water maintains one main office inclusive of a maintenance depot, supporting 87.64 FTE. Environmental data on the office is presented within the Corporation's consumption reports in section 11.

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. Biosolids are a by-product from the wastewater treatment process, which can be used as a soil conditioner making nutrients available to improve crop yields on agricultural land.

In 2022-23, our 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.



# 14. Performance and Financial Sustainability

## Performance Report

The Performance Report for the 2022-23 financial year compared to prior years reflects updated requirements under Ministerial Reporting Direction 7 (MRD07): Performance and Financial Sustainability which has resulted in the following amendments:

The removal of Water and Sewage Service performance indicators; WS1 – Unplanned water supply interruptions, WS2 – Interruption time, WS3 – Restoration of unplanned water supply interruption, SS1 – Containment of spills and SS2 – Sewer Spill interruptions which are now captured and measured under REW8 – Water Service – minutes off supply (planned and unplanned), REW5 – Unplanned water supply interruptions, RES1 – Sewerage service – sewer blockages, RES6 – Sewerage service – sewer spills and RES7 – Sewerage service – containment of sewer spills.

New Customer Responsiveness Performance indicators include; WB1 – Water bills average household bill by owner occupiers, WB2 – Water bills average household bill by owner occupiers, UPP1 – Water bills number of customers on flexible payments and UPP6 – Water bills customers awarded customer hardship grants.

Environmental performance indicator E1 has been replaced by CRR1 – Effluent reuse volumes however the calculation and targets remain unchanged. E2 – Total net CO2 emissions (Net tonnes CO2 equivalent) has been removed as is now reported within the Report of Operations, Total emissions 2022-23 (refer: Table 11.1 page 57).

## Financial Performance Indicators

KPI No.	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to prior year %	Notes	Variance to target %	Notes
F1	<b>Cash Interest Cover</b> Net operating cash flows before net interest and tax / net interest payments	49.51	26.18	23.90	-47.1%	1a	9.5%	1b
F2	<b>Gearing Ratio</b> Total debt (including finance leases) / total assets * 100	3.5%	3.4%	3.5%	-2.9%	2a	-2.6%	2b
F3	<b>Internal Financial Ratio</b> Net operating cash flow less dividends / net capital expenditure * 100	67%	131%	147%	95.5%	3a	-10.9%	3b
F4	<b>Current Ratio</b> Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	1.19	2.10	1.86	76.5%	4a	12.9%	4b
F5	<b>Return on Assets (ROA)</b> Earnings before net interest and tax / average assets * 100	-0.09%	0.40%	0.41%	500%	5a	-2.4%	5b
F6	<b>Return on Equity (ROE)</b> Net profit after tax / average total equity * 100	0.00%	0.30%	0.29%	100%	6a	3.4%	6b
F7	<b>EBITDA Margin</b> Earnings before interest, tax, depreciation and amortisation / total revenue * 100	26.5%	31.7%	32.0%	19.6%	7a	-0.9%	7b

### Notes

- 1a Cash flow from operating activities is lower than prior year due to a decrease in customer cash receipts and GST. This was offset by a slight increase in sundry debtors received in 2022-23 compared to 2021-22.
- 1b Cash flow from operating activities remains favourable against 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 remained steady from prior year and was on target. An increase in asset values resulting from a managerial revaluation for land and buildings applied from 30 June 2023 resulted in higher than planned assets at year end which contributed to the favourable result for 2022-23 and compared to prior year.
- 3a A decrease of over 50 per cent in capital expenditure compared to prior year resulted in a favourable variance to 2021-22.
- 3b Variations to the timing of capital expenditure and lower than budgeted cash received from operating activities due to a reduction in developer contributions resulted in an unfavourable variance to budget.
- 4a & 4b An increase in cash holdings at year end due to the timing of capital expenditure against budget and a decrease in current liabilities has resulted in a favourable variance to prior year and target.
- 5a A positive earnings before net interest and tax position in 2022-23 compared to a negative result in 2021-22 has resulted in a favourable variance to prior year.

- 5b A loss from a disposal of assets resulted in an unfavourable variance against target.
- 6a & 6b Return on equity increased and was favourable to prior year due to a positive net profit after tax compared to an unfavourable result in 2021-22. A slightly lower net profit than budget for 2022-23 offset by changes in equity has contributed to a favourable result against target for the year.
- 7a A positive net profit before tax financial position at year end compared to a negative result in 2021-22 has contributed to the favourable variance to prior year earning before interest, tax, depreciation and amortisation.
- 7b A slight decrease in earning position due to a loss from a disposal of assets has contributed to the unfavourable variance to target earning before interest, tax, depreciation and amortisation.

## Water and Sewerage Service Performance Indicators

KPI No.	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to prior year %	Notes	Variance to target %	Notes
REW5	<b>Unplanned Water Supply Interruptions</b> Percentage of customers receiving more than 1 unplanned interruption in the year	1.4%	0.6%	9.3%	-57.9%	8a	-94%	8b
REW8	<b>Water Service – minutes off water supply (planned and unplanned)</b> How many minutes on average, a customer was without supply during the year	126.50	93.67	103	-26%	9a	-9.1%	9b
RES1	<b>Sewer blockages</b> Number of sewer blockages reported per 100km of sewer main	5.40	4.32	4	-43.9%	10a	7.7%	10b
RES6	<b>Sewer Spills</b> Number of sewer spills reported per 100km of sewer main	3.10	4.07	3	31.3%	11a	50.7%	11b
RES7	<b>Containment of sewer spills</b> Percentage of sewer spills from reticulation and brach sewers contained within 5 hours.	100%	91%	100%	-9.1%	12a	-9.1%	12b

### Notes

- 8a. There were 108 customers interrupted more than once in the reporting period. There were 262 interrupted in the previous reporting period. 2022-23 saw a 32 per cent reduction in the number of watermain bursts and leaks from previous year. The reduction in bursts and leaks led to a reduction in customer interruptions.
- 8b. Variance to target remains favourable and has been for the last five reporting periods.
- 9a. 2022-23 saw a 32 per cent reduction in the number of watermain bursts and leaks from previous year. A 39 per cent reduction was witnessed in Priority 1 & 2 bursts and leaks in 2022-23. The reduction in Priority 1 & 2 bursts and leaks led to a reduction in average minutes off supply as Priority 1 & 2 bursts and leaks are predominantly those that require isolation and multiple customer interruptions.
- 9b. Variance to target remains favourable and has been for the last four reporting periods.
- 10a & 10b. 2022-23 saw a reduction in sewer blockages from 30 in 2021-22 to 17 in 2022-23 leading to the 43.9 per cent decrease to prior year, however still above target.
- 11a & 11b. An increase in sewer spills in 2022-23 due to an extreme wet weather event in November 2022, where rainfall exceeded the 1 in 5 average rainfall intensity. 43.4mm was recorded over a three hour period.
- 12a & 12b. One sewer spill in 2022-23 to agricultural land was not contained within 5 hours. This was due to the location of the failure differing to the location of the spill point and significant investigations required to locate spill taking longer than five hours.

## Customer Responsiveness Performance Indicators

KPI No.	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to prior year %	Notes	Variance to target %	Notes
CRS4	<b>Water quality complaints</b> No. of complaints per 1000 customers	0.25	0.11	0.22	-56.0	13a	-50.0	13b
CRS7	<b>Number of Payment Issue Complaints</b> No. of complaints per 100 customers	0.08	0.08	0.1	1.3	14a	-19.0	14b
CRS3	<b>Total Complaints</b> No. of complaints per 100 customers	0.65	0.38	0.7	-41.5	15a	-46.5	15b
WB1	<b>Water bills – average household use (86kL)</b> Typical household bill (based on average use in real 2022-23 dollars, owner occupiers)	1,187	1,223	n/a	3.0	–	–	16b
WB2	<b>Water bills – average household use (86 kL)</b> Typical household bill (based on average use in real 2022-23 dollars, tenants)	187	181.49	n/a	-2.9	–	–	17b
UPP1	<b>Water bills – customers on flexible payment plans</b> No. of customers with instalment plans	237	211	n/a	-11.0	18a	–	18b
UPP6	<b>Water bills – customers awarded hardship grants</b> No. of customers awarded hardship grants	238	228	n/a	-4.2	19a	–	19b

### Notes

- 13a The reduction in customer complaints can be attributed to a number of factors including process improvements related to reactive works, capital project improvements in the drinking water network and the optimisation of water treatment processes.
- 13b Process improvements related to reactive works, capital project improvements in the drinking water network and the optimisation of water treatment processes through the year resulted in achieving the target.
- 14b The reduction to target can be attributed to effective communication regarding our fees and charges following a period of focused customer engagement on future prices.
- 15a The reduction in customer complaints can be attributed to a focus on upskilling of the team around complaint handling and dedicated Customer Care staff supporting customers.
- 15b Continuous training and development led to a decrease in complaints from the previous year and target.
- 16b & 17b Due to the variability of annual water consumption which is influenced by seasonal weather conditions and demand, it is difficult to accurately create an annual target and year on year comparison however all average pricing is consistent with the Essential Services Commission annual tariff approval aligned to the Pricing Submission 2023-28.
- 18a & 18b The slight decrease in numbers of customers on flexible plans is likely due to more customers exiting the programs since the pandemic. Access for customers to flexible payment plans is unlimited therefore no annual target is set.
- 19a & 19b A decrease in customers provided with hardship assistance in these indicators has been interpreted to be an unfavourable variance as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy and is why there are no specific targets assigned.

## Environmental Performance Indicators

KPI No.	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to prior year %	Notes	Variance to target %	Notes
CRR1	<b>Effluent reuse volumes (end use)</b> Percentage recycled	17.9%	18%	25%	1	17a	-28	

### Notes

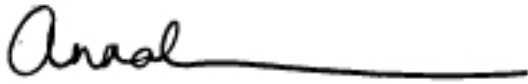
- 17a Failure to meet target was due to wet weather impacting the flow to the treatment plants and the reduced capacity to irrigate during wet periods. Expect to reach target in 2023-24.

## Certification of Performance Report

We certify the accompanying Performance Report of Westernport Region Water Corporation in respect of the 2022-23 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 2022-27 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.



**Annabelle Roxon**  
Acting Chair  
Westernport Water



**Dona Tantirimudalige**  
Managing Director  
Westernport Water



**Kathy Hawke**  
Chief Finance Officer  
Westernport Water

Dated this 28th day of September



# 15. Independent Auditor's Report



## Independent Auditor's Report

### To the Board of the Westernport Region Water Corporation

<b>Opinion</b>	<p>I have audited the performance report of the Westernport Region Water Corporation (the corporation) for the year ended 30 June 2023, which comprises the:</p> <ul style="list-style-type: none"><li>• financial performance indicators</li><li>• water and sewerage service performance indicators</li><li>• customer responsiveness performance indicators</li><li>• environmental performance indicator</li><li>• certification of performance report.</li></ul> <p>In my opinion, the performance report of the Westernport Region Water Corporation for the year ended 30 June 2023 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>
<b>Basis for Opinion</b>	<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>
<b>Board's responsibilities for the performance report</b>	<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  
4 October 2023



Paul Martin  
*as delegate for the Auditor-General of Victoria*

# 16. Financial Statements for the year ended 30 June 2023

Westernport Region Water Corporation (the Corporation) has pleasure in presenting its audited general-purpose financial statements for the financial year ended 30 June 2023. It is presented in the following structure:

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## Comprehensive operating statement

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Revenue</b>			
Revenue from contracts with customers	2.1	27,589	26,295
Interest income		46	3
Other income		163	380
<b>Total revenue</b>		<b>27,798</b>	<b>26,678</b>
<b>Expenses</b>			
Depreciation and impairment	4.1.1	7,274	7,098
Amortisation	4.2	453	210
Employee benefits	3.1.1	8,801	9,090
Direct operational expenses	3.2	1,939	1,693
Repairs and maintenance expense	3.3	1,093	861
Environmental contribution	8.2	1,075	1,071
Interest expense	6.1.2	264	255
Administration and other operating expenses	3.4	5,902	7,062
<b>Total expenses</b>		<b>26,801</b>	<b>27,340</b>
<b>Net result from transactions</b>		<b>997</b>	<b>(662)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on disposal of non-financial assets	4.1.4	(124)	164
Net (gain) /loss arising from revaluation of derivative financial liabilities	9.2.1	-	(4)
<b>Total other economic flow included in net result</b>		<b>(124)</b>	<b>160</b>
<b>Net result before income tax</b>		<b>873</b>	<b>(502)</b>
Income tax expense/(benefit)	8.1.1	222	(429)
<b>Net result for the period</b>		<b>651</b>	<b>(73)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation surplus	9.1.1	2,469	-
Income tax relating to these items	8.1.2, 9.1.1	(618)	-
Movement in revaluation reserve due to tax rate change	9.1.1	-	1,433
<b>Total comprehensive income for the period</b>		<b>1,851</b>	<b>1,433</b>
<b>Comprehensive result</b>		<b>2,502</b>	<b>1,360</b>

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

## Balance sheet

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6.2.1	2,476	1,146
Receivables	5.1	3,389	3,175
Contract assets	5.2	1,080	742
Inventories		562	460
Biological assets		146	78
Current tax assets	8.1.1	990	989
Prepayments		280	191
<b>Total current assets</b>		<b>8,923</b>	<b>6,781</b>
<b>Non-current assets</b>			
Receivables	5.1	40	44
Infrastructure, property, plant and equipment	4.1.1	284,990	283,693
Intangible assets	4.2	2,065	2,405
Investment in Zero Emissions Water (ZEW) Ltd	5.5	5	5
<b>Total non-current assets</b>		<b>287,100</b>	<b>286,147</b>
<b>TOTAL ASSETS</b>		<b>296,023</b>	<b>292,928</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	5.3	2,445	3,671
Contract liabilities	5.4	4,250	3,405
Interest bearing liabilities	6.1	1,000	1,250
Employee benefits	3.1.2	2,216	1,985
<b>Total current liabilities</b>		<b>9,911</b>	<b>10,311</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	6.1	9,140	8,890
Employee benefits	3.1.2	322	428
Deferred tax liabilities	8.1.2	44,138	43,298
Other financial liabilities	5.6	60	51
<b>Total non-current liabilities</b>		<b>53,660</b>	<b>52,667</b>
<b>TOTAL LIABILITIES</b>		<b>63,571</b>	<b>62,978</b>
<b>NET ASSETS</b>		<b>232,452</b>	<b>229,950</b>
<b>EQUITY</b>			
Contributed capital		51,323	51,323
Physical asset revaluation reserve	9.1.1	109,289	107,438
Accumulated surplus		71,840	71,189
<b>TOTAL EQUITY</b>		<b>232,452</b>	<b>229,950</b>

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



## Statement of changes in equity

For the year ended 30 June 2023

	Note	Contributed capital \$'000	Reserves \$'000	Accumulated surplus \$'000	Total \$'000
<b>Balance at 1 July 2021</b>		51,323	106,005	71,262	<b>228,590</b>
Net result for the period		-	-	(73)	<b>(73)</b>
Total other comprehensive income for the period	9.1.1	-	1,433	-	<b>1,433</b>
<b>Balance at 30 June 2022</b>		<b>51,323</b>	<b>107,438</b>	<b>71,189</b>	<b>229,950</b>
<b>Balance at 1 July 2022</b>		51,323	107,438	71,189	<b>229,950</b>
Net result for the period		-	-	651	<b>651</b>
Total other comprehensive income for the period	9.1.1	-	1,851	-	<b>1,851</b>
<b>Balance at 30 June 2023</b>		<b>51,323</b>	<b>109,289</b>	<b>71,840</b>	<b>232,452</b>

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

## Cash flow statement

For the year ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Service and usage charges / Revenue from contracts with customers		23,758	24,647
Interest received		38	3
Developer contribution fees		439	386
Goods and Services Tax received from the ATO		1,105	1,506
Other receipts		3,641	3,211
<b>Total receipts</b>		<b>28,981</b>	<b>29,753</b>
<b>Payments</b>			
Payments to suppliers and employees		(21,282)	(22,603)
Interest and other cost of finance paid		(262)	(133)
Environmental contribution levy paid		(1,792)	(717)
<b>Total payments</b>		<b>(23,336)</b>	<b>(23,453)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>6.2.2</b>	<b>5,645</b>	<b>6,300</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of infrastructure, property, plant & equipment		87	199
Payments for infrastructure, property, plant and equipment		(4,402)	(9,617)
<b>Net cash flows from/(used in) investing activities</b>		<b>(4,315)</b>	<b>(9,418)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings <sup>2</sup>		-	3,200
<b>Net cash flows from/(used in) financing activities</b>		<b>-</b>	<b>3,200</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,330</b>	<b>82</b>
Cash and cash equivalents at the beginning of the financial year		1,146	1,064
<b>Cash and cash equivalents at the end of the financial year<sup>1</sup></b>	<b>6.2.1</b>	<b>2,476</b>	<b>1,146</b>

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 2023FY were not cash transactions as were refinanced and reported as non-current liabilities.

## 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 2023. 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 28 September 2023.

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.

The following financial statement areas have been affected by COVID-19:

- Impairment of contractual receivables (Refer Note 5.1.1)

For the year ended 30 June 2023, the Corporation recognised a net profit of \$0.7m. The Corporation's net assets as at 30 June 2023 were \$232.5m. The Corporation has \$2.5m of resources comprising cash, cash equivalents and deposits, 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). 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	2023 \$'000	2022 \$'000
Revenue from service, usage and trade waste charges	2.1.1	24,731	23,449
Developer contributions	2.1.2	2,455	2,296
Other revenue	2.1.3	403	550
<b>Total revenue from contracts with customers</b>		<b>27,589</b>	<b>26,295</b>

#### 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 \$27.6m (2022: \$26.3m). This consists of revenue from service and usage charges of \$24.7m (2022: \$23.4m), Developer contributions of \$2.5m (2022: \$2.3m) and other revenue of \$403k (2022: \$550k).

	2023 \$'000	2022 \$'000
- Water usage charges	4,582	4,260
- Water service charges	8,148	7,787
- Sewage usage charges	11,774	11,220
- Sewage disposal charges	27	23
- Trade waste charges	166	128
- Recycling water charges	34	31
<b>Total revenue from service, usage and trade waste charges</b>	<b>24,731</b>	<b>23,449</b>

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

	2023 \$'000	2022 \$'000
Developer contributed assets <sup>1</sup>	1,806	1,718
New customer contributions	649	578
<b>Total developer contributions</b>	<b>2,455</b>	<b>2,296</b>

Note

1. An internal review of Developer contributed assets identified infrastructure assets from prior years (2019: \$215k, 2020: \$54k, 2021: \$638k and 2022: \$378k) which have been recognised in 2023FY.

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"> <li>- when the Statement of Compliance is issued to the customer, or</li> <li>- 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.</li> </ul> <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"> <li>- the Statement of Compliance is issued to the customer; or</li> <li>- 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</li> <li>- the customer receives consent from the Corporation to proceed with their application.</li> </ul> <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

	2023 \$'000	2022 \$'000
Revenue from other services rendered	282	436
Works and services provided to third parties	121	114
<b>Total other revenue</b>	<b>403</b>	<b>550</b>

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 for the collection of drainage and parks rates on behalf of Melbourne Water and the Department of Energy, Environment and Climate Action (DEECA) respectively. The charges are payable within 28 days.	Revenue (e.g., commissions or fees) is recognised on a 'net' basis, and over time as 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.

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	578	2,974
Over time	7,787	4,260	11,220	23	-	31	-	-	-	23,321
<b>Total</b>	<b>7,787</b>	<b>4,260</b>	<b>11,220</b>	<b>23</b>	<b>128</b>	<b>31</b>	<b>1,718</b>	<b>578</b>	<b>550</b>	<b>26,295</b>

2023	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	-	-	-	-	-	166	-	1,806	403	3,024
Over time	8,148	4,582	11,774	27	-	34	-	-	-	24,565
<b>Total</b>	<b>8,148</b>	<b>4,582</b>	<b>11,774</b>	<b>27</b>	<b>166</b>	<b>34</b>	<b>1,806</b>	<b>649</b>	<b>403</b>	<b>27,589</b>

### 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	2023 \$'000	2022 \$'000
Employee benefit expenses	3.1.1	8,801	9,090
Direct operational expenses	3.2	1,939	1,693
Repairs and maintenance	3.3	1,093	861
Administration and other operating expenses	3.4	5,902	7,062
<b>Total expenses incurred in delivery of services</b>		<b>17,735</b>	<b>18,706</b>

#### 3.1.1 Employee benefits – Comprehensive Operating Statement

	2023 \$'000	2022 \$'000
<b>Employee benefits</b>		
- Salaries and wages <sup>1</sup>	6,001	6,707
- Annual leave	627	570
- Long service leave	218	15
- Employer superannuation contributions	795	731
- Employer superannuation contributions - defined benefits	45	43
- Payroll tax	110	103
- Other	1,005	921
<b>Total employee benefit costs</b>	<b>8,801</b>	<b>9,090</b>

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.

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.

	2023 \$'000	2022 \$'000
<b>Current provisions:</b>		
<b>Annual leave (and RDO)</b>		
Unconditional and expected to settle within 12 months	587	569
Unconditional and expected to settle after 12 months	204	256
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	84	78
Unconditional and expected to settle after 12 months	1,047	830
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	134	120
Unconditional and expected to settle after 12 months	160	132
<b>Total current provisions for employee benefits</b>	<b>2,216</b>	<b>1,985</b>
<b>Non-current provisions:</b>		
Long service leave - conditional	285	381
On-costs	37	47
<b>Total non-current provisions for employee benefits</b>	<b>322</b>	<b>428</b>
<b>Total provisions for employee benefits</b>	<b>2,538</b>	<b>2,413</b>

#### Reconciliation of movements in on-cost provisions

	2023 \$'000
<b>Opening balance</b>	299
Additional provisions recognised	82
<b>Amounts utilised during the period</b>	-
Effect of changes in the discount rate	(50)
<b>Closing balance</b>	<b>331</b>
<b>Current</b>	<b>294</b>
<b>Non-current</b>	<b>37</b>

#### Wages and salaries, annual leave and sick leave

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

The components of this liability are measured at:

- Undiscounted value – the component the Corporation expects to wholly settle within 12 months; or
- Present value – the component the Corporation does not expect to wholly settle within 12 months.

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

#### On-costs

On costs, such as payroll tax, superannuation and workers' compensation insurance, are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

#### Long service leave

Long Service Leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL (representing seven or more years of 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.

### 3.1.3 Superannuation

#### Superannuation contributions

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by the Corporation to the relevant superannuation plans in respect to the services of its employees, both past and present. Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Corporation is required to comply with.

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, both are funded differently. The Defined Benefit category provides lump sum benefits based on years of service and final average salary. The accumulation category receives fixed contributions from the Corporation and its employees legal or constructive obligation is limited to these contributions.

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 2023 are detailed below:

Scheme	Type of scheme	Rate %	2023 \$'000	2022 \$'000
Vision Super	Defined benefits	10.5 (2022: 10)	44	43
Vision Super	Accumulation	10.5 (2022: 10)	286	275
Other	Accumulation	10.5 (2022: 10)	510	456

In addition to the above contributions, the Corporation has not paid any unfunded liability payments to Vision Super during the 2022-23FY (2022: \$0).

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2023. The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2024 is \$44k (2023: \$43k).

#### 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. Defined Benefit option is not available to new employees unless already participating and eligible upon commencement of employment.

An interim actuarial investigation as at 30 June 2022 was conducted and was completed by the due date of 31 October 2022. The vested benefit index (VBI) of the Defined Benefit category of which the Corporation is a contributing employer was 102.2% as at 30 June 2022. The financial assumptions used to calculate the VBI's were:

	30 June 2022 (interim review)	30 June 2021 (full review)
Net investment returns	5.5% pa	4.75% pa
Salary information	2.5% pa to 30 June 2023, 3.5% pa thereafter	2.75% pa
Price inflation (CPI)	3% pa	2.25% pa

A triennial actuarial review is currently underway for the Defined Benefit category as at 30 June 2023 as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2023.

Vision Super has advised that the VBI at 30 June 2023 was 104.1%. The financial assumptions used to calculate this VBI were:

- Net investment returns 5.7% pa
- Salary information 3.5% pa
- Price inflation (CPI) 2.8% pa

The Fund's 2022 interim actuarial investigation as at 30 June 2022 identified the following:

- A VBI surplus of \$44.6 million;
- A total liability surplus of \$105.8 million; and
- A discounted accrued benefits surplus of \$111.9 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 2022.

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 2023 triennial actuarial investigation

Vision Super has advised that the estimated VBI at 30 June 2023 was 104.1%.

An triennial actuarial investigation will be conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 October 2023. The Corporation was notified of the 30 June 2023 VBI during August 2023.

### 3.2 Direct operational expenses

	2023 \$'000	2022 \$'000
Chemicals	557	351
Electricity	707	798
Testing and Sampling	225	146
Melbourne bulk water entitlement	373	321
Lease payments	77	77
<b>Total direct operational expenses</b>	<b>1,939</b>	<b>1,693</b>

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

	2023 \$'000	2022 \$'000
Preventative maintenance	599	506
Major maintenance	494	355
<b>Total repairs and maintenance</b>	<b>1,093</b>	<b>861</b>

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

	2023 \$'000	2022 \$'000
Purchase of inventory	87	(52)
Contractors	1,791	1,963
Consultants <sup>1</sup>	271	1,802
Information computer technology expenses	2,012	1,679
Training and education	124	81
Licence fees, permits and registration	204	219
Vehicle repairs & maintenance costs	77	28
Insurance	294	235
Postage charges	104	99
Conference costs (excl travel & accommodation)	27	20
Debt collection fees	3	6
Mobile phone costs	103	98
Subscription & memberships	77	61
Bad debt expenses	8	19
Other supplies	720	754
ZEW derivative expense	-	50
<b>Total administration and other operating expenses</b>	<b>5,902</b>	<b>7,062</b>

Note

- 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.
ZEW derivative expense	Relates to Westernport Water's investment in Zero Emissions Water Limited (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.  Refer Note 5.5 for further details on the arrangement between the Corporation and ZEW.	Upon expiration or exercise of the cash flow derivative, the Corporation will recognise an expense depending on the position of the cash flow derivative. The fair value of the cash flow derivative is adjusted in OCI upon settlement with the difference being recognised as an expense in the Comprehensive operating statement.



## 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
<b>Year ended 30 June 2023</b>										
Opening net book amount	14,919	3,828	3,568	95,057	31,984	2,241	94,586	28,200	9,310	283,693
Additions	-	-	-	-	-	-	-	-	4,044	4,044
Disposals	-	-	(10)	(38)	(70)	-	(93)	-	-	(211)
Transfer between asset classes	-	19	594	4,367	529	210	2,487	711	(8,917)	-
Assets received free of charge (nominal consideration)	-	-	-	586	-	-	1,683	-	-	2,269
Revaluation	1,778	691	-	-	-	-	-	-	-	2,469
Depreciation	-	(129)	(576)	(2,342)	(750)	(137)	(2,289)	(1,051)	-	(7,274)
<b>Closing net book amount</b>	<b>16,697</b>	<b>4,409</b>	<b>3,576</b>	<b>97,630</b>	<b>31,693</b>	<b>2,314</b>	<b>96,374</b>	<b>27,860</b>	<b>4,437</b>	<b>284,990</b>
<b>At 30 June 2023</b>										
Cost of fair value	16,697	4,409	7,372	102,266	33,168	2,584	100,933	30,371	4,437	302,237
Accumulated depreciation	-	-	(3,796)	(4,636)	(1,475)	(270)	(4,559)	(2,511)	-	(17,247)
<b>Net book amount</b>	<b>16,697</b>	<b>4,409</b>	<b>3,576</b>	<b>97,630</b>	<b>31,693</b>	<b>2,314</b>	<b>96,374</b>	<b>27,860</b>	<b>4,437</b>	<b>284,990</b>
<b>Year ended 30 June 2022</b>										
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)
<b>Closing net book amount</b>	<b>14,919</b>	<b>3,828</b>	<b>3,568</b>	<b>95,057</b>	<b>31,984</b>	<b>2,241</b>	<b>94,586</b>	<b>28,200</b>	<b>9,310</b>	<b>283,693</b>
<b>At 30 June 2022</b>										
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)
<b>Net book value as at 30 June 2022</b>	<b>14,919</b>	<b>3,828</b>	<b>3,568</b>	<b>95,057</b>	<b>31,984</b>	<b>2,241</b>	<b>94,586</b>	<b>28,200</b>	<b>9,310</b>	<b>283,693</b>

#### **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 (2022: \$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 rising interest rates and increased construction costs have caused. The valuer has advised that the current market environment creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period. A managerial revaluation was performed effective 30 June 2023 in line with FRD103 requirements and determined that adjustments were required for 2023 which have been applied. 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 2023 and 2022
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. A managerial revaluation was performed effective 30 June 2023 in line with FRD103 requirements and determined that adjustments were required for 2023 which have been applied.

#### 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:

	2023 \$'000	2022 \$'000
Sales proceeds	126	401
Costs of the assets <sup>1</sup>	(539)	(965)
Accumulated depreciation	289	728
<b>Net gain/(loss) on disposal</b>	<b>(124)</b>	<b>164</b>

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	1,682	279	3	57	2,391
Accumulated amortisation	(34)	(1,497)	(103)	-	(22)	(1,656)
<b>Carrying amount</b>	<b>336</b>	<b>185</b>	<b>176</b>	<b>3</b>	<b>35</b>	<b>735</b>

#### 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)
<b>Closing carrying amount</b>	<b>333</b>	<b>1,857</b>	<b>174</b>	<b>6</b>	<b>35</b>	<b>2,405</b>

#### 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)
<b>Carrying amount</b>	<b>333</b>	<b>1,857</b>	<b>174</b>	<b>6</b>	<b>35</b>	<b>2,405</b>

#### Year ended 30 June 2023

Opening net book amount	333	1,857	174	6	35	2,405
Additions	-	35	56	4	21	116
Disposals	-	-	-	(3)	-	(3)
Amortisation	(4)	(443)	(4)	(1)	(1)	(453)
<b>Carrying amount</b>	<b>329</b>	<b>1,449</b>	<b>226</b>	<b>6</b>	<b>55</b>	<b>2,065</b>

#### At 30 June 2023

Cost of fair value	370	3,593	335	7	78	4,383
Accumulated amortisation	(41)	(2,143)	(110)	(1)	(23)	(2,318)
<b>Carrying amount</b>	<b>329</b>	<b>1,450</b>	<b>225</b>	<b>6</b>	<b>55</b>	<b>2,065</b>

### 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.

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

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

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

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses as the costs do not meet the recognition under AASB 138 *Intangible Assets*.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software.

1. Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront).
2. Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

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

#### **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 \$0.118M (2022: \$1.880M) 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 as per the Corporation's policy choice as opposed to held for sale or surrender (in accordance with AASB 138 *Intangible Assets* and FRD 109 *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

	2023 \$'000	2022 \$'000
<b>Current</b>		
<b>Contractual</b>		
Trade receivables	3,254	2,776
Allowance for expected credit loss	(125)	(125)
Other receivables	151	368
<b>Statutory</b>		
GST input tax credit recoverable	109	156
<b>Total current receivables</b>	<b>3,389</b>	<b>3,175</b>
<b>Non-current</b>		
<b>Contractual</b>		
Trade receivables	97	101
Allowance for expected credit loss	(57)	(57)
<b>Total non-current receivables</b>	<b>40</b>	<b>44</b>
<b>Total receivables</b>	<b>3,429</b>	<b>3,219</b>

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 2023 and 30 June 2022 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
<b>30 June 2023</b>					
Expected loss rate	0%	0%	0%	9%	5%
Gross carrying amount - receivables from service and usage charges	1,216	142	58	1,935	3,351
Gross carrying amount - other receivables	6	-	104	41	151
<b>Total receivables</b>	<b>1,222</b>	<b>142</b>	<b>162</b>	<b>1,976</b>	<b>3,502</b>
<b>Loss allowance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182</b>	<b>182</b>

	Current	More than 30 days due	More than 60 days due	More than 120 days past due	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>30 June 2022</b>					
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
<b>Total receivables</b>	<b>1,168</b>	<b>73</b>	<b>423</b>	<b>1,581</b>	<b>3,245</b>
<b>Loss allowance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>182</b>	<b>182</b>

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 can be charged at 5.3 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	2023 \$'000	2022 \$'000
Opening balance 1 July		182	182
Expected credit losses written off	6.2.2	(51)	(87)
Net provision movements including expected credit losses recovered		51	87
<b>Balance as at 30 June</b>		<b>182</b>	<b>182</b>

The expected credit loss allowance is calculated based on debtor days and we then apply an expected default rate based on historical expected credit losses and forward looking estimates.

Post COVID-19 pandemic impacts and due to current economic conditions, it is expected that rising interest rates, 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. Although payment patterns have altered, it is believed that at a macro level 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

	2023 \$'000	2022 \$'000
<b>Current</b>		
Usage charges	1,080	742
<b>Total current contract assets</b>	<b>1,080</b>	<b>742</b>

	Usage charges \$'000
<b>Opening balance as at 1 July 2022</b>	<b>742</b>
Less: Amounts billed during the year	(673)
Additional provisions reversed	(69)
Add: Amount accrued at year end	1,080
<b>Carrying amount as at 30 June 2023</b>	<b>1,080</b>

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

	2023 \$'000	2022 \$'000
<b>Contractual</b>		
Trade creditors	750	883
Sundry creditors	526	642
Accrued expenses	992	1,808
<b>Statutory</b>		
PAYG and other payables	177	338
<b>Total current payables</b>	<b>2,445</b>	<b>3,671</b>

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
<b>2023</b>							
Supplies and services	1,742	1,742	1,742	-	-	-	-
Other payables	526	526	-	-	526	-	-
<b>Total</b>	<b>2,268</b>	<b>2,268</b>	<b>1,742</b>	<b>-</b>	<b>526</b>	<b>-</b>	<b>-</b>
<b>2022</b>							
Supplies and services	2,691	2,691	2,691	-	-	-	-
Other payables	642	642	-	-	642	-	-
<b>Total</b>	<b>3,333</b>	<b>3,333</b>	<b>2,691</b>	<b>-</b>	<b>642</b>	<b>-</b>	<b>-</b>

## 5.4 Contract liabilities

	Service charges paid in advance \$'000	Developer contributions - unearned \$'000	Total \$'000
<b>Carrying amount as at 1 July 2021</b>	<b>3,211</b>	<b>116</b>	<b>3,327</b>
Add: Developer contribution received for performance obligation yet to be completed during the year	18,823	508	19,331
Less: Revenue recognised in the reporting period for the completion of performance obligation	(18,822)	(431)	(19,253)
<b>Closing balance at 30 June 2022</b>	<b>3,212</b>	<b>193</b>	<b>3,405</b>
Add: Developers contribution received for performance obligations yet to be completed during the year	27,475	1,191	28,666
Less: Revenue recognised in the reporting period for the completion of performance obligations	(27,325)	(496)	(27,821)
<b>Total contract liabilities at 30 June 2023</b>	<b>3,362</b>	<b>888</b>	<b>4,250</b>
<b>Represented by</b>			
Current contract liabilities	3,362	888	4,250
<b>Total contract liabilities at 30 June 2023</b>	<b>3,362</b>	<b>888</b>	<b>4,250</b>

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.

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.

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 7.1 and 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

	2023 \$'000	2022 \$'000
<b>Non-current</b>		
<b>Other financial liabilities</b>		
Derivative financial instrument	60	51
<b>Total other financial liabilities</b>	<b>60</b>	<b>51</b>

## 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

	2023 \$'000	2022 \$'000
<b>Current interest-bearing liabilities</b>		
Security borrowings from Treasury Corporation of Victoria (TCV)	1,000	1,250
<b>Total current interest-bearing liabilities</b>	<b>1,000</b>	<b>1,250</b>
<b>Non-current interest-bearing liabilities</b>		
Security borrowings from Treasury Corporation of Victoria (TCV)	9,140	8,890
<b>Total non-current interest-bearing liabilities</b>	<b>9,140</b>	<b>8,890</b>
<b>Total interest-bearing liabilities</b>	<b>10,140</b>	<b>10,140</b>

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.

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 and included as current borrowings.

### 6.1.1 Maturity analysis of interest-bearing liabilities

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	Maturity dates			
				1-3 month \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
<b>30 June 2023</b>							
Secured borrowings from TCV	10,140	10,140	-	500	500	4,190	4,950
<b>Total</b>	<b>10,140</b>	<b>10,140</b>	<b>-</b>	<b>500</b>	<b>500</b>	<b>4,190</b>	<b>4,950</b>
<b>30 June 2022</b>							
Secured borrowings from TCV	10,140	10,140	-	750	500	4,190	4,700
<b>Total</b>	<b>10,140</b>	<b>10,140</b>	<b>-</b>	<b>750</b>	<b>500</b>	<b>4,190</b>	<b>4,700</b>

### 6.1.2 Interest expense

	2023 \$'000	2022 \$'000
Interest on secured TCV loans	207	188
Financial accommodation levy	55	67
Other interest / bank charges	2	-
<b>Total interest expense</b>	<b>264</b>	<b>255</b>

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

	2023 \$'000	2022 \$'000
Cash at bank	2,476	1,146
<b>Balance as per cash flow statement</b>	<b>2,476</b>	<b>1,146</b>

### 6.2.2 Reconciliation of net results to cash flow from operating activities

	2023 \$'000	2022 \$'000
<b>Net result for the period</b>	651	(73)
<b>Non-cash movements</b>		
Gain on sale or disposal of non-current assets	124	(164)
Depreciation and amortisation of non-current assets	7,727	7,308
Resources provided free of charge or for nominal consideration	(1,806)	(1,718)
Bad debt write-off	51	87
Initial recognition - expense from derivative financial instruments	-	47
Other non-cash movements - Capital labour transfer to work in progress	(1,142)	(918)
<b>Movements in assets and liabilities</b>		
(Increase)/decrease in receivables	326	2,014
(Increase)/decrease in inventories and livestock	(169)	114
(Increase)/decrease in other non-financial assets (prepayments)	(89)	(103)
(Increase)/decrease in derivative financial instruments	-	4
Increase/(decrease) in payables	(131)	480
Increase/(decrease) in current tax payable/(receivables)	(1)	(1,051)
Increase/(decrease) in provisions	128	(186)
Increase/(decrease) in prepaid income	850	87
Increase/(decrease) in deferred tax liabilities	222	(429)
Increase/(decrease) in other liabilities	(1,096)	801
<b>Net cash flows from operating activities</b>	<b>5,645</b>	<b>6,300</b>

### 6.2.3 Financing facilities

	2023 \$'000	2022 \$'000
<b>Unsecured bank overdraft facility, reviewed annually and payable at call</b>		
Amount unused	2,000	2,000
<b>Total</b>	<b>2,000</b>	<b>2,000</b>
<b>Secured loan facilities with various maturity dates through to 2022 - 23 and which may be extended by mutual agreement</b>		
Amount used	10,140	10,140
Amount unused	2,000	2,000
<b>Total</b>	<b>12,140</b>	<b>12,140</b>

## 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: 2023	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Capital commitments	73	-	-	73
Environmental contribution levy	1,075	-	-	1,075
Operating low value lease commitments payable	546	1,133	-	1,679
Other (non-lease commitments)	178	153	-	331
<b>Total commitments (inclusive of GST)</b>	<b>1,872</b>	<b>1,286</b>	<b>-</b>	<b>3,158</b>
Less GST recoverable from the ATO	(72)	(116)	-	(188)
<b>Total commitments (exclusive of GST)</b>	<b>1,800</b>	<b>1,170</b>	<b>-</b>	<b>2,970</b>

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
<b>Total commitments (inclusive of GST)</b>	<b>2,812</b>	<b>1,407</b>	<b>-</b>	<b>4,219</b>
Less GST recoverable from the ATO	(157)	(30)	-	(187)
<b>Total commitments (exclusive of GST)</b>	<b>2,655</b>	<b>1,377</b>	<b>-</b>	<b>4,032</b>



## 7. Risks, contingencies and valuation judgements

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

### Structure

#### 7.1 Financial instruments specific 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 Receivables: <ul style="list-style-type: none"><li>- Trade receivables</li><li>- Sale of goods and services</li><li>- Other receivables</li></ul> Investment in Zero Emissions Water (ZEW) Ltd Derivative financial asset	Trade creditors: <ul style="list-style-type: none"><li>- For supplies and services</li><li>- Other payables</li></ul> Interest bearing liabilities Derivative financial liability

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
<b>Financial assets at amortised cost</b>		
<p>Financial assets include:</p> <ul style="list-style-type: none"> <li>- Loans and receivables</li> <li>- Cash and deposits</li> <li>- Receivables</li> <li>- Investment in ZEW</li> </ul>	Fair value plus or minus any directly attributable transaction costs	<p>Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met:</p> <ul style="list-style-type: none"> <li>• the asset is held within a business model whose objective is to collect the contractual cash flows, and</li> <li>• the contractual terms give rise to cash flows that are solely payments of principal and interest</li> </ul>
<b>Financial assets at fair value through net results</b>		
Derivative instruments	Fair value through net result	Fair value through net result
<b>Financial liabilities at amortised cost</b>		
<p>Financial liabilities include:</p> <ul style="list-style-type: none"> <li>- Payables (excluding statutory payables);</li> <li>- Borrowings</li> <li>- Derivative financial liability</li> </ul>	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.
<b>Derivative financial instruments</b>		
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.

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

2023	Notes	Cash and deposits \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
<b>Contractual financial assets</b>					
Cash and deposits	6.2.1	2,476	-	-	2,476
<b>Receivables</b>					
Service and usage charges	5.1	-	3,169	-	3,169
Other receivables	5.1	-	151	-	151
<b>Derivative financial assets</b>					
Investment in Zero Emissions Water (ZEW) Ltd	5.5	-	5	-	5
<b>Total contractual financial assets</b>		<b>2,476</b>	<b>3,325</b>	<b>-</b>	<b>5,801</b>
<b>Contractual financial liabilities</b>					
Trade creditors	5.3	-	-	750	750
Sundry creditors	5.3	-	-	526	526
Accrued expenses	5.3	-	-	992	992
<b>Borrowings</b>					
Loans from Treasury Corporation Victoria (TCV)	6.1	-	-	10,140	10,140
<b>Derivative financial liabilities</b>					
Financial liabilities designated at fair value through profit or loss	5.6	-	-	60	60
<b>Total contractual financial liabilities</b>		<b>-</b>	<b>-</b>	<b>12,468</b>	<b>12,468</b>

2022	Notes	Cash and deposits \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
<b>Contractual financial assets</b>					
Cash and deposits	6.2.1	1,146	-	-	1,146
<b>Receivables</b>					
Service and usage charges	5.1	-	2,651	-	2,651
Other receivables	5.1	-	412	-	412
<b>Derivative financial assets</b>					
Investment in Zero Emissions Water (ZEW) Ltd	5.5	-	5	-	5
<b>Total contractual financial assets</b>		<b>1,146</b>	<b>3,068</b>	<b>-</b>	<b>4,214</b>
<b>Contractual financial liabilities</b>					
Trade creditors	5.3	-	-	883	883
Sundry creditors	5.3	-	-	642	642
Accrued expenses	5.3	-	-	1,808	1,808
<b>Borrowings</b>					
Loans from Treasury Corporation Victoria (TCV)	6.1	-	-	10,140	10,140
<b>Derivative financial liabilities</b>					
Financial liabilities designated at fair value through profit or loss	5.6	-	-	51	51
<b>Total contractual financial liabilities</b>		<b>-</b>	<b>-</b>	<b>13,524</b>	<b>13,524</b>

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

	Total interest income / (expense) \$'000
<b>2023</b>	
<b>Contractual financial liabilities</b>	
Financial liabilities at cost	264
<b>Total contractual financial liabilities</b>	<b>264</b>
<b>2022</b>	
<b>Contractual financial liabilities</b>	
Financial liabilities at cost	255
Financial liabilities designated at fair value through profit/loss	4
<b>Total contractual financial liabilities</b>	<b>259</b>

### 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 2022-2023 (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 2023, the Corporation has no other significant credit risk. There has been no material change to the Corporation's credit risk profile in 2022-2023.

### Credit quality of financial assets

	Financial institution (triple-A credit rating) \$'000	Other (min triple-B credit rating) \$'000	Total \$'000
<b>2023</b>			
<b>Financial assets with loss allowance measured at 12-month expected credit loss:</b>			
Cash (not assessed for impairment due to materiality)	2,476	-	2,476
Statutory receivables (with no impairment loss recognised)	109	-	109
<b>Financial assets with loss allowance measured at lifetime expected credit loss:</b>			
Contractual receivable applying the simplified approach for impairment	-	3,507	3,507
<b>Total financial assets</b>	<b>2,585</b>	<b>3,507</b>	<b>6,092</b>
<b>2022</b>			
<b>Financial assets with loss allowance measured at 12-month expected credit loss:</b>			
Cash and cash equivalents	1,146	-	1,146
Statutory receivables (with no impairment loss recognised)	156	-	156
<b>Financial assets with loss allowance measured at lifetime expected credit loss:</b>			
Contractual receivable applying the simplified approach for impairment	-	3,250	3,250
<b>Total financial assets</b>	<b>1,302</b>	<b>3,250</b>	<b>4,552</b>

### 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 Strategy presentation during April 2023 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 double 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, \$12.5m (2022: \$13.5m) 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 2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Derivative liability</b>	60	60	-	-	-	-	60
<b>Total</b>	<b>60</b>	<b>60</b>	-	-	-	-	<b>60</b>

	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
<b>Derivative liability</b>	51	51	-	-	-	-	51
<b>Total</b>	<b>51</b>	<b>51</b>	-	-	-	-	<b>51</b>

### 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 100 basis points up and down (100 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 2023, if interest rates changed by +/- 100 basis points from the year end rates with all other variables held constant, post-tax profit would have been \$76k higher / lower (2021-22: \$90k at +/- 100 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:

2023	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>Financial assets</b>					
Cash	1.00	2,476	-	2,476	-
Receivables	2.90	3,351	1,993	-	1,358
Contract assets	-	1,080	-	-	1,080
Other receivables	2.90	151	145	-	6
<b>Total financial assets</b>		<b>7,058</b>	<b>2,138</b>	<b>2,476</b>	<b>2,444</b>

<b>Contractual financial liabilities</b>					
Payables	-	2,268	-	-	2,268
Contract liabilities	-	4,250	-	-	4,250
Borrowings	2.15	10,140	10,140	-	-
<b>Total financial liabilities</b>		<b>16,658</b>	<b>10,140</b>	<b>-</b>	<b>6,518</b>

2022	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
<b>Financial assets</b>					
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
<b>Total financial assets</b>		<b>5,133</b>	<b>2,004</b>	<b>1,146</b>	<b>1,983</b>

<b>Contractual financial liabilities</b>					
Payables	-	3,333	-	-	3,333
Contract liabilities	-	3,405	-	-	3,405
Borrowings	1.94	10,140	10,140	-	-
<b>Total financial liabilities</b>		<b>16,878</b>	<b>10,140</b>	<b>-</b>	<b>6,738</b>

2023	Carrying amount \$'000	-100 basis points \$'000	Profit or loss +100 basis points \$'000	-100 basis points \$'000	Equity +100 basis points \$'000
Cash	2,476	(25)	25	(25)	25
Interest bearing liabilities	10,140	101	(101)	101	(101)
<b>Total</b>		<b>76</b>	<b>(76)</b>	<b>76</b>	<b>(76)</b>

2022	Carrying amount \$'000	-100 basis points \$'000	Profit or loss +100 basis points \$'000	-100 basis points \$'000	Equity +100 basis points \$'000
Cash and deposits	1,146	(11)	11	(11)	11
Interest bearing liabilities	10,140	101	(101)	101	(101)
<b>Total</b>		<b>90</b>	<b>(90)</b>	<b>90</b>	<b>(90)</b>

## 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 (2022:\$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

	2023 \$'000	2022 \$'000
Legal proceedings and disputes (Easement negotiation)	-	55
<b>Total contingent liabilities</b>	<b>-</b>	<b>55</b>

## 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 2023 \$'000	Fair value 2023 \$'000	Carrying amount 2022 \$'000	Fair value 2022 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	2,476	2,476	1,146	1,146
<b>Financial liabilities</b>				
Loans from Treasury Corporation of Victoria (TCV)	10,140	10,140	10,140	10,140

### 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

2023	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup> \$'000	Level 2 <sup>(i)</sup> \$'000	Level 3 <sup>(i)</sup> \$'000
<b>Land at fair value</b>				
Non-specialised land	880	-	880	-
Specialised land	15,817	-	-	15,817
<b>Total of land at fair value</b>	<b>16,697</b>	<b>-</b>	<b>880</b>	<b>15,817</b>
<b>Buildings at fair value</b>				
Non-specialised buildings	4,409	-	4,409	-
<b>Total of buildings at fair value</b>	<b>4,409</b>	<b>-</b>	<b>4,409</b>	<b>-</b>
<b>Plant and equipment at fair value</b>				
Plant and equipment	3,576	-	-	3,576
<b>Total of plant and equipment at fair value</b>	<b>3,576</b>	<b>-</b>	<b>-</b>	<b>3,576</b>
<b>Infrastructure at fair value</b>				
Infrastructure - water distribution	97,630	-	-	97,630
Infrastructure - water harvesting and major transfers	31,693	-	-	31,693
Infrastructure - water quality	2,314	-	-	2,314
Infrastructure - sewer collection	96,374	-	-	96,374
Infrastructure - sewer treatment and major disposal	27,860	-	-	27,860
<b>Total of infrastructure at fair value</b>	<b>255,871</b>	<b>-</b>	<b>-</b>	<b>255,871</b>

Note

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

2022	Carrying amount as at 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(i)</sup> \$'000	Level 2 <sup>(i)</sup> \$'000	Level 3 <sup>(i)</sup> \$'000
<b>Land at fair value</b>				
Non-specialised land	728	-	728	-
Specialised land	14,191	-	-	14,191
<b>Total of land at fair value</b>	<b>14,919</b>	<b>-</b>	<b>728</b>	<b>14,191</b>
<b>Buildings at fair value</b>				
Non-specialised buildings	3,828	-	3,828	-
<b>Total of buildings at fair value</b>	<b>3,828</b>	<b>-</b>	<b>3,828</b>	<b>-</b>
<b>Plant and equipment at fair value</b>				
Plant and equipment	3,568	-	-	3,568
<b>Total of plant and equipment at fair value</b>	<b>3,568</b>	<b>-</b>	<b>-</b>	<b>3,568</b>
<b>Infrastructure at fair value</b>				
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
<b>Total of infrastructure at fair value</b>	<b>252,068</b>	<b>-</b>	<b>-</b>	<b>252,068</b>

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 2023 in line with FRD103 requirements using Valuer General Victoria (VGV) indexation and determined that adjustments were required for 2023 which have been applied.

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 2023 in line with FRD103 requirements using Valuer General Victoria (VGV) indexation and determined that adjustments were required for specialised land and building values for 2023 which has been applied.

### **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 2023.

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. A managerial revaluation was performed effective 30 June 2023 in line with FRD103 requirements using Valuer General Victoria (VGV) indexation and determined that no adjustments were required for infrastructure assets for 2023.

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 related factors and fair value measurement**

The Corporation's infrastructure, property, plant and equipment assets are exposed to the risk of damage from extreme weather events such as storms, high winds, floods and drought. Changes in global climate conditions could intensify one or more of these events. In addition, extreme weather events may also increase the cost of operations. The Corporation has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection. The Corporation has incorporated considerations for climate change into its risk management practices, such as the establishment and maintenance of flood management systems and increased monitoring during fire danger periods. Physical risks arising from fires, floods and drought are to a great extent subject to risk transfer and thereby within the cover of The Corporation's property and business interruption insurance programmes. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

The Corporation will further enhance the understanding of exposure to climate change risk in the process of executing the Corporation's climate change action plan over the next five years. As at 30 June 2023, the Corporation considered climate-related risk in the preparation of the financial statements.

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.

2023	Specialised land \$'000	Water distribution \$'000	Water harvesting \$'000	Water quality \$'000	Sewer collection \$'000	Sewer treatment \$'000	Plant and equipment \$'000
<b>Opening balance</b>	<b>14,191</b>	<b>95,057</b>	<b>31,984</b>	<b>2,241</b>	<b>94,586</b>	<b>28,200</b>	<b>3,568</b>
Purchases (sales)	-	4,915	459	210	4,077	711	584
Revaluation	1,626	-	-	-	-	-	-
Depreciation	-	(2,342)	(750)	(137)	(2,289)	(1,051)	(576)
<b>Closing balance</b>	<b>15,817</b>	<b>97,630</b>	<b>31,693</b>	<b>2,314</b>	<b>96,374</b>	<b>27,860</b>	<b>3,576</b>

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

### Description of significant unobservable inputs to Level 3 valuations

2023 and 2022	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 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Derivative financial liabilities at fair value</b>				
Derivative instrument - Zero Emissions Water	60	-	-	60
<b>Total Derivative financial liabilities at fair value</b>	<b>60</b>	<b>-</b>	<b>-</b>	<b>60</b>

	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
<b>Derivative financial liabilities at fair value</b>				
Derivative instrument - Zero Emissions Water	51	-	-	51
<b>Total Derivative financial liabilities at fair value</b>	<b>51</b>	<b>-</b>	<b>-</b>	<b>51</b>

#### 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 Department of Energy, Environment and Climate Action's (DEECA) 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.

2023	Derivative financial instrument \$'000
<b>Opening balance</b>	51
Net cash settlements paid	9
<b>Closing balance</b>	<b>60</b>
<b>2022</b>	<b>Derivative financial instrument \$'000</b>
<b>Opening balance</b>	-
Initial recognition of derivative financial instruments	50
Gains/(losses) recognised in profit or loss	4
Net cash settlements paid/(received)	(3)
<b>Closing balance</b>	<b>51</b>

## 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% (2022: 25%), 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.

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

	2023 \$'000	2022 \$'000
<b>Income statement</b>		
Current income tax expense (paid or payable)	(636)	(538)
<b>Deferred income tax expense</b>		
Temporary differences	858	413
Tax rate change from 26% to 25%	-	(304)
<b>Income tax reported in the Income Statement</b>	<b>222</b>	<b>(429)</b>
<b>Income tax payable</b>		
NTER instalment paid	(694)	(989)
ATO receivable <sup>1</sup>	(296)	-
<b>Income tax payable/(receivable) at 30 June</b>	<b>(990)</b>	<b>(989)</b>
<b>Statement of changes in equity</b>		
Tax rate change from 26% to 25%	-	(1,433)
<b>Income tax reported in equity</b>	<b>-</b>	<b>(1,433)</b>
<b>Tax reconciliation</b>		
Net result before income tax expense	873	(502)
Tax at the Australian tax rate of 25%	217	(125)
Tax rate change from 26% to 25%	-	(304)
Permanent differences	5	-
<b>Income tax on profit before tax</b>	<b>222</b>	<b>(429)</b>

Note:

1. ATO Receivable reflects over payment of NTER in FY21.

### 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

	2023 \$'000	2022 \$'000
<b>Amounts recognised in Comprehensive Operating Statement</b>		
Doubtful debts	46	46
Employee benefits	635	603
Unearned Revenue	966	753
Project pool	368	378
Other accruals	85	64
Fair value increase in CFD	3	1
Initial recognition of CFD	12	12
Livestock	4	-
Tax losses	1,174	538
<b>Total deferred tax assets</b>	<b>3,293</b>	<b>2,395</b>
<b>Movements:</b>		
Opening balance at 1 July	2,395	1,948
Tax rate change from 26% to 25%	-	(75)
Credited to the Comprehensive Operating Statement	898	522
<b>Closing balance at 30 June</b>	<b>3,293</b>	<b>2,395</b>
Deferred tax asset expected to be recovered after more than 12 months	817	804
Deferred tax asset expected to be recovered within 12 months	1,302	1,053
Tax losses	1,174	538
<b>Ending balance at 30 June</b>	<b>3,293</b>	<b>2,395</b>

#### Deferred tax liabilities

	2023 \$'000	2022 \$'000
<b>Amounts recognised in Comprehensive Operating Statement</b>		
Depreciation	10,996	9,870
Livestock	-	5
Other deferred tax liabilities - FBT	6	6
<b>Amounts recognised directly in equity</b>		
Deferred tax liabilities due to revaluation	36,429	35,812
<b>Total deferred tax liabilities</b>	<b>47,431</b>	<b>45,693</b>
<b>Movements</b>		
Opening balance at 1 July	45,693	47,109
Tax rate change from 26% to 25% (taxable temporary differences, 2021: 27.5% to 26%)	-	(379)
Tax rate change from 26% to 25% (reduction in DTL since 2016 revaluation, 2021: 27.5% to 26%)	-	(1,433)
(Credited)/Debited to the net result	1,120	396
Credited to the other comprehensive result	618	-
<b>Closing balance at 30 June</b>	<b>47,431</b>	<b>45,693</b>
Deferred tax liabilities expected to be settled after more than 12 months	47,425	45,683
Deferred tax liabilities expected to be settled within 12 months	6	10
<b>Total at 30 June</b>	<b>47,431</b>	<b>45,693</b>
<b>Ending balance at 30 June</b>	<b>44,138</b>	<b>43,298</b>

## 8.2 Environmental contributions

	2023 \$'000	2022 \$'000
Environmental contribution levy	1,075	1,071

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 Energy, Environment and Climate Action. 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

#### 9.9.1 Australian Accounting Standards issued that are not yet effective

### 9.1 Reserves

#### 9.1.1 Physical assets revaluation surplus

	2023 \$'000	2022 \$'000
Balance at the beginning of financial year	107,438	106,005
Revaluation adjustment		
Increment due to change in tax rate (2022: 25%)	-	1,433
Revaluation increments	1,851	-
<b>Balance at the end of financial year</b>	<b>109,289</b>	<b>107,438</b>

### 9.2 Other economic flows included in net results

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

	2023 \$'000	2022 \$'000
Net (gain) /loss arising from revaluation of derivative financial liabilities	-	4
<b>Total net (gain)/loss on non-financial assets</b>	<b>-</b>	<b>4</b>
<b>Total other gains/(losses) from other economic flows</b>	<b>-</b>	<b>4</b>

(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.

## 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 2022-23 reporting period was the Hon. Harriet Shing MP, Minister for Water. 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	1 July 2022 - 30 June 2023
Mr Rueben Berg	Board Chair	1 July 2022 - 13 December 2022
Ms Annabelle Roxon (Acting)	Board Chair	14 December 2022 - 30 June 2023
Ms Joanne Pearson	Audit Risk Committee Chair, Director	1 July 2022 - 30 June 2023
Ms Dona Tantirimudalige	Managing Director	1 July 2022 - 30 June 2023
Ms Annabelle Roxon	Director	1 July 2022 - 13 December 2022
Mr Christopher Newton	Director	1 July 2022 - 30 June 2023
Ms Tanya Ha	Director	1 July 2022 - 30 June 2023
Mr Leigh Berrell	Director	1 July 2022 - 30 June 2023
Mr Graham Hawke	Director	1 July 2022 - 30 June 2023
Ms Ishara Saldin	Director	1 July 2022 - 30 June 2023

### 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 \$270k-\$280k (\$340k-\$350k in 2022) exclusive of superannuation.

	2023 number	2022 number
\$130,000 - \$139,999	-	1
\$210,000 - \$219,999	-	1
\$270,000 - \$279,999	1	-
Total	1	2
<b>Total remuneration</b>	<b>\$278,549</b>	<b>\$349,338</b>

## 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.

	2023 \$'000	2022 \$'000
Short-term employee benefits	567	468
Post-employment benefits	128	47
<b>Total remuneration <sup>(a)</sup></b>	<b>695</b>	<b>515</b>
<b>Total number of executives</b>	<b>5</b>	<b>3</b>
<b>Total annualised employee equivalents <sup>(b)</sup></b>	<b>3.4</b>	<b>2.5</b>

Notes

- 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).
- 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.

	2023 \$'000	2022 \$'000
Short-term employee benefits	446	560
Post-employment benefits	39	46
<b>Total</b>	<b>485</b>	<b>606</b>

### Significant transactions with government-related entities

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

Government related entity	Nature of transaction	2023 \$'000	2022 \$'000
<b>Amounts recognised as revenue in the Statement of Comprehensive Income:</b>			
Department of Health and Human Services	Customer Rebates	933	908
<b>Amounts recognised as receivables / (payables) in the Balance Sheet:</b>			
Department of Treasury and Finance	ATO receivable	296	-
Department of Energy, Environment and Climate Action	Environmental Contribution Levy	-	(358)
<b>Cash paid during the year:</b>			
Department of Energy, Environment and Climate Action	Environmental Contribution Levy	1,075	1,071
Treasury Corporation of Victoria	Interest from borrowings	207	188
Department of Treasury and Finance	Financial Accommodation Levy	55	67
Treasury Corporation of Victoria	Secured borrowings	10,140	10,140
State Revenue Office	Payroll Tax	109	101

### 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:

	2023 \$'000	2022 \$'000
Contract for difference and compensation net payments	9	3
Large Scale Generation Certificates	(1)	5

## 9.7 Remuneration of auditors

	2023 \$'000	2022 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit or review of the financial statements	31	29
<b>Other non-audit services</b>		
Other non-audit services <sup>1</sup>	133	111
<b>Total remuneration of auditors</b>	<b>164</b>	<b>140</b>

Notes

1. The Victorian Auditor General's Office is not allowed to provide non-audit services. Other non-audit services represents internal and external auditors other than the Victorian Auditor-General's Office.

## 9.8 Ex-gratia expense

The Corporation is not aware of any ex-gratia expenses at the time of finalising the annual report (2022:\$0).

## 9.9 Changes in accounting policies

DTF assesses the impact of changes in accounting policies and advises the Corporation of their applicability and early adoption where applicable. The Corporation is not aware of any changes in current accounting policies at the time of finalising the annual report.

### 9.9.1 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 2023 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:

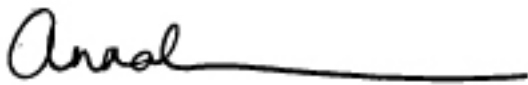
Topic	Key requirements	Effective date	Estimated impact
AASB 2022-6 Non-current Liabilities with Covenants	Requires a liability be classified as a non-current liability if at the end of the reporting period the entity has a right to defer settlement of the liability for at least twelve months after the reporting period.	1 January 2024	It is estimated that AASB 2022-6 Non-current Liabilities with Covenants will have limited impact on the Corporation due to immateriality.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods but are considered to have limited impact on the Department's reporting.

- AASB 17 Insurance Contracts.
- AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.
- AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.
- AASB 2022-1: Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 Comparative Information

# Financial Management Compliance Attestation Statement

I, Annabelle Roxon Acting 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 'Annabel', followed by a long horizontal line extending to the right.

**Annabelle Roxon**  
Acting Chair  
Westernport Water

29 August 2023



# 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 2023 and financial position of the Corporation at 30 June 2023.

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 28 September 2023.



**Annabelle Roxon**  
Acting Chair  
Westernport Water



**Dona Tantirimudalige**  
Managing Director  
Westernport Water



**Kathy Hawke**  
Chief Finance Officer  
Westernport Water

Dated this 28th day of September 2023

# 17. Auditor General's Report



## Independent Auditor's Report

### To the Board of the Westernport Region Water Corporation

<b>Opinion</b>	<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"><li>• balance sheet as at 30 June 2023</li><li>• comprehensive operating statement for the year then ended</li><li>• statement of changes in equity for the year then ended</li><li>• cash flow statement for the year then ended</li><li>• notes to the financial statements, including significant accounting policies</li><li>• accountable officer's and chief finance and accounting officer's declaration.</li></ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2023 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>
<b>Basis for Opinion</b>	<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>
<b>Board's responsibilities for the financial report</b>	<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  
4 October 2023



Paul Martin  
*as delegate for the Auditor-General of Victoria*

# 18. Appendix 1

## 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 – (MRD01)

Undertake activities and provide services that minimise environmental impacts, reduce greenhouse gas emissions, adapt to climate change, increase renewable energy use, and demonstrate reasonable progress in integrating change adaptation into planning and decision making across the business.

#### Aligned Corporate Plan 2022-27 initiatives:

- Deliver final year of Climate Change Strategy Actions 2017-23, and prepare new strategy for 2023-28
- Continue to participate in Catchment and Regional Integrated Water Management outcomes.

Further detail can be found in Section 11.

KPI	KPI – Measure	Definition	Delivered
<b>E1 Emissions reductions</b>	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 <sub>2</sub> 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"> <li>– Continued emissions reduction from self sourced renewable energy consumption of behind the meter solar installations, contributed 201 CO<sub>2</sub>-e reduction in 2022-23.</li> <li>– Continued accrual (121) of Large-Scale Generation Certificates through the Power Purchase Agreement with ZEW.</li> </ul>
<b>E2 Energy and Renewable Electricity Consumption</b>	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"> <li>– Continued to monitor and report on electricity consumption and renewable electricity consumption (4,074 MWh) at Westernport Water's sites.</li> <li>– Total renewable energy consumption (including mandatory grid-based renewable energy sources) reached 22% of Westernport Water's total 4,074 MWh electricity consumption.</li> </ul>

<b>E3 Adaptation to climate change and variability</b>	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"> <li>– Assessing the Impact of climate change during development of Urban Water Strategy 2022, including reviewing our drought preparedness plan.</li> <li>– Urban Water Strategy 2022 includes climate change scenarios in yield modelling.</li> </ul>
	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"> <li>– Continued implementation of Climate Change Adaptation Plan actions and update actions across six business areas as identified in the WSAA Climate Change Guidelines.</li> <li>– The next iteration of the Climate Change Adaptation Plan is due in 2023-24.</li> <li>– Continued implementation of the Recycled Water Strategy which identifies opportunities to reduce demand for drinking water supplies.</li> <li>– Continued participation in IWM Forums to identify opportunities for alternative water use, reducing reliance on drinking water supply system.</li> <li>– Further information in section 11.</li> </ul>

## Customer and Community Outcomes – (MRD02)

All aspects of our 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 (2022-27) initiatives:

- Develop Year 1 of the Performance Stewardship Strategy
- Completion of the Price Submission for the Essential Services Commission's 2023 Price Review
- Development of new Reconciliation Action Plan (RAP) following successful delivery of Innovate RAP 2020-22
- Identify opportunities to realise business improvements and efficiencies as part of the Gippsland Regional Water Alliance.

Further information can be found in Section 8.

KPI	KPI – Measure	Definition	Delivered
<b>C1 Customer Satisfaction</b>	C1 (u) Customer satisfaction survey.	– As per Essential Services Commission (ESC) definition.	<ul style="list-style-type: none"> <li>– Completed the Annual Customer Satisfaction Survey in collaboration with Regional Water Alliance (RWA) partners in October 2022.</li> <li>– Benchmarking data indicates customer overall satisfaction 4 out of 5. This represents an increase of 0.1 points</li> <li>– Monitored the outcomes of the ESC customer satisfaction robo calls. On average customer satisfaction results have been reported at 6.3 out of 10, which is below the industry average of 6.6.</li> <li>– According to customer survey data (Aug 2022 to May 2023), Westernport Water is considered the 10th most trusted Water Corporation according to the ESC sector-wide comparisons. Customers rate Westernport Water 6.2 out of 10, which is below the industry average of 6.4.</li> <li>– The ESC used automated robocalls to conduct the surveys of 100 customers from each urban and regional water corporation (except for the two smallest water corporations, Westernport Water and South Gippsland, where they only surveyed 25 customers each quarter).</li> </ul>

KPI	KPI – Measure	Definition	Delivered
	(a) CR1 Water quality complaints.	– Number of water quality complaints regarding discolouration, taste, odour, stained washing, illness or cloudy water per 1,000 customers.	– Delivered the 2022-23 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 1.14, meeting our target.
	(b) CR4 Number of billing payment issues.	– Billing/payment issues complaints per 1,000 customers year on year.	– Our target for the number of billing and payment issue complaints per 1,000 is 1. Our result for the year was 0.81.
<b>C2 Customer &amp; community engagement</b>	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.		– Delivered Year Three of the Community Engagement Strategy (2020-23). A new Communications and Engagement Plan was developed for the 2023-26 period and is available on the Corporation's website.
<b>CE2 Strengthen compliance</b>	CE2a Embed a strategic compliance and enforcement strategy and annual compliance and enforcement work program.	<ul style="list-style-type: none"> <li>– Demonstration of reasonable progress toward implementation of Compliance and Enforcement review recommendations.</li> <li>– 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&amp;E function, both 'take and use of water' and 'construction of works'.</li> </ul>	– As per the DEECA Compliance and Enforcement Framework, Westernport Water has officers in place to: be the first and major point of contact customers have with the authority; educate customers and communicate compliance guidance; potentially observe non-compliance issues in the field; and record information, observations of potential non-compliance and if relevant, refer the matter to an Authorised Water Officer. Westernport Water can access Authorised Water Officers by agreement with other Gippsland water corporations.
	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.	– As above.	– As above.



## Aboriginal values – (MRD03)

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

### Aligned Corporate Plan (2022-27) initiatives:

- Deliver Year two of the Diversity and Inclusion Strategy 2021-24
- Development of new Innovate RAP following successful delivery of Innovate RAP 2020-22
- Continue to participate in Catchment and Regional Integrated Water Management outcomes.

### Further information can be found in Section 9.

KPI	Measure	Definition	Delivered
<b>AC1 Engagement of Aboriginal communities</b>	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"> <li>– Explore and develop opportunities for business arrangements with Traditional Owners and Aboriginal enterprises to deliver value for money catchment and water services.</li> </ul>	<ul style="list-style-type: none"> <li>– 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.</li> <li>– Delivered the Social Procurement Strategy 2021-24.</li> <li>– Over \$355k of services procured through Aboriginal and/or Torres Strait Islander certified suppliers. This is a 250% increase.</li> </ul>
	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"> <li>– As above.</li> </ul>	<ul style="list-style-type: none"> <li>– Delivered 'Innovate' RAP 2020-22, action 10. Deliverables 1-5.</li> <li>– Reviewed procurement practices in line with VGPB Expansion.</li> <li>– Implemented Social Procurement Strategy 2021-24.</li> </ul>
	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"> <li>– Provide opportunities for cross-cultural learning in the water sector, as well as skills training and employment for Aboriginal people.</li> <li>– No. of secondments or mentorship programs offered.</li> </ul>	<ul style="list-style-type: none"> <li>– Delivered 'Innovate' RAP 2020-22, action 9. Improve employment outcomes by increasing Aboriginal and Torres Strait Islander recruitment, retention and professional development.</li> </ul>
	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"> <li>– 100% of staff completed Cultural Awareness online training.</li> <li>– 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).</li> <li>– Participated in the biennial Australian Reconciliation Barometer – Workplace RAP Barometer.</li> <li>– All employees were encouraged to attend cultural events and ceremonies as part of their cultural learning.</li> </ul>

KPI	Measure	Definition	Delivered
<b>AC2 Engagement of Traditional Owners</b>	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"> <li>– Inform Traditional Owners when opportunities arise to access water entitlements within existing framework.</li> <li>– Incorporate Traditional Ecological Knowledge into water planning and management.</li> <li>– Incorporate traditional ecological knowledge into water planning and management using Aboriginal Waterway Assessments and other tools developed by Traditional Owners.</li> <li>– Notify and engage with Traditional Owners to achieve shared benefits.</li> </ul>	<ul style="list-style-type: none"> <li>– Delivered 'Innovate' RAP (2020-22)</li> <li>– ongoing engagement with Traditional Owners for Water for Life actions (guided by TO priorities) through the Traditional Owner and First Nations Working Group.</li> <li>– Developed our second Innovate RAP 2.0 which will be endorsed early in 2023-24. Further details in section 9.</li> <li>– Continue to work with Sustainable Water Strategy Working Group to streamline engagement with Traditional Owners and the Registered Aboriginal Party.</li> <li>– Continued to provide leadership through the BCRN to support a regional approach to reconciliation.</li> <li>– Implemented the Urban Water Strategy 2022.</li> </ul>
	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.	<ul style="list-style-type: none"> <li>– As Above</li> </ul>	<ul style="list-style-type: none"> <li>– Developed our second Innovate RAP 2.0 which was reviewed by the BLCAC and is with Reconciliation Australia for endorsement early in 2023-24.</li> <li>– Consulted the Bunurong Land Council Aboriginal Corporation (BLCAC) as the Registered Aboriginal Party for formal document reviews and cultural heritage regulatory activities.</li> </ul>
<b>AC3 Reconciliation Action Plan</b>	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"> <li>– Delivered Year Two of 'Innovate' RAP which reflects measures AC1.1, AC1.2, AC1.3 and AC2.1.</li> <li>– Westernport Water's third RAP, Innovate RAP 2.0 has been provided to Reconciliation Australia for endorsement.</li> <li>– Participated in the biennial Australian Reconciliation Barometer – Workplace RAP Barometer.</li> </ul>
	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"> <li>– The BLCAC completed an official document review for Westernport Water's Innovate RAP 2.0 and supporting documents, and early discussion have taken place to incorporate traditional ecological knowledge into future projects.</li> </ul>

## Resilient and Liveable Cities and Towns – (MRD05)

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

### Aligned Corporate Plan 2022-27 initiatives:

- Completion of price submission for the Essential Services Commission's 2023 Price Review
- Deliver Year Two of the Workplace Health & Safety Strategy 2021-24
- Deliver the Water Quality Improvement Plan 2022-23
- Create a 'Response Plan Review Cycle' to sit within the Crisis Emergency Management Plan
- Continue to support our community via customer hardship program
- Deliver final year of Climate Change Strategy 2017-23, and prepare new strategy for 2023-28
- Continue to participate in Catchment and Regional Integrated Water Management outcomes.

Further information can be found in Section 6.

KPI	Measure	Definition	Comment
<b>L1 Integrated Water Management</b>	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.
<b>L2 Water Efficiency</b>	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.	<ul style="list-style-type: none"> <li>– The Community Rebate and Housing Retrofit Program was on hold for 2022-23 while we sourced a new plumbing contractor. The program will resume with \$14 k of funds allocated in 2023-24. Further information in section 8.</li> <li>– 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 in section 6.</li> </ul>
	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.	– Program was on hold during 2022-23. As above.
<b>L3 Water bills</b>	Total residential bill based on L3 a. average consumption.	– Comparison with national median for relevant utility sized groupings.	– Total residential bill based on 86 kL was \$1,223.
	L3 b. 200kL consumption.	– As above.	– In comparison, larger water users paid \$1,463 based on 200 kL.

<b>L4 Payment management of hardship</b>	L4 a. Number of instalment 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 211 installments at the end of 2023.
	L4 b. Number of customers awarded hardship grants.	– As above.	– Continued to identify eligible customers. There were 228 grants awarded in the 2022-23 year.

## Recognise Recreational Values – (MRD04)

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

### Aligned Corporate Plan 2022-27 initiatives:

- Completion of price submission for the Essential Services Commission's 2023 Price Review
- Development of new Reconciliation Action Plan following the successful delivery of Innovate RAP 2020-22
- Continue to participate and implement Catchment and Regional Integrated Water Management outcomes.

Further information can be found in Section 10.

KPI	Measure	Definition	Comment
<b>Rec 1 Recreational values</b>	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"> <li>– Explicit consideration of opportunities to support recreational values objectives through delivery of function areas.</li> <li>– Social and recreational uses and values in relation to waterways means:               <ol style="list-style-type: none"> <li>a) the uses of waterways for social and recreational purposes</li> <li>b) the economic, aesthetic and wellbeing benefits that the community derives from the use of waterways for social and recreational purposes.</li> </ol> </li> </ul>	<ul style="list-style-type: none"> <li>– Continued to support the delivery of the Phillip Island Community Orchard, maximising the use of recycled water.</li> <li>– Westernport Water operates one drinking water storage that is not accessible to the public for recreation.</li> <li>– Westernport Water will continue to consider opportunities to deliver improved recreational outcomes at its sites and in the community.</li> <li>– Resumed tours and educational type visits to our treatment facilities by appointment.</li> </ul>
	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"> <li>– Planning has commenced for the detailed design for restorative wetland project at KRWTP. Engagement will inform wetland design.</li> <li>– Continued to support re-use and contribute to recreational outcomes through the Phillip Island Community Orchard.</li> <li>– Further information about water for recreation initiatives can be found in Section 10.</li> </ul>
	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"> <li>– Supported Community Orchard communications using online communications and social media channels.</li> <li>– Provided advice to customers on restricted community access to water storages on the Corporations website.</li> </ul>
	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"> <li>– Continued to make available support for the Phillip Island Community Orchard, providing annual funding, land and access to recycled water for community food production and community well-being.</li> </ul>
	3. Number of accessible major water storages with land and recreation management plans in place, as per <i>Water for Victoria</i> action 7.3.	– As above.	<ul style="list-style-type: none"> <li>– Westernport Water operates one water storage which is not accessible to the public for recreation.</li> </ul>

## Leadership and Culture – (MRD06)

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 2022-27 initiatives:

- Deliver Year Two of the Workplace Health and Safety Strategy 2021-24
- Deliver Year Two of the Diversity and Inclusion Strategy 2021-24
- Development of new Reconciliation Action Plan following the successful delivery of Innovate RAP 2020-22.

### Further information can be found in Section 5.

KPI	Measure	Definition	Comment
<b>G1 Diversity and inclusion</b>	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.	– Delivered Year Two of the Diversity & Inclusion Strategy (2021-24) which seeks to address Aboriginal & Torres Strait Islander cultural capability, gender equity, generational diversity and barriers to a more inclusive workforce.
	G1.2. Number of females occupying senior executive positions over projected five-year period.	– As above.	– 9 out of 15 or 64% of leadership positions are occupied by women. – Further information in section 5.
	G1.3. Adopt strategies and actions to achieve a 1% target for Aboriginal people in the business, noting the Victorian Public Service has a 2% target and work to a stretch target of 3% by 2020.	– As above.	– Achieved 2.8% of employees identify as Aboriginal as at 30 June. This has reduced from 4.3% in 2021-22 due to the departure of one Board Director.
	G1.4. Actions taken to improve participation by Traditional Owners in Board committees and other organisations.	– As above.	– Our former Board Chair (Chair from Oct 2021 to 13 Dec 2022) Rueben Berg is a Traditional Owner, Member of the First peoples Assembly of Victoria, Rueben departed Westernport Water as a Director on 13 December 2022. – The RAP Working Group is comprised of Traditional Owners and members of the Aboriginal and Torres Strait Island community. Further information in section 9.
	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.	– 83% of staff participated in the 2022 People Matter Survey. – Further information in section 5.
<b>G3 Health and Safety</b>	G3. Performance indicators adopted to monitor OHS in line with FRD 22H, section 6.10.		– Delivered Year Two of the WHS Strategy (2021-24) which is a continuous improvement strategy embedding a culture where safety behaviours are intrinsic and lived daily.

## Performance and financial sustainability – (MRD07)

Improve efficiency and consistency in the reporting of performance while delivering safe and cost-effective water and wastewater services in a financially sustainable manner.

### Aligned Corporate Plan (2022-27) Initiatives:

- Develop year One of the Performance Stewardship Strategy
- Completion of the price submission for the Essential Services Commission's 2023 Price Review
- Deliver Year Two of the Technology Roadmap
- Identify opportunities to realise business improvements and efficiencies through the Gippsland Regional Water Alliance.

Further information can be found in Section 3.

KPI	Measure	Definition	Comment
<b>F1-F8 Financial Indicators</b>	F1 interest cover	– Financial indicators as prescribed by Performance Reporting Framework.	– Refer to pg. 15 in Section 3.
	F2 gearing ratio		
	F3 internal financial ratio		
	F4 current ratio		
	F5 return on assets		
	F6 return on equity		
	F7 EBITDA margin		
	F8 Credit rating		



# 19. Appendix 2 – Customer commitments

In 2018, Westernport Water worked with its customers to identify a set of five-year customer commitments across four priority areas that were considered to be important. Annual performance against each commitment assists customers to understand whether they are receiving value for the prices that they pay. This initial five-year period has now concluded and Westernport Water has met 8 out of 14 customer commitments for the five-year period. In the last 12 months, Westernport Water sustained or improved its performance in 11 out of 14 measures proving that corrective actions throughout the period are working. Furthermore, we also achieved our best result on record for customer satisfaction with drinking water.

From 2023, Westernport Water will be introducing a new customer commitment framework, with 20 measures across six priority areas. Performance against each will now be overseen by a customer panel that will report directly to the community following its evaluation.

## 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	2022 –23	2021- –22	2020- –21	2019 –20	2018 –19	Target	Notes
Number of water supply interruptions – unplanned and planned per 100km	26.1	29.5	17.5	17.9	27.3	<46	1 😊
Number of sewer main blockages per 100km	4.3	7.7	5.4	3.8	6.1	<4.1	2 😞
Average total customer minutes off water supply – unplanned and planned	113.8	126.5	141.7	83.1	112.7	<103	3 😞

#### Notes

1. Planned and unplanned interruptions decreased by 11 per cent from 2021-22 and results remain well under the target.
2. Sewer blockages remain above average, however, 2022-23 saw a 43 per cent decrease from the previous year. A total of 17 sewer main blockages were reported in 2022-23, four per cent over target. Whilst over target, 2022-23 is the second lowest result across all five-years of the Pricing Submission. A review and update of the sewer maintenance strategy, analysis of data and assessment of preventative maintenance programs is in progress.
3. In accordance with customer feedback, Westernport Water has prioritised water quality outcomes through the delivery of planned mains cleaning. Whilst this has resulted in increased customer satisfaction with drinking water, it has meant that our annual target for this measure has been missed.

### Achievements

- Commissioned the 2.3 ML potable water storage tank on Phillip Island, to reduce water supply interruptions.
- Completed replacement of the Stanley Road potable water tank roof which was nearing end of life to provide consistent and reliable drinking water.
- Completed Stage 1 of the sewer main renewal program, extending asset life and reducing the likelihood of blockages, in 2021-22; Stage 2 works re-commenced in June 2023 following delays and are due for completion in August 2023.
- Completed the final year of a five-year \$1.2M Sewer Junction Rebuild Program to renew customer sewer service connections.



## 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	2022 -23	2021- -22	2020- -21	2019 -20	2018 -19	Target	Notes
Customers (%) satisfied with drinking water via annual telephone survey	75	66	72	69	64	>70	1 😞
Number of <i>Safe Drinking Water Act</i> non-compliance (water sampling, audit)	0	0	0	0	0	0	- 😊
Number of water quality complaints per 100 customers	0.11	0.25	0.95	0.08	0.22	<0.22	2 😞

#### Notes

1. The positive change in customer satisfaction with drinking water can be attributed to the capital improvements and management of naturally occurring taste and odour compounds related to algal blooms in the raw water.
2. The reduction in customer complaints can be attributed to a number of factors including process improvements related to reactive works, capital project improvements in the drinking water network and the optimisation of the water treatment processes.

#### Achievements

- Improved the treatment removal process of naturally occurring taste and odour compounds in the raw water storage.
- Continued to monitor and improve Backflow Prevention throughout the network to reduce the risk of contaminants entering the drinking water system.
- Air scoured 105 km of water mains to clean and remove build up and sediment for 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	2022 -23	2021- -22	2020- -21	2019 -20	2018 -19	Target	Notes
Average time (min) to attend to water bursts and leaks – priority 1	0	1.0	0	0	2	<30	1 😊
Average time (min) to attend to water bursts and leaks – priority 2	39.2	64.1	34.7	30.6	40.4	<35	2 😞
Average time (min) to attend to water bursts and leaks – priority 3	97.5	148.3	50.4	45.6	43.4	<300	3 😊
Telephone calls answered within 30 seconds (%)	97.0	97.0	97.0	97.0	97.3	>97	– 😊
Number of hardship grants approved	228	238	259	107	30	>25	4 😊

#### Notes

1. There were no Priority 1 bursts/leaks reported in 2022-23.
2. Whilst the target has been exceeded, the 2022-23 result is less than the previous financial year with a 39 per cent decrease. Two Priority 2 bursts took longer to respond than normal as resources were already allocated to higher criticality activities.
3. A 34 per cent decrease from the previous financial year remaining well under target. The decrease is due to less Priority 3 bursts and leaks reported in the financial year compared to previous year. The target was met consistently throughout the five-year period.
4. This performance is consistent with support provided in the previous year, following the pandemic.

### Achievements

- Enabled access to \$1,021,717 worth of financial hardship assistance through concession rebates, utility relief grants and hardship grants.
- Completed the Valve Replacement Project in September 2022 to maintain the water supply and reduce unplanned interruptions to Phillip Island.
- Completed the final year of a five-year \$1.3M Water main renewals program to reduce service interruptions.



## 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	2022 -23	2021- -22	2020- -21	2019 -20	2018 -19	Target	Notes
Effluent reuse (%)	18.0%	17.9%	7.4%	14%	23.5%	>25%	1 😞
Net Greenhouse Gas Emissions (CO <sub>2</sub> -e tonnes) produced	6,891	5,974	6,704	6,460	6,920	<5,974	2 😞
Number of community educational engagements	24	29	12	23	23	>22	3 😊

#### Notes

1. Wet weather reduced the capacity to irrigate, a major component of water reuse in the region.
2. Increase of CO<sub>2</sub>-e (e = equivalent) due to no surrender of Zero Emissions Water (ZEW) Large-Scale Generation Certificates (LGC) and impacts of increased inflows and associated treatment activity following higher than average rainfall.
3. Planned community events and face-to-face engagements exceeded targets due to a focused effort on engagement, and the reintroduction of school tours and site visits.

### Achievements

- The lifting of restrictions enabled Westernport Water to resume engagement with schools and to participate in and support community events.
- Completed the final year of the 2020-23 Education Plan.
- Developed and adopted a new Communications & Engagement Plan 2023-26 to ensure that we continue to meet customer and community expectations.
- Completed the final year of the Climate Change Strategy 2017-23 and developed the second iteration for implementation that will guide us to reach our goal of 90 per cent emissions reduction by 2030 and net zero emissions by 2035.
- Installed a floating wetland system at CWTP's effluent storage lagoon as part of a pilot project to quantify CO<sub>2</sub>-e and vegetation nutrient uptake as a nature-based solution to improve wastewater quality. Learnings will inform a detailed design for a future restorative wetland at KRWTP.
- Finalised the second year of the Virtual Energy Network trial, sharing renewable energy between five of our sites sharing (consuming) 6,969 kWh of our total 11,387 kWh exported electricity.
- An estimated 209 MWh reduction in demand from grid-based electricity was replaced with generation from our four solar system sites.
- We received a grant from Sustainability Victoria for a feasibility study and functional design to investigate the viability of a waste to energy project. Expanded irrigation capacity at the CWTP and KWWTP which allowed for greater irrigation to land at both sites.
- Completed the second iteration of the Recycled Water Strategy to guide us to reach and exceed our volumetric targets of 267 ML a year.
- Continued to implement and advance our Environment Management System in alignment with the regulatory standards and compliance requirements.
- Continued the Class-B Recycled Water Trial with an increase in volume from 9.3 ML in the preceding financial year to 39.2 ML this year.

# 20. Glossary

Terms	Meaning
AAS	Australian Accounting Standards
AMAF	Asset Management Accountability Framework
ANCOLD	Australian and New Zealand Committee on Large Dams
ARC	Audit and Risk Committee
AS/NZS	Australian and New Zealand Standard
AWA	Australian Water Association
BCLN	Bass Coast Landcare Network
BCRN	Bass Coast Reconciliation Network
BCSC	Bass Coast Shire Council
BE	Bulk Entitlement
BLCAC	Bunurong Land Council Aboriginal Corporation
CCS	Climate Change Strategy
CFAO	Chief Finance and Accountable Officer
CHMP	Cultural Heritage Management Plan
CRSWS	Central Region Sustainable Water Strategy
CSIRO	Commonwealth Scientific and Industrial Research Organisation
CSR	Corporate Social Responsibility
CWTP	Cowes Wastewater Treatment Plant
DoH	Department of Health
DEECA	Department of Environment, Energy and Climate Action
DI	Diversity and Inclusion
DPCD	Department of Planning and Community Development
DTF	Department of Treasury and Finance
EA	Enterprise Agreement
EMS	Emergency Management System
EO	Executive Officer
EOFY	End of Financial Year
EMP	Environmental Management Plan
EPA	Environment Protection Authority
ESC	Essential Services Commission
ERS	Environmental Reference Standard
EWOV	Energy and Water Ombudsman Victoria
FMA	<i>Financial Management Act 1994</i>
FOI	Freedom of Information
FRD	Financial Reporting Direction
FY	Financial Year
GED	General Environmental Duty
GGE	Greenhouse Gas Emissions
GIS	Geospatial Information System
GRWA	Gippsland Regional Water Alliance
GSERP	Government Sector Executive Remuneration Panel
HSR's	Health and Safety Representatives
IBAC	Independent Broad-Based Anti-Corruption Commission
ICAM	Incident Cause Analysis Method
ICT	Information Communications Technology
IBWPP	Ian Bartlett Water Purification Plant
ISSN	International Standard Serial Number
IWM	Integrated Water Management
KRWTP	King Road Wastewater Treatment Plant

Terms	Meaning
LTWRA	Long Term Water Resource Assessment
LGCs	Large-scale Generation Certificates
LMS	Learning Management System
LoE	Letter of Expectations
MOU	Memorandum of Understanding
MRD	Ministerial Reporting Direction
MSDS	Material Safety Data Sheet
NPS	Net Promoter Score
OHS	Occupational Health and Safety
OHSMS	Occupational Health and Safety Management System
OIP	Organisational Improvement Plan
PDCC	People, Diversity and Community Committee
PICO	Phillip Island Community Orchard
PMT	Project Management Team
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
RWG	RAP Working Group
RTW	Return to Work
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
SWS	Sustainable Water Strategy
TRIFR	Total Recordable Incident Frequency Rate
TYWU	Target Your Water Use
UV	Ultra Violet
URA	Utilities Regulation Advisory
UWS	Urban Water Strategy
VAGO	Victorian Auditor General's Office
VIPP	Victorian Industry Participation Policy
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 <sub>2</sub> -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

# 21. 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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**WESTERNPORT  
WATER**

2 Boys Home Road  
Newhaven 3925  
Victoria, Australia

T 1300 720 711 ABN 63 759 106 755  
westport@westernportwater.com.au  
westernportwater.com.au

