



**Gippsland
Water**

Annual report

2022-23



We acknowledge Traditional Custodians of the land on which we live and work. We pay respect to Elders past and present. We are committed to working respectfully to honour their ongoing cultural and spiritual connections to this Country. We recognise the role and value of culture in our work and community.

We are proud to work in partnership with the Traditional Owners of the lands we work on, Gunaikurnai Land and Waters Aboriginal Corporation and the Bunurong Land Council Aboriginal Corporation.

We acknowledge their strong cultural connection to the land and waters.

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Message from the Chair and Managing Director

We are proud to present the 2022-23 Gippsland Water Annual Report.

This year was one of continued growth and investment in all areas of our organisation. Building on our hard work last year, we finalised major strategic work that will set us up for the future.

One of our biggest achievements was the approval of our 2023-28 price submission by the Essential Services Commission. The submission was shaped by our customers through the most comprehensive engagement process we've ever undertaken.

Prior to approval, the submission was fast-tracked in March and the Essential Services Commission assessed our community consultation as industry-leading which is a major achievement for the organisation.

Our customers can take comfort in knowing that our business is listening to their needs and will focus on delivering their priorities over the next five years and beyond. Importantly, we were able to offer our customers greater value despite major regional economic change.

We delivered a bill decrease of 3.6% before inflation despite increased construction costs and economic challenges. This outcome was delivered through long term strategic planning and execution to deliver true efficiencies.

We took an active part in the development of the Central and Gippsland Region Sustainable Water Strategy (SWS).

This strategy, released in September, is delivering outcomes for Gippsland for this generation and beyond and reimagining water resources for the region.

Through the process, we secured medium-term water supply for the growing towns of Drouin and Warragul.

As a result, a new 3.3 gegalitre bulk entitlement supplied from the Tarago Reservoir will be available from the beginning of the next financial year.

This entitlement is a result of several years of advocacy, engagement and negotiation with government and water sector partners.

We also continued to invest in our staff and expand our workforce and our skillset to ensure we can continue to deliver at least the same level of service for our growing region whilst remaining focused on reducing our cost to serve.

We are creating multiple employment pathways into our organisation that fit our region including traineeships, graduate positions and Aboriginal employment outcomes.

The third year for our graduate positions took place in early 2023 and now includes a commercial services position, with a fourth intake planned.

We created a specific on Country role with our Healthy Country Lead and have plans to continue

expanding this workgroup and our focus on Aboriginal employment and engagement.

These initiatives further cement the important role we play regionally in providing growing stable employment outcomes.

The financial sustainability of the business has continued to be a major priority throughout the year.

We have ended in a much better financial position than originally projected with no need to draw down any new borrowings.

Our overall borrowings are now \$30.5 million under our projections from three years ago, while we still made major investments.

This year we delivered our best safety results ever, with our Lost Time Injury Frequency Rate 55% better than the industry average. Our Total Recordable Injury and Medical Treatment Frequency Rates are well within our internal targets. These targets were ambitious at the time but demonstrated the Board's commitment to embedding a health and safety improvement culture.

Our Board Chair Therese Ryan has helped steer the organisation to reach some extraordinary achievements, particularly her commitment to safety. It is fitting that in her final months as Chair, we have managed to exceed the ambitious safety targets she has strongly led on.

The legacy she leaves includes an increased focus on customer and key stakeholder arrangements, safety, long-term financial sustainability and strategy, innovation, cyber vigilance and an investment in our people.

We will also farewell other long term Directors over coming months, Jane Oakley and our Deputy Chair Greg Hade. Their dedication and support has shaped the good governance and strategic direction of our organisation.

Thank you to all of our people, contractors, stakeholders and Board for their contributions over the last 12 months. We have achieved some major strategic milestones that will ensure our future sustainability and water supply for customers for many years to come.



Therese Ryan
Board Chair



Sarah Cumming
Managing Director

Responsible body's declaration

In accordance with the *Financial Management Act 1994* (Vic), I am pleased to present the Central Gippsland Region Water Corporation's Annual Report for the year ending 30 June 2023.



Therese Ryan
Board Chair

Dated 25 August 2023

Our vision

We take pride in partnering with the community in providing quality water and waste services so we can enjoy a healthy and sustainable Gippsland for generations to come.

Our values



SAFETY AND WELLBEING

'Go home safe'

The safety and wellbeing of our employees and community is our priority. Always.



CUSTOMER FOCUSED

'Customer first'

Customers are at the heart of everything we do.



INNOVATION

'Clever solutions'

We challenge our thinking, learn and embrace change.



ACCOUNTABILITY

'Make it happen'

We each take ownership and deliver on what we say.



COLLABORATION

'Working together'

We work in partnership with our colleagues, customers, and stakeholders.



INTEGRITY AND RESPECT

'Treat others as we wish to be treated'

We are transparent, honest, inclusive, and treat people fairly.



About us

We are the Central Gippsland Region Water Corporation and trade as Gippsland Water. We are a regional Victorian water corporation established under the *Water Act 1989 (Vic)* and constituted on 21 December 1994.

The responsible Minister for the period from 1 July 2022 to 30 June 2023 was the Hon. Harriet Shing MLC, Minister for Water.

With 332 operational, engineering, financial, environmental and administrative employees, we are a major local employer for the region serving an estimated population base of 164,034. We deliver water to 75,662 households and businesses, and wastewater services to 68,092 households and businesses, across 43 towns. Our customers include major industries, some of which are of state and national significance.

Our operational area spans from Drouin in the west to Loch Sport in the east, and from Briagolong in the north to Mirboo North in the south. This covers approximately 5,000 square kilometres in the municipalities of Latrobe City, Baw Baw, South Gippsland and Wellington shires.

The way we treat water depends on where it is sourced. We take water from 13 different sources including aquifers, rivers, creeks and reservoirs. Our largest storage is Moondarra Reservoir, south of Erica, with a capacity of 30,458ML. We also take water from storages managed by Southern Rural Water (Blue Rock Lake and Lake Glenmaggie) and Melbourne Water (Tarago Reservoir).

Other business

In addition to providing water and wastewater services, we have a number of commercial businesses, including an agricultural business and an organic waste management facility. These businesses are an integral part of what we do and they provide benefits to us, our customers, the region and the state.

Our Gippsland Regional Agribusiness operations help us to effectively manage and reuse treated waste water and by-products. This business includes 12 farming sites producing a combination of beef, fodder crops, grains and plantation timber.

Our largest farm, Dutson Downs, is located 25 kilometres south-east of Sale and spans approximately 8,500 hectares.

This is also where we operate our organics business, Gippsland Regional Organics. Primarily founded to process our internal waste streams and offset the costs of disposal, the facility transforms approximately 180,000 tonnes of waste each year into valuable, nutrient rich composts that are then used by farms and other horticultural and industrial enterprises right across Victoria.

Our strategic priorities

Our strategic priorities represent the highest order initiatives for the coming five-year period. They are reviewed and updated annually to inform our Corporate Plan. They are informed by engagement with our staff and Board as well as community input received through our ongoing engagement program and are focused on delivering our obligations as set out by the Victorian Government.

In the 2022-23 year we worked towards delivering our strategic priorities for 2021-26, which were developed around the following five themes:



Healthy people, healthy environment

We are a leader in safety, public health and the environment to support a healthier community.



Enabling our people

Through a constructive culture, we are an engaged and empowered workforce capable of delivering on our priorities.



Customer focused

We will learn from our customers and deliver on our promises.



Business sustainability

We invest strategically and make evidence-based decisions that deliver value for money to secure our future.



Clever thinking

We foster innovation and empower people to find and deliver efficiencies that transform our business.

Our planning for 2023-24 and beyond has included a refresh of our Strategic Priorities Framework in consideration of the current and changing environment in which we operate.

Our Strategic Priorities Framework, shown here, will guide our planning and strategic priorities from 1 July 2023.

Strategic Priorities Framework.

Our values



Part 1: Key initiatives and projects

The following table outlines priority initiatives and projects for 2022-23.

<p>Drouin wastewater treatment plant upgrade</p> <p>\$53.6 million</p>	<p>Drouin's population is rapidly growing and we needed to expand capacity of the existing wastewater treatment plant to meet the needs of the town.</p> <p>The Drouin wastewater treatment plant upgrade involved a significant \$53.6 million investment to cater for continued growth in the region.</p> <p>The upgrade included a new treatment plant with double the capacity of the old system, constructed on the existing site near the lagoons.</p> <p>Construction and commissioning were completed in April 2022 and the new plant is now fully operational. Performance optimisation continued in 2022-23.</p>
<p>Moe new treated water basin</p> <p>\$8.3 million</p>	<p>Construction of a new 24ML clear water storage basin at the Moe water treatment plant commenced in 2022.</p> <p>The project will support growth and development in the future and ensure our ability to service the west of our region through the Moe-Warragul interconnect.</p> <p>The Moe water treatment plant currently has one clear water storage basin with a volume of 22ML, whereas many of our other large water treatment plants have at least two clear water storage basins within their supply system. Having two basins allows for greater operational flexibility and the ability to take one offline for maintenance while still having storage available to maintain supply of drinking water to our customers.</p> <p>Basin construction is expected to be completed in 2023.</p>

Warragul water supply western ring main \$5.6 million	<p>Drinking water to supply Warragul comes from the water treatment plant on the northern side of the town via a distribution pipeline which runs through the central business district.</p> <p>Due to high growth in Drouin and the western part of Warragul, a new western ring water main has been constructed around Warragul.</p> <p>The new main will service the growing demand and provide an alternative supply to service both towns.</p> <p>Construction of the main has been completed and in June 2023 it began servicing our customers.</p>
Sale sewage pump station No.2 upgrade \$4.8 million	<p>Construction commenced to upgrade the existing pump station to support expected growth and development in the future and ensure our ability to continue to service the northern parts of the Sale township.</p> <p>The Sale sewage pump station No.2 was built in 1974 to transfer flows from upstream sewage pump stations to the Sale Zero pump station at the Port of Sale via a rising main.</p> <p>The electrical switchboard was ageing and required upgrade along with increasing the storage capacity of the pump station to reduce the risk of spills. While undertaking this upgrade, the odour control system was also replaced.</p> <p>The new pump station was constructed, commissioned and put into service in May 2023.</p>
Heyfield to Coongulla Interconnect \$5.5 million	<p>We constructed an 11km pipeline and a new pump station at the Heyfield water treatment plant to provide Coongulla and Glenmaggie residents with greater water security.</p> <p>The pipeline connects both townships to Heyfield's more reliable water supply, which is sourced from the Thomson River.</p> <p>Drinking water for the township of Coongulla was previously sourced from Lake Glenmaggie. The untreated water was pumped from the lake and treated at the Coongulla water treatment plant.</p> <p>Regularly low lake levels, poor water quality and bushfires upstream had presented challenges in terms of reliability and in recent times, water had to be trucked from Heyfield for extended periods.</p> <p>Construction of the pipeline and pump station was completed in early 2022-23 and is now fully operational.</p>

Gippsland Water Factory solar project \$3.3 million	<p>We completed the construction of a photovoltaic solar array at the Gippsland Water Factory.</p> <p>This project contributes towards our target of being powered by 100% renewable energy by 2025.</p> <p>Construction of the ground mounted photovoltaic solar array and the complex reconfiguration and commissioning of the electrical system is complete and the solar array is now powering the Gippsland Water Factory.</p>
Water main replacements and sewer main relining \$1.9 million	<p>As part of the \$1.9 million renewal program we replaced 1.8km of reticulated water mains of varying pipe sizes across our service area, providing 60 customers with connections to new sections of pipe.</p> <p>An additional 78 sections (4.4km) of sewer pipe have been relined throughout our region, renewing the connection for 262 customers.</p>
Sanders basin liner and cover replacement \$2.2 million	<p>Sanders basin is a 22ML storage within the Morwell water supply system and is supplied from the Morwell water treatment plant. It directly supplies water to more than 1,300 customers in Churchill. The basin is a key link supplying our high-level system customers and the townships of Yinnar, Boolarra and Jeeralang Junction. This region has over 1,800 customers including Federation University.</p> <p>The Sanders basin was put back into service in May 2023 with a project cost of \$2.2 million.</p>
Dutson Downs Wind Farm Community Engagement	<p>We undertook an engagement program to gain an understanding of community sentiment about making land available at Dutson Downs for potential wind-powered electricity generation opportunities. This engagement supports ongoing efforts and goal to reach net zero carbon emissions by 2030.</p> <p>It included a survey, focus groups, drop-in days, an online event and stakeholder engagement which allowed us to gather community and customer sentiment on the idea.</p> <p>Feedback from this program will assist us in making an informed decision on whether we continue to investigate wind-powered electricity generation opportunities at Dutson Downs.</p>

Maintenance Optimisation Project	<p>The maintenance optimisation project is driving value for money and improvement in service delivery into our business. It has delivered three distinct market tested contracts to support our maintenance works program. These contracts were outsourced to three separate suppliers and provide flexibility for the business into the future as our business and systems evolve.</p> <p>The new contract arrangements minimise price impacts and provide prudent and efficient expenditure. The new service contracts support local jobs first and incorporates social employment, economic and environmental government objectives, whilst maintaining service outcomes and safety.</p>
Works Management System	<p>We have completed the initial rollout of a works management system that supports how work orders are scheduled, dispatched and recorded on site. These capabilities will drive operational efficiencies into the way we schedule and dispatch works, as well as greater accountability and transparency regarding the assignment of time and materials to works.</p> <p>Improved field-based processes will underpin better information on asset performance and allow more targeted maintenance, which will help us provide our customers with the best possible service at the lowest possible cost.</p>
2023-28 Price Submission	<p>We completed our 2023-28 Price Submission to the Essential Services Commission with a tariff reduction (before inflation) for our customers and inclusive of a review of all charges to reflect our true cost to serve.</p>
Tarago Reservoir Bulk Water Entitlement	<p>We have engaged, advocated and negotiated with government and water sector partners over a number of years to secure a 3.33GL bulk water entitlement in 2023-24 from the Greater Yarra System – Thomson River pool as well as continuing to use our current Tarago River bulk entitlement.</p> <p>This entitlement, available early in the 2023-24 year, will deliver an efficient augmentation of our water resources for Warragul and Drouin customers, helping to address existing and medium-term supply shortfalls.</p>

Future initiatives and projects

The following table outlines future initiatives and projects.

Factory Road sewage pump station and rising main upgrade	<p>The Factory Road sewage pump station needs to be upgraded to cater for expected development and growth in Yarragon.</p> <p>We are planning an upgrade to cater for the additional connections, and to reduce the likelihood of spills during significant wet weather events.</p> <p>Planning for this project is underway with alignment selection and functional design commencing.</p>
Warragul wastewater treatment plant upgrade	<p>The population of Warragul is rapidly growing and we need to expand the capacity of the existing wastewater treatment plant to meet the town's needs up to the year 2060. The preferred strategy is to invest in upgrades at the site of the current plant.</p> <p>This year, we have been planning for stage one upgrades of the existing bioreactors and dewatering plant, which would increase the treatment capability and delay significant capital expenditure.</p> <p>Along with capacity expansion in the short to medium term, we're also investigating long-term investment requirements which we plan to engage customers on to achieve the right solution.</p>
Warragul north-east sewer augmentation	<p>The Warragul north-east sewer was installed in 1971 and services the north and east of the town.</p> <p>This project will involve replacing the main with a larger pipeline to allow the system to have sufficient hydraulic capacity to support the future growth expected in the north and east of Warragul.</p> <p>This year, we completed the alignment and detailed design for the pipeline along with easement acquisitions and statutory approvals ahead of the planned construction of the replacement sewer main in 2023-24.</p>
Drouin West water main extension	<p>In recent years, the Drouin township has undergone significant growth and this is expected to continue. As a result, the existing distribution main will reach capacity and no longer be able to service the high-pressure zone and north-western growth area of the town.</p> <p>We plan to construct a new 375mm water main to ensure adequate water pressure for existing customers while continuing to service Drouin's residential growth.</p> <p>Planning of this project is underway with alignment selection and functional design commencing.</p>

Clarkes Road Storage Basin Traralgon	<p>With the continual growth in Traralgon and the future connection of customers from the Tyers water supply system, drinking water storage requirements need to be increased.</p> <p>In the near future the Traralgon water treatment plant won't be able to meet peak day demand, so adding additional storage will provide a buffer without the need to upgrade the water treatment plant.</p> <p>Construction of the additional 50ML clear water storage basin will be undertaken in the 2023-28 Price Submission period with the commencement of functional design in 2022-23.</p>
Traralgon Tyers Interconnect water pipeline	<p>This project will connect the Tyers water supply system to the larger Traralgon water supply system.</p> <p>The Tyers water treatment plant currently supplies drinking water to the townships of Tyers, Glengarry, Toongabbie, Cowwarr and Rosedale. When water turbidity levels are high due to events such as heavy rainfall, the plant has to run at a reduced output to maintain drinking water quality standards. This often results in water being trucked in to maintain supply.</p> <p>Several options were investigated, including upgrading the Tyers water treatment plant and pipeline. The preferred option was to construct a pipeline between Traralgon and Glengarry. This will reduce pressure by removing three quarters of the customers from the Tyers water treatment plant.</p> <p>Planning for this project commenced in 2022-23 with alignment selection and early feasibility investigations underway.</p>
Regional Outfall System renewal program	<p>The Regional Outfall System (ROS) was commissioned in 1957 and comprises of 44km of pipeline and 39.8km of channel. It's one of our most important assets, with the capacity to transfer 35ML of treated wastewater from the Gippsland Water Factory daily.</p> <p>The ROS renewal program sets out how we will replace high-risk sections of the pipeline, allowing the ROS to continue to operate long term.</p> <p>Stage one of the program was completed in 2021-22 and involved replacing a 300m long section of the ROS near Marshalls Road, Traralgon next to a public park.</p> <p>We're now undertaking the detailed design of stage two, to replace 590m of pipeline from Tyers Road to the Wirilda Crescent and Cross's Road intersection in Traralgon.</p> <p>Construction is expected to commence in 2023-24.</p>

Gippsland Regional Organics expansion	<p>Gippsland Regional Organics (GRO) is an EPA-licenced waste treatment and composting facility at our Dutson Downs property.</p> <p>Currently GRO processes approximately 180,000 tonnes of waste into 50,000 tonnes of Australian standard certified compost.</p> <p>This \$11.665 million expansion will increase our organics processing capacity up to our licence limit of 250,000 tonnes per annum. This will result in up to 20,000 additional tonnes of certified compost each year. The expansion is funded by Gippsland Water and has been awarded \$4.788 million from the Victorian Government under the 's Circular Economy Organics Sector Transformation Fund and the Australian Government under the Food Waste for Healthy Soils Fund for Gippsland Regional Organics Process Expansion Project. The Australian Government will contribute \$2.394 million, and the Victorian Government will contribute \$2.394 million.</p> <p>Construction is expected to commence in 2023-24.</p>
Warragul and Neerim South UV treatment upgrades at water treatment plants	<p>Ahead of the Victorian Government's plan to open up Tarago Reservoir to recreational angling and boating, we're upgrading the water treatment plants at both Warragul and Neerim South.</p> <p>We'll be spending \$4 million to install UV disinfection across both treatment plants. This additional treatment process will ensure customers supplied with water from the Tarago Reservoir receive safe drinking water once the reservoir is open for public recreation.</p>
Website Replacement	<p>To improve the online experience and accessibility for our customers, a new website is being designed and developed.</p> <p>Planned to be launched in late 2023, it will feature a fresh design and easy navigation for customers to access what they need quickly.</p> <p>The website design is being informed by our Customer Sounding Board to ensure we are catering to the need of our customers.</p>
2050 Vision	<p>Our strategic planning this year has included the development of a 2050 Vision for the organisation.</p> <p>The development of our 2050 Vision identified key risks, challenges and opportunities for the organisation into the long term future. The vision charts the potential paths toward more desirable future states, and articulates the actions we can take now to support a positive future state for our customers.</p> <p>Our 2050 Vision will be shared with our customers and stakeholders in the coming year.</p>

Part 2: Delivering on our Minister's expectations

Customer and community outcomes

Community consultation and engagement

This year we continued to engage with our customers, community, and stakeholders to shape our 2023-28 Price Submission.

Our Customer Reference Group worked collaboratively with us to ensure our customer priorities, issues and expectations are reflected in the decisions we make.

We also established a Customer Sounding Board this year, providing an opportunity for customers to remain involved and provide input into our decisions.

Since establishment the sounding board has grown to 466 customers. Members receive invitations to participate in engagement activities, such as focus groups and surveys.

For our Price Submission, we put together a summary of the prices, promises and plans proposed for the next five years and provided opportunities for the community to provide feedback.

As a direct result of customer feedback, we have committed to six new customer outcome areas which will be implemented from 2023-28. These include be affordable and fair, do your job well, be easy to deal with, be environmentally responsible, be involved in the community and plan for the future.

In February and March 2023, we ran an intensive community engagement program that sought to understand customer and the community sentiment about us exploring the possibility of building or hosting a wind farm at our Dutson Downs site.

The program involved face-to-face drop-in sessions in the main towns closest to Dutson Downs, namely Golden Beach, Seaspray, Longford and Loch Sport. We also engaged with stakeholders through an online and hard copy survey, and customer focus groups.

The participants for the wind farm focus groups were drawn from our Customer Sounding Board, consisting of 24 members with diverse demographics and from locations across our service area involved. All Customer Sounding Board members were also invited to complete a survey on the wind farm topic.

We recently concluded early engagement and now prepare for the next stage of investigations. The findings will be released to the public early in the next financial year.

This year the Customer Sounding Board has been informing the design and build of our new website, with 300 members randomly selected to participate in user-testing. Another 100 members tested different homepage designs, with their feedback helping to ensure our new website is optimised for easy navigation.

The purpose-built engagement hub '*Let's talk*' on our website and complementary communication campaigns further supported our engagement efforts.

We've seen the audience grow for our community newsletter, which is an opt-in update, sent monthly via email. It contains updates on our projects and activities, useful tips, and opportunities to engagement and provide feedback.

We continued to issue our customer newsletter, which is sent with every customer invoice. This newsletter provides customer information like how to switch to digital billing, update your details and check for concession entitlements, as well as updates on major projects. It's another way we engage with customers on current issues and future plans.

We focused on improving our website content, making it the main source of all information and a central point for all other communication channels to anchor back to. We reviewed and optimised high-interest content for our customers to ensure they have relevant, up-to-date information that is interest to them.

Sponsorship

We committed to providing at least \$30,000 each year towards projects that support the wellbeing of Gippslanders.

This year, our focus was on installing water fountains to increase access to tap water in Gippsland. We donated eight drinking water fountains to local councils to install in Newborough, Morwell, Seaspray, Stratford, Maffra, Erica, Warragul and Drouin.

We provided in-kind support through water bottles to a range of community groups including the Rotary Club of Moe, Goodstart Early Learning Morwell, Race the Rubeena, Italian Australian Club and Wellington District Club Scouts.

Our water trailer and portable water fountains were used by community groups for number of events including the Tanjil Valley Landcare Group Environmental Festival, Rugby Family Fun Day, Aboriginal Community Cancer Info and Community Day and Sale Music Festival.

Financial sponsorship was provided to Morwell Neighbourhood House, Traralgon Tennis Club, Traralgon Railway Reserve, Traralgon Rotary Club, Moe Rotary Club, Baw Baw Latrobe Local Learning and Employment Network (LLEN), Festival of Big Ideas, and the Gippsland New Energy Conference.

Community education

Our education program plays an important role in building awareness, developing an understanding of the value of water, and driving positive behaviour for a healthy and sustainable future.

Face-to-face educational sessions were held with 1,606 students from 44 schools and kindergartens. We also hosted a small number of industry and community member site tours with a total of 58 participants.

Our sessions for students focus on topics including the natural and urban water cycle, water and

wastewater treatment, water efficient behaviours and water for health, with a strong emphasis on sustainability. Teachers praised our important and age-appropriate messages that support learning linked to the Victorian curriculum.

Our National Water Week poster competition was held from July to September 2022, with an unprecedented number of students from schools across our service area taking part.

We continued to work with schools to support their ongoing commitment to improving water efficiency, with 28 schools in our region actively involved in the Schools Water Efficiency Program.

Water quality complaints and billing issues

Please see 'Financial performance report for the year ended 30 June 2023 (page 98) for details.

Water for Aboriginal cultural, spiritual and economic values

Water for Traditional Owners

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

We do this by recognising Aboriginal values through effective and genuine engagement with Traditional Owners and First Nations community leaders in our strategic planning process, such as close engagement in developing our 2023-2028 Price Submission.

Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC), Latrobe City Brayakaulung Advisory Committee and Federation University's Aboriginal Education Centre have all provided input into our plans and their priorities have been embedded.

Our Aboriginal Inclusion Plan establishes commitments to training and employment targets to ensure Traditional Owners are actively involved in planning and managing water resources. As part of the plan we are working to achieve our vision that all who live on this land acknowledge the shared history and move forward, together, in a respectful way.

Strengthening ties with Traditional Owners and Aboriginal and Torres Strait Islander communities is a key focus. We have also built our engagement with Aboriginal Community Controlled Organisations and Aboriginal and Torres Strait Islander businesses.

We have maintained our commitment to the Gippsland Environmental Agencies (GEA) partnership agreement with GLaWAC and are helping our people keep learning through cultural recognition activities. We are also integrating traditional First Nations knowledge with contemporary environmental management practices.

Making land and water available for cultural and broader Aboriginal community benefit

Our Inclusion Plan reflects an ongoing commitment to make land we manage available for cultural and broader Aboriginal community benefit.

Engagement with Traditional Owners has primarily focused around identifying suitable locations and uses for land we manage. We'll continue to progress these conversations in the coming year to explore application of traditional knowledge with our land and waterway management practices, with guidance from GLaWAC.

We are committed to supporting GLaWAC to achieve the priorities identified in their Water is Life Nation Statements, including regionally significant projects identified in the Central and Gippsland Sustainable Water Strategy (SWS) to reimagine the water supply in the Latrobe system and revision of the Merriman Creek Bulk Entitlement.

Delivering reticulated water to the Knob Reserve

This year we have continued to work collaboratively with GLaWAC and the Knob Reserve Committee of Management to progress detailed design and heritage assessments to deliver reticulated water to the Knob Reserve in Stratford.

The Knob Reserve is a significant meeting place for Gunaikurnai Traditional Owners and installation of water fountains featuring local Traditional Owner artwork within the reserve will ensure clean, fresh, drinking water is available for cultural, community and recreational uses.

We have invested in this project and will monitor construction to ensure it doesn't interrupt the significant culture values of the reserve. The project is also funded by GLaWAC and the Victorian Government's Integrated Water Management (IWM) Program. This collaboration ensures the project is fully realised and brought to life.

Cultural awareness training

As part of our commitment to providing a culturally safe environment, all our employees have completed First Nations Cultural Awareness training, with new employees completing the training as part of their onboarding experience.

The training focuses on:

- the past experiences of Aboriginal and Torres Strait Islander peoples
- understanding Aboriginal and Torres Strait Islander culture and the role they have played in caring for Country and their connection to land and water
- learning about the two Traditional Owner groups, the Gunaikurnai and Bunurong peoples which our service area conducts business across
- how we can all support greater participation and inclusion of Aboriginal and Torres Strait Islander peoples

This awareness training has assisted our employees in understanding the importance of providing a culturally safe and inclusive environment, and their role in respecting the cultural significance of working on and with the land and waterways in their everyday lives.

Additional cultural awareness training has been provided to our employees whose work involves greater interaction with Traditional Owners within our service region. 24 employees mainly at an executive and managerial level undertook a one-day training workshop hosted by GLaWAC. It delivered a mix of on-country experiences and included a visit to the GLaWAC office in Kalimna West.

We are committed to providing further learning opportunities to assist in building a deeper level of cultural awareness as we continue to evolve in this important space.

Aboriginal employment and business

This year we expanded our workforce to include a specific on Country role, the Healthy Country Lead. We also restructured to include an on Country focus within management with the Environment and Healthy Country Manager.

We worked with the community and GLaWAC to establish future funding for Aboriginal employment initiatives for each year going forward.

In our tender advertisements we promote Aboriginal enterprise engagement to encourage the employment of Victorian Aboriginals. We include Aboriginal inclusion clauses in our documentation and in the social commitment proposal section of our tender response templates, as set out in our Social Procurement Plan.

We have increased the number of registered First Nations businesses we engaged with for provision of goods and services this year. These suppliers included Mirriyu Cultural Consulting, Yarn Marketplace, Djambies and The Torch.

With the assistance of GLaWAC we supported local Traditional Owner artists with the procurement of local artwork. We also engaged with GLaWAC to provide cultural awareness and cross cultural training to strengthen staff awareness and understanding.

We are continuing to develop our staff capacity of Aboriginal and Torres Strait Island business social procurement which has been identified in our Aboriginal Inclusion Plan. We are actively participating in opportunities and network meetings through the Kinaway Chamber of Commerce Victoria Ltd (Kinaway) to connect with more Victorian Aboriginal and Torres Strait Islander businesses.

Opportunity for comment

GLaWAC was provided with the opportunity to review this section of the Annual Report. Feedback and input was provided by GLaWAC for content that includes specific reference to traditional ecological knowledge, values and well-being.

Resilient and liveable cities and towns

Central and Gippsland Region Sustainable Water Strategy

In September 2022 the Victorian Government released the Central and Gippsland Region Sustainable Water Strategy (SWS).

The SWS is a 10-year strategy that adopts a 50 year outlook and sets a wide range of policies and actions. It addresses challenges such as climate change and sustainably sharing available water resources across agriculture, environment, Traditional Owners, urban cities and towns and industry.

We were heavily involved in the development of the SWS, with our Managing Director representing us on the consultative committee and several of our staff being involved in working groups.

There are many actions and policies that will affect us in the coming decade. These span themes such as water conservation and efficiency, water security for cities and towns, moving towards a future of more manufactured water, improving our region's waterways and supporting the water related values of our Traditional Owners.

A key action is to develop and implement a strategy to optimise the Latrobe Valley's water resources and infrastructure to best support the current and emerging needs of our transitioning region, and its community and environment.

Since the release of the SWS, we've been working with government and other regional partners to progress a number of actions. From 1 July 2023, we will have a 3.33 gigalitre bulk water entitlement available to access water in Tarago Reservoir, securing the water supply and liveability of the Warragul and Drouin communities well into the next decade. This action is one of the top 10 capital investments in our 2023 Price Submission.

Urban Water Strategy

September 2022 also marked the release of our Urban Water Strategy (UWS), our five-yearly plan of how we will continue to provide reliable water supplies and wastewater treatment capacity over the next 50 years. The UWS was developed over one and a half years, and involved extensive engagement with our customers, community and water sector stakeholders. The concurrent development of the SWS and UWS provided a unique opportunity to address some of our local water challenges in a broader regional context.

Our UWS contained 18 actions across the themes of:

- Partnering with our Traditional Owners
- Engaging with our stakeholders
- Water efficiency and conservation
- Water system actions
- Sewerage system actions

We've commenced work on UWS actions including securing a water entitlement for Warragul and Drouin by July 2023, planning for water supply to the Knob Reserve in Stratford, an important place for the Gunaikurnai people, and developing a more resilient water supply for Briargolong by accessing a deeper aquifer.

Integrated Water Management

The SWS places a significant focus on the increased adoption of Integrated Water Management (IWM), a collaborative and whole of water cycle approach to water planning and management at both a regional and precinct scale. IWM seeks to identify and consider the use of all sources of water for a range of fit for purpose uses to deliver improved community and environmental outcomes and enhance the resilience and liveability of our towns and region.

We've been an active member of the Gippsland IWM Forum since its inception in 2018, and with the assistance of co-funding from the Victorian Government, we've:

- Worked in partnership with Latrobe City Council to investigate the feasibility of using an existing waste stream from our Morwell water treatment plant, with suitable treatment, to irrigate recreation reserves in the Waterhole Creek corridor in Morwell; and
- Agreed to host a dedicated IWM officer to work across all IWM organisations to enhance collaboration and coordinate planning functions.

Water efficiency

Water efficiency and conservation has been emphasised as a priority in both the SWS and our UWS, with a wide range of actions planned. These include expanding upon existing programs such as the School Water Efficiency Program (SWEP) as well as extending water conservation efforts more broadly to the non-residential sector. A new WaterSmart program we are involved with will channel government funding to improve the metering and monitoring of water use in non-residential settings like local government and commercial facilities. This will help to assist with identifying leaks and inefficiencies faster.

We focused on both our own networks as well as helping customers improve water efficiency and identify leaks. This falls in line with our UWS to improve water efficiency across our supply system. Our ongoing targeted leak detection activities have continued this year with some significant but difficult to locate network leaks found and addressed. During a five-day active leak detection survey of our Tyers system, 158 km of pipeline was inspected and 27 leaks found, estimated at 137 ML/year. This included leaks in our network and on customer properties, helping our customers to save money on their bills.

We have 28 schools in our region actively involved in the SWEP and we will be working to expand this program in line with ambitious SWS targets.

We continue to promote and encourage water efficiency initiatives, both locally and in partnership with other water corporations across the state. These campaigns are in line with the WSAA Water Conservancy and Intelligent Water Networks (water efficiency) initiatives.

Throughout the year, particularly during summer, we created and shared social media and bill insert content that supported the Victorian Government's Target Your Water Use campaign. These messages included water saving tips adapted from WSAA Water Conservancy advice, promotion of the Permanent Water Saving Rules, and promotion of online tools such as a household water use calculator.

We remained an active participant and contributor to sector-wide initiatives as a member of key Victorian and Water Services Association of Australia (WSAA) groups including the Victorian

Educators Special Interest Group (SIG) and WSAA Educator Managers.

Payment management and Customer Support program

Customers who require additional support are encouraged to join our customer support program so that we can review and engage with them on a regular basis. This ensures that the financial assistance options offered continue to meet the customer's ongoing requirements.

Our Customer Care team reaches out early to customers who have outstanding accounts or where we identify indicators that they may be experiencing payment difficulties. This allows us to discuss financial support options that are available, including flexible payment plans, and to tailor a solution that best suits the customer's individual needs.

We have seen an increase in the number of customers registered within the customer support program with a total of 1,900 being registered compared to 1,458 in the previous year. We have committed to increasing our in-house customer care resources to ensure we remain well placed to support our entire customer base.

The overall number of customers paying through instalment plans has increased since the previous year however the number of customers in hardship on flexible payment plans has decreased. Our Customer Care team has focused on promoting flexible payment plans however some customers are indicating they are struggling to commit to payment plans due to increased cost of living pressures.

We have helped more customers apply for Utility Relief Grants with 1,303 applications approved totaling \$410,953 compared to 937 applications totaling \$358,363 last year.

Payment plan and hardship program summary

The following table outlines customers utilising payment plans and the hardship program.

	30 June 2023	30 June 2022
Customers paying with direct debit (paid in full on due date)	5,870	5,551
Customers on payment plan (excluding hardship)	6,849	6,846
Hardship program customers on payment plans	951	777
Total payment plans	7,800	7,623
Percentage of customers on payment plans	10.43%	10.35%
Hardship customers	1,900	1,458
Percentage of hardship customers on payment plans	50.05%	53.29%

Community Rebate Program

The Community Rebate Program is available for eligible customers registered within the customer support program. It is funded by the Victorian Government and administered by us. The program allows for up to \$1,000 of plumbing work that will help reduce water usage in the home.

This year we have assisted 105 households with \$76,433.70 of free plumbing works through the Community Rebate Program.

Our water bills

Please see our 'Year in review' (page 82).

Recognising recreational values

We've continued to ensure we provide ways to enhance the recreational value of our water and wastewater facilities. Our website has been updated to improve how we communicate these opportunities with our community.

We enable access to some of the land we manage for various purposes including bushwalking, jogging and general enjoyment in addition to ongoing provision of picnic facilities at Moondarra Reservoir.

By arrangement, we open our wastewater facilities for bird watching groups to view the bird life and undertake bird counting surveys. We also provide school and community education at our agribusiness site, our organics recycling facility, as well as water and wastewater treatment sites.

We have worked with Wellington Shire Council to provide an area of land to support the recreational plan for Flooding Creek in and around the Sale township. The plan incorporates environmental, recreational and wellbeing aspects into the areas surrounding Flooding Creek.

As part of a Victorian Government funded Integrated Water Management project, we supported re-vegetation of a storm water runoff gully immediately adjacent to Blue Rock Lake, linked to the lake walking track.

Other recreational initiatives we collaborated on have included ongoing contributions to the Tarago Reservoir Recreation Review to inform how recreational activities can be considered and managed at the Tarago Reservoir while protecting water quality; involvement in the Recreational Values Sustainable Water Strategy, and participation in DEECA's Sustainable Water Strategy Recreational Working Group.

This year our customers contributed \$446,000 towards the maintenance of recreational facilities managed by Southern Rural Water at Blue Rock Lake, Cowwarr Weir and Lake Glenmaggie, each of which attracts visitors from outside of our service region for kayaking, fishing, swimming and picnics. We are continuing to explore opportunities for this arrangement to be reviewed.

Leadership and culture

People matter survey

The Victorian public sector's independent employee opinion survey, People Matter, was undertaken in mid-2022 with 69% of our people completing the survey.

Our participation in this survey provides us with the opportunity to benchmark our work environment and staff wellbeing factors against other comparator (water industry) organisations. It also allows us to capture consistent and comparable trend data, particularly for Gender Equality Act and Diversity & Inclusion reporting purposes.

66% of our employees who responded to the survey were considered to be engaged. Whilst this was a 5% decrease from our 2021 result, it aligns with an overall drop of 5% within our industry comparator group.

The survey highlighted a positive shift in relation to satisfaction with career development which has increased by 5%, feeling culturally safe by 1% and that our people feel they achieve something important through their work, increased by 5%.

Our people reported a positive sentiment towards collaboration and managers displaying and treating staff with respect and integrity also remained strong, which aligns with our goal of fostering a constructive and enabling culture.

The results also are reflective of the deliberate measures that ELT and the managers group applied off the back of last year's survey; pleasingly these have had a positive effect, especially around stress prevention, connection to strategy, our people feeling connected and finding meaning in their job and manager support.

We have participated in the 2023 People Matter survey, which opened 29 May 2023, with results expected to be released in August 2023.

Leadership programs

Our people leaders play a significant role in driving our success and ensuring we meet the diverse needs of our community and customers. Our in-house leadership program is now in its fifth year, with 70 of our people having participated in the program. The program is designed to be agile and equip our current and future leaders with the skills to lead through times of change and to improve our overall employee experience.

To complement our leadership program and to ensure all our people leaders are aligned with our approach to developing a constructive culture, we engage all new people leaders in a targeted on-boarding workshop which explores our leadership blueprint, values, and strategic priorities.

Nine new pairs of employees are participating in the 2023 mentoring program following the success of our pilot program in 2022. These pairings consist of two individuals from different workgroups across the business. The program is tailored to support our commitment to developing our internal talent, in particular the development of self and leadership skills. It also allows us to provide targeted development opportunities from a gender equality perspective.

Mentors were identified from our annual talent identification process and adaptive leadership program alumni and mentees were drawn from our up-and-coming talent pool. Each pair sets their own objectives for the program, ensuring the program is agile in meeting the unique needs of the individual participants.

Graduate development program

Our graduate development program has continued to go from strength to strength. It has not only supported local graduates to stay within our region, it also enabled us to secure talented professionals to continue their employment with us following successful completion of the program.

The program was initially designed to bridge the engineering recruitment gap, however, has now expanded to include a commercial services graduate position. Our third graduate intake commenced in early 2023 and due to the success of the program, we have now shifted to annual intakes, with planning already underway for our fourth program scheduled for early 2024.

This ongoing program provides a supportive environment to assist our graduates to develop into their careers. The program includes dedicated mentoring and targeted learning and development opportunities, with exposure to various areas of the business. This is achieved via a strategically planned rotation arrangement and provides the graduate with a diverse and engaging experience. At the conclusion of the program, each graduate has had the opportunity to build a solid professional development foundation and business understanding while acquiring meaningful hands-on experience to set their career up for success.

Equal opportunity

We are committed to fostering a collaborative, respectful, safe, and healthy workplace for all employees and therefore we continue to strive to build a culture that is constructive and encourages values-aligned behaviour which supports a positive experience.

We actively work to comply with Equal Opportunity legislation, the Victorian Public Sector Code of Conduct, the *Disability Act 2006* (Vic), the *Gender Equality Act 2020* (Vic) and the *Charter of Human Rights and Responsibilities Act 2006* (Vic). Our commitment in this space is evidenced by our latest People Matter Survey results reporting a 13% positive shift in relation to our employees understanding of how the Charter of Human Rights and Responsibilities apply to their work.

We continue to refresh our policies and procedures to ensure the prevention of harassment, discrimination and bullying is front of mind. We also have a dedicated Respectful Workplace procedure which is shared with all employees as part of their on-boarding experience.

All employees also undertake regular educational programs aimed at providing an awareness of equal opportunity, and bullying and harassment, and includes understanding their own individual obligations in creating a safe environment.

We also have additional initiatives in place to further raise awareness and provide support mechanisms around equal opportunity and inclusion. These include our Diversity & Inclusion Plan calendar of events and activities, our innovative Peer Connect program, and our Employee Assistance Program which provides confidential mental health and wellbeing support.

Our Gender Equality Action Plan (GEAP) 2022-25 was endorsed by the Commission for Gender Equality in the Public Service in August 2022. Our plan, in conjunction with other relevant plans

and strategies, demonstrate our commitment to driving positive organisational change in relation to gender equality. The plan includes strategies, actions, and measures for our priority focus areas over the next three years, while continuing to advocate for a safe and respectful workplace for all staff.

Our GEAP 2022-25 Plan is available online.

Employment and development opportunities

We proudly provide local employment and development opportunities across our community through a range of diverse programs and initiatives. This includes our annual 12-week student vacation employment program for tertiary students which provides meaningful paid work experience, our specialised graduate program, and work experience opportunities for local secondary schools and community groups. We hosted eight vacation students and seven work experience students this year.

We continue to invest in our traineeship program which provides early career pathways within our community, with four trainees engaged in various areas across the business during the reporting period. Our program is designed to provide trainees with valuable experience in a supportive work environment, while working towards the achievement of a nationally recognised qualification. This successful program has led to several positive employment outcomes within our business and forms a key component of our employment attraction program.

We have continued to actively support the local Baw Baw Latrobe Local Learning and Employment Network (LLEN) initiatives through participating in Living Library events, job skills development and expos, Project Ready Program, and Inspiring Young People events.

In partnership with Federation University, we awarded our second round of scholarships to Gippsland-based students commencing their first-year study at Federation University's Gippsland campus. This year we offered two scholarships, with the first being for Gippsland-based women entering their first year of an engineering or science degree. The second was our inaugural scholarship for Aboriginal students beginning an undergraduate degree. Each scholarship provides \$3,000 per year for the first three years of their course, and the opportunity to gain hands-on industry experience working with us.

Inclusion and diversity

We are committed to building a diverse and inclusive organisation, where our people feel safe to bring their full and authentic self to work. We believe having a representative workforce delivers better outcomes for our customers and community. Our employee survey results consistently support our commitment, evidenced in our People Matter Survey results, with our employees reporting they feel our work environment is accepting of different backgrounds and ways of thinking, and that we value diversity.

Our current Diversity & Inclusion Plan 2021-23 focuses on reflecting our community, gender equality and Aboriginal participation. The plan, in conjunction with the establishment of our inaugural Diversity and Inclusion Committee, chaired by our Managing Director, have provided a strong foundation to drive cultural change across the business.

Inclusion and diversity initiatives and highlights in 2022-23 include:

- Recognising and acknowledging of a range of cultural significant days via internal communications channels.
- Representatives from across the business attending the Maryvale Private Hospital's International Women's Day event where they were able to connect with others and celebrate the women in our community.
- The establishment of a multi-purpose reflection room.
- Delivering an R U Ok? Day event which was inclusive of the whole organisation
- Continuing to be an active member on the Gippsland Environmental Agencies Women in Leadership Team, which provides opportunities for women in our organisation to connect with others, network and participate in development and mentoring opportunities.
- Hosting NAIDOC week acknowledgement and activities
- Cultural awareness training provided across the business.
- Our Gender Equality Action Plan (GEAP) 2022-25 was endorsed by the Commission for Gender Equality in the Public Service in August 2022.
- Planning for our next iteration of our Diversity & Inclusion Plan

The following table outlines the diversity of our current workforce.

Diversity and inclusion data set	% Target	% Actual progress 2022-23	% Actual progress 2021-22	% Actual progress 2020-21	% Actual progress 2019-20
Women in senior leadership – (Managing Director and General Managers)	50	29%	28	25	38
Women in senior leadership – (Board, Managing Director and General Managers)	50	50%	50	38	44
Identified disability	6	3%	2	3	3
Aboriginal and Torres Strait Islanders	1.2	1%	1	3	3
Language Other Than English (LOTE)	8	6%	10	10	10
Caring responsibilities	35	36%	42	62.28	62.28
LGBTIQA+	7	5%	3	3	3
Workforce flexibility (formal arrangements)	35	22.7%	23.3	21	22.40

Comparative workforce data

The following table outlines our gender spread across the organization.

Gender	30 June 2023						
	All employees		Ongoing			All employees	
	Number (Headcount)	FTE	Number (Headcount)	Part-time (Headcount)	Number (Headcount)	Number (Headcount)	Number (Headcount)
Women	120	104.1	72	38	95.4	10	8.7
Men	212	211.3	181	1	181.3	30	30
Prefer not to say	0	0	0	0	0	0	0

^FTE (full time equivalent) is inclusive of casual hours worked in the last full pay period in June.

	2022-23	2021-22	2020-21	2019-20
Executive employees (including Managing Director)	7	7	8	8
Women	2	2	2	3
% Women	29	29	25	38
Men	5	5	6	5
% Men	71	71	75	62
Senior managers				
Women	4	3	3	2
% Women	18	16	18	12
Men	18	16	14	15
% Men	82	84	82	88

Comparative workforce data *continued*

	2022-23	2021-22	2020-21	2019-20
Full time	253	228	238	252
Part time	39	34	33	31
Casual/fixed term	40	56	42	23
Total employees	332	318	313	306
FTE [^]	315.4	290.19	290.31	286.38
Executive	6	5	6	4
Assets	41	42	38	38
Commercial Business	52	45	43	27
Corporate Affairs [#]	2	N/A	N/A	N/A
Finance and Governance	25	23	25	28
People and Customer	46	44	38	11
Customer and Community [*]	N/A	N/A	N/A	56
Business Transformation	40	38	42	29
Operations	120	121	121	118
Total employees	332	318	313	306
Women	120	106	103	102
% Women	38	33	33	33
Men	212	212	210	204
% Men	64	67	67	67

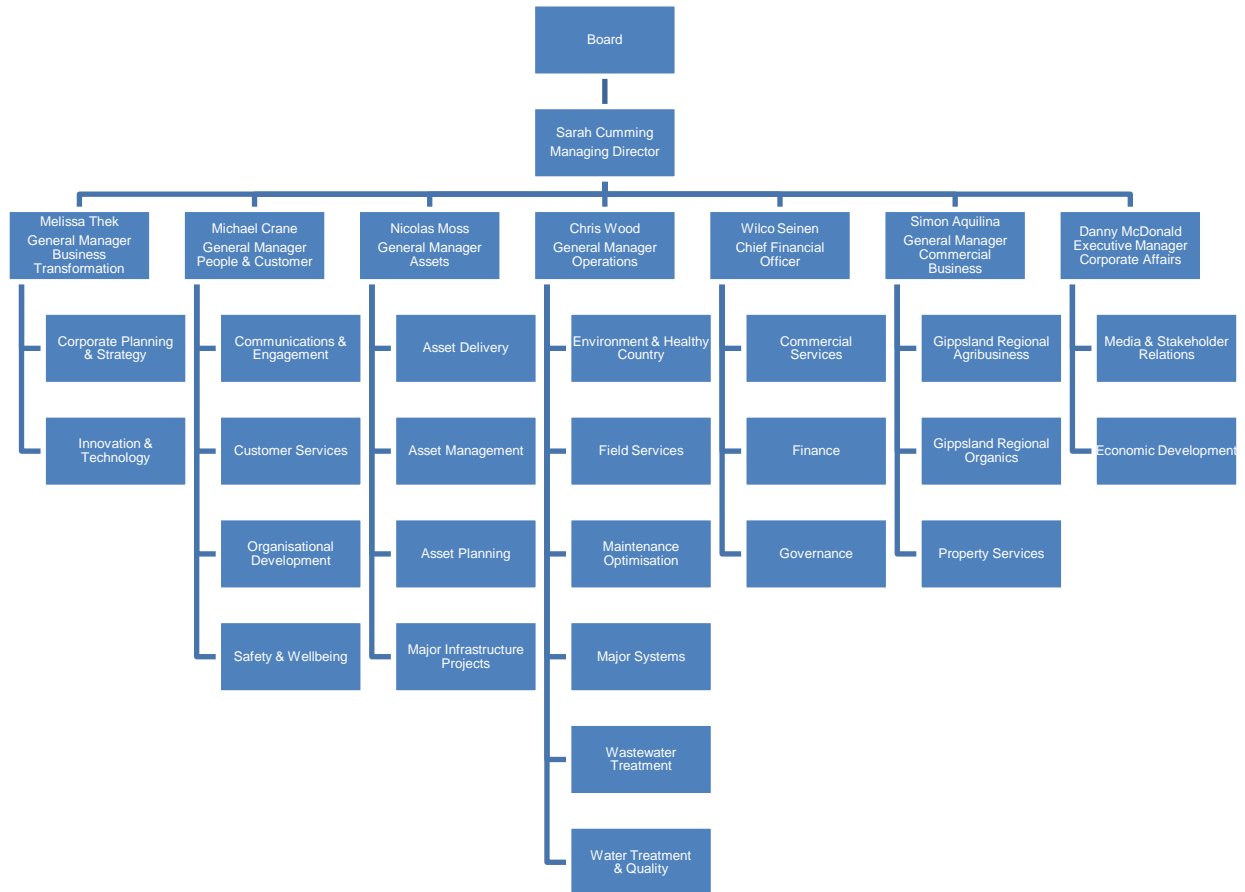
[^]FTE (full time equivalent) is inclusive of casual hours worked in the last full pay period in June.

Notes:

^{*}Organisational structure changed in 2020 when Customer and Community was dispersed and its people absorbed into other departments.

[#] A new Corporate Affairs department was established in May 2023.

Organisational structure as at 30 June 2023



Health and safety

This year there has been substantial effort to uplift Gippsland Water's Occupational Health and Safety (OH&S) Management System, with the objective of improving health, safety and wellbeing practices across the organisation. This has been driven through the development of the OH&S Strategic Roadmap which outlines our key strategic focus areas from 2022 to 2025.

Our key strategic focus to date has been delivering pillar one of our OH&S Strategic Roadmap. Pillar one involves an organisation wide approach to further refine our top critical safety risks and validate control effectiveness.

We have undertaken a comprehensive education and promotion campaign across our business with a renewed focus on talking safety as part of our Continue to Switch on to Safety campaign. Our Safety team continues to educate our people and contractors about the importance of early intervention, risk assessing hazardous activities, mitigating future events, management of fitness for duty and reporting. Incident reporting has trended downwards over the previous five reporting periods, highlighting the effectiveness of lead indicators, and is further supported by the commensurate reduction in workers compensation claims and reported workplace injuries/illness for the comparable period.

This year we committed to delivering a new OH&S technology platform as part of a broader enterprise technology project. With the functional requirements and business case now complete, it is ready to go to market for a suitable provider. Benefits of introducing this technology for our business are numerous, including improved real time monitoring, compliance and streamlined processes. We will also see better data-driven decision making, enhanced contractor analytics and risk mitigation to support our ongoing focus on across the organization on our safety culture.

Planning and data gathering has been undertaken in preparation for the introduction of psychological hazards in 2023-24 as part of the amendments to the Victorian Occupational Health and Safety Regulations.

We saw a reduction in the number of Lost Time Injuries, with our Lost Time Injury Frequency Rate sitting 55% better than the industry average. Additionally, healthy lag indicators, including our Total Recordable Injury and Medical Treatment Frequency Rates are well within our internal targets and reflect our consistent and proactive focus on the safety of our people.

The continued emphasis on strong early intervention programs and not placing individuals at risk by returning to work without an appropriate level of fitness, has contributed to this result.

Occupational Health and Safety management measures

The following table outlines our achievements in OH&S management measures.

Measure	KPI	2022-23	2021-22	2020-21	2019-20	2018-19
Incidents	No. of safety reports (excl. contractors)	376	487	623	693	704
	No. of safety reports (incl. contractors)	407	525	690	777	767
	Rate per 100 FTE (excl. contractors)	119.21	167.35	214.6	242	240
Claims	No. of standard claims	0	2	3	6	5
	FTE	315.40	290.19	290.31	286.38	283.38
	Rate per 100 FTE	0	0.689	1.03	2.10	1.76
	No. of lost time claims	0	2	1	5	3
	Rate per 100 FTE	0	0.689	0.34	1.75	1.06
	No. of claims exceeding 13 weeks	0	2	1	1	2
	Rate per 100 FTE	0	0.689	0.34	0.35	0.71
Fatalities	Fatality claims	0	0	0	0	0
Claim costs	Average cost per standard claim	\$130,162.00#	\$76,395.00	\$10,777.67	\$4,938.01	\$21,058.80

Claims cost incurred for the reporting period is reflective of costs incurred for standard claims that occurred during the previous three years up to 31 December 2022.

Financial sustainability

Please see 'Financial sustainability' section (page 88).

Part 3: Our environment and community

Environmental sustainability

Biodiversity and natural asset management

We have continued our partnership with Zoos Victoria to increase numbers of the nationally vulnerable Pookila in Victoria. The Zoos Victoria program aims to establish a captive population from which individuals can eventually be released into suitable, wild habitat.

So far, the mice collected from land we manage at Dutson has successfully given birth to two pups after breeding with another wild-caught mouse from the nearby Loch Sport population. DNA samples have also been collected to help understand genetic diversity of the Dutson population amongst the broader, Victorian population.

In addition to breeding and genetic work, a camera trapping program conducted by Zoos Victoria at Dutson this year recorded Pookila activity at 12 of the 45 camera locations – all within a small area of the site.

We've also been supporting research being conducted by the University of Canberra that is using DNA analysis of Pookila scats to identify the key diet components for the species. This work will inform future efforts to conserve the species by ensuring important dietary needs are catered for – both in captivity and wild introductions.

Annual amphibian surveys undertaken this year recorded 11 observations of the nationally vulnerable Green and Golden Bell-frog and one Martin's Toadlet which is critically endangered in Victoria. Surveys also recorded breeding activity for several other more common frog species.

Conservation and improvement work across the Dutson site and the Moondarra Reservoir have continued across the past year. Work has included:

- Landscape-scale pest plant control focused on noxious and environmental weeds
- Control of invasive predators and herbivore animal control programs successfully reducing also included pest plant and animal control to protect the numerous threatened flora and fauna that call the property home.

In addition, we have continued to remain compliant with conservation covenants on more than 900ha of biodiversity offset sites across our region with fencing, pest plant and animal control and revegetation works undertaken throughout the year.

We have also provided expert input to the development of a number of threatened species Actions Statements being revised under the *Flora and Fauna Guarantee Act 1988* and contributed to the Coordinating Committee for the development of the Gippsland Lakes Ramsar Site Management Plan.

Sustainable water and biosolids reuse

Our eight lagoon-based wastewater treatment plants produce reuse water for agricultural purposes, both on land we manage and at third party sites such as local farms and community recreation facilities.

The 2022-23 treated wastewater reuse volumes were 24.9%, which is slightly lower than the long-term average. Persistent high rainfall conditions and saturated soils continued to limit our ability to irrigate.

100% of the biosolids we produce at our wastewater treatment plants is beneficially reused at our Gippsland Regional Organics facility (GRO).

In 2022-23, we produced 19,692 tonnes of biosolids that were transported to Gippsland Regional Organics for composting with various other organics materials from across Victoria. The composting process produces a high quality product that is tested to Australian standard (AS4454) for use on farms as a soil conditioner and contributes to Victoria's circular economy by diverting material from landfill.

Beneficial wastewater reuse summary

The following table outlines the beneficial wastewater reuse information.

Wastewater Treatment system	Destination of beneficial wastewater reuse	Treated water disposed by Gippsland Water (ML)		Volume reused (ML)		Volume discharged (ML)	
		2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Drouin	Irrigation to pasture or discharge to Shillinglaw Creek	1,388	1,007	49	104	1,338	903
Heyfield	Irrigation to pasture or emergency discharge to Back Creek	103	218	103	92	0	126
Maffra	Irrigation to pasture and sporting / playing field. Emergency discharge to Macalister River	214	382	214	327	0	55
Mirboo North	Irrigation to pasture and sporting / playing field	102	95	102	95	0	0
Morwell	Supplement flow to wetlands	748	730	748	730	0	0
Seaspray	Irrigation to pasture	22	16	22	16	0	0
Stratford	Irrigation to pasture	245	222	146	151	100	71
Willow Grove	Irrigation to pasture or emergency discharge to Latrobe River	22	20	22	20	0	0
Neerim South	Discharge to Red Hill Creek	68	60	0	0	68	60
Rawson	Discharge to Coopers Creek	30	32	0	0	30	32
Warragul	Discharge to Hazel Creek	2,186	1,831	0	0	2,186	1,831
Moe	Discharge to Moe River	2,689	2,520	0	0	2,689	2,520
Sale	Irrigation to pasture and diversion to Dutson lagoons	724	513	724	513	0	0
Total water available for reuse			8,541	7,647	2,130	2,049	6,410
% reuse of water available for reuse					24.9%	26.8%	75.1%

Treated water within the Regional Outfall System and Saline Wastewater Outfall Pipelines is unsuitable for reuse due to an elevated salt content. These wastewaters are discharged via EPA licenced ocean outfalls. Figures have not been included here for either system as they do not contribute to reuse.

Sustainable and resilient water services systems

Please see sections 'Customer and community outcomes' (page 15), 'Resilient and liveable cities and towns' (page 20) and 'Managing our water resources' (page 55). For Sustainable Water Strategies, please see section 'Managing our water resources' (page 55).

Total groundwater

The following table outlines the total groundwater data.

Raw water taken (ML)	2022-23	2021-22	2020-21	2019-20
Briagolong	65	64	66	77
Sale	1,952	1,808	1,830	1,901
Dutson	61	78	86	113
Total	2,078	1,949	1,982	2,091

Other statutory obligations

Department of Health compliance obligation (Water Quality)

Our commitment is to provide our customers with safe drinking water. Our Drinking Water Quality Management Plan (DWQMP) is based on risk assessment approach from catchment to customer tap in line with the Australian Drinking Water Guidelines. Our approach includes a comprehensive site-specific, risk-based compliance monitoring, sampling, and testing program. This is undertaken to meet the Safe Drinking Water Regulations (SDWR) 2015 requirements under section 56 of the *Safe Drinking Water Act (SDWA) 2003* (Vic).

We complete weekly water testing to verify compliance with our risk management obligations under the SDWR 2015. Test results are available to our customers via website, our SDWA Annual Report on Drinking Water Quality or upon request.

During 2022-23, there were three notifiable incidents to the Department of Health under section 22 of the SDWA.

- An E.coli was detected in the Traralgon Water Supply system in August 2022. After a comprehensive investigation, a report was submitted to the Department of Health advising that the result of the analysis was not representative of the water supplied to the distribution system. The Department of Health accepted this recommendation and declared the result a false positive as defined under the Safe Drinking Water Regulations (2015).
- An E.coli was detected in the Yinnar Water Supply system in January 2023. After a comprehensive investigation, a report was submitted to the Department of Health advising that the result of the analysis was not representative of the water supplied to the distribution system. The Department of Health accepted this recommendation and declared the result a false positive as defined under the Safe Drinking Water Regulations (2015).
- During February and March 2023, taste and odour issues were detected in the Warragul and Drouin Water Supply Systems, which was attributed to the presence of taste and odour

compounds, within the water recycling system at the Warragul water treatment plant. The compounds were detected at levels above the human's threshold concentration resulting in customer complaints. The Department of Health was notified as required under Section (22) of the Victorian Safe Drinking Water Act (2003). The drinking water supply remained safe to drink at all times during this event.

Gippsland Water made two submissions to the Department of Health under the Fluoride Code of Practice 2019 for an interruption to fluoride dosing to undertake repair and maintenance works at our Warragul and Sale water treatment plants.

In 2022-23, further improvements projects were undertaken to ensure our customers' water quality is maintained, including:

- Installation of an additional treatment barrier at Maffra water treatment plant, with the commissioning of an ultraviolet (UV) disinfection system.
- Installation of new floating disc covers on the raw water basin at Heyfield water treatment plant to reduce the likelihood of algae blooms and protect raw water quality.
- Upgrade of our secondary disinfection systems including installation of a new site at Newborough water storage basin
- Replacement of the Warragul water treatment plant basin cover and liner to maintain treated water quality and safety.
- Replacement of the Sanders Basin cover and liner in the Churchill supply system to maintain treated water quality and safety.
- Commenced the construction of a new 25ML treated water storage at the Moe water treatment plant.
- Commissioning of the Heyfield - Coongulla pipeline to supply drinking water from the Heyfield water treatment plant to the residents of Coongulla and Glenmaggie.
- Decommissioning of Coongulla water treatment plant, converting to a treated water storage basin site, and installation of a new disinfection dosing system at the inlet/outlet of the basin to maintain water quality and safety.
- Supply of new advanced water quality testing instrumentation at the water treatment plants to help optimise treatment processes.
- Upgrading of the Drouin basin disinfection site to improve system performance and environmental compliance.
- Purchase of a dedicated chemical delivery trailer to eliminate manual handling and chemical transfer risks to Gippsland Water personnel when adding sodium hypochlorite to disinfection sites.
- Installation of a cover on the clear water distributor at the Moe water treatment plant to improve water quality protection.
- Installation and commissioning of a new disinfection unit at the Seaspray water treatment plant for improved reliability and control.
- Cleaning of the water storage basin and tank at Neerim South water treatment plant.
- Replacement of disinfection dosing pumps at Toongabbie to improve treatment process reliability.

- Cleaning of the water storage basin at Seaspray water treatment plant.
- Installation of new water quality analysers for the inlet and outlet of the Warragul water treatment plant contact tank, including the addition of turbidity analysers.
- Undertake repairs to the Sale water treatment plant basin No. 2 cover.
- Undertake planned water reticulation renewals with an annual spend of \$1.2M to improve reliability of pipeline infrastructure and reduce breaks.
- Undertake regular and proactive water mains flushing programs to maintain water quality and safety.
- Investigated the use of alternative water treatment chemicals at Traralgon water treatment plant and switched from Aluminum Sulphate to Aluminum Chlorohydrate to reduce cost.

The Safe Drinking Water Act audit was undertaken as planned in March 2023. The audit identified two minor non-compliances related to samples not collected and analysed when compared to the established monitoring program, and sampling of same water quality monitoring site in consecutive months. At all times the drinking water supply remained safe to drink.

An additional three Opportunities for Improvement (OFI) were identified which have been accepted to enhance our drinking water quality risk management program.

Water quality and public health safety were maintained at highest standards throughout the reporting period, and at no stage were there any public health issues.

Actions have been put in place to address the non-compliances and prevent reoccurrence of missed and consecutive sampling.

The audit also identified multiple highlights indicating the robustness of our water supply systems, high-level understanding, and awareness of plants' technicians of their responsibilities, technical staff knowledge and experience.

State Environment Protection Policy (Waters)

We are continuing to work collaboratively with other agencies including DEECA and the EPA on the risks to catchment water quality from onsite domestic wastewater management (septic systems) in line with retained clauses of the State Environment Protection Policy (Waters).

Over the past year we have contributed to a water industry project to establish standardised permit conditions for planning permits in potable water catchments to protect catchment and waterway health. This statewide project will ensure a consistent approach is taken to managing the risks from developments, and particularly on-site wastewater management, within our catchments.

West Gippsland Regional Catchment Strategy and West Gippsland Waterway Strategy

We have a shared interest in supporting and ensuring the success of the West Gippsland Regional Catchment Strategy as nine of the 11 Bulk Water Entitlements we hold to supply water to our customers occur within the West Gippsland Catchment region.

Over the past year, we have continued to support detailed research being undertaken by Monash University and the University of Melbourne looking at the nutrient inputs to the Gippsland Lakes through both financial and technical expertise. This study is part of the West Gippsland Catchment Management Authority's Lake Wellington Land & Water Management Plan.

We've also continued to undertake revegetation work, threatened species conservation and water quality improvement projects in the Hazel Creek, Red Hill Creek, Tyers River and Tanjil River catchments over the past year.

Social sustainability

Community service obligations

The following table outlines the values of our community service obligations, undertaken on behalf of the state government.

Value of community service obligation provided	2022-23 \$	2021-22 \$	2020-21 \$	2019-20 \$	2018-19 \$	2017-18 \$
Provision of concessions to pensioners	6,572,684	6,384,618	6,361,899	6,029,345	5,827,257	5,611,795
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme	272,950	291,499	278,762	284,503	328,222	272,594
Utility Relief Grant Scheme* payments	\$410,953	358,363	216,394	414,948	121,327	163,446
Water concession on life support machines – Haemodialysis #	751	719	848	670	1,832	1,367

* The Utility Relief Grant Scheme is administered, managed and assessed by the Department of Families, Fairness and Housing. Gippsland Water provide application assistance to customers who meet the Utility Relief Grant eligibility criteria.

The number of people on Haemodialysis within the region fluctuates from year to year.

Complaints management – Listening to our customers

Our Customer Services team is focused on listening to our customers and using our complaint data and the quality analytics to identify and implement improvements.

In recent years our complaint volumes have trended down, however this year we experienced an increase of 22%. The overall increase is attributed to complaints received in March 2022 from the Warragul/Drouin area as a result of a naturally occurring algae (Geosmin (GSM and 2-methylisoborneol MIB) identified from the sludge system clarifier at the Warragul water treatment plant. This issue posed no public health risk.

We are committed to resolving our customer's issues in a timely manner. For the reporting period we resolved 97% of complaints within four business days. Our proactive approach and customer engagement continues to be positively received by customers.

Energy and Water Ombudsman Victoria

This year, the Energy and Water Ombudsman Victoria (EWOV) handled 23 cases on behalf of our customers. These cases consisted of two investigations, 14 assisted referrals, six unassisted referrals and one enquiry.

One investigation is still pending with EWOV as at 30/6/23. All other cases that EWOV referred to us were resolved.

Part 4: Our environmental impact

Climate change

Greenhouse gas emissions

We continue to make significant progress towards achieving 100% renewable energy by 2025, and reaching net zero carbon emissions by 2030.

Early in the financial year, we commissioned our 1,280 kilowatt peak (kWp) solar array at our Gippsland Water Factory site. At the end of the financial year, our backup 330kW biogas engine was also commissioned. The Gippsland Water Factory, which represents about 35% of our total electricity consumption, has our largest energy consumption, now gets nearly 50% of its total electricity directly from renewable generation.

We undertook an engagement program to find out what the community and our customers think about the idea of a potential wind farm at the 8,500 (approximately) hectare Dutson site we manage (refer to page 15).

Our net emissions decreased by 2,260 tonnes of CO₂ equivalent (tCO₂-e) compared to the previous financial year to a total 33,014 tCO₂-e. All three sources of greenhouse gas emissions (fugitive wastewater, fuel combustion and electricity consumption) experienced declines over the financial year.

Water treatment and supply emissions rose marginally (66 tCO₂-e) compared to the previous financial year due to increased electricity use in pumping and treatment.

Our fugitive (Scope 1) emissions produced through wastewater treatment fell by almost 3,000 tCO₂-e during the previous 12 month period. This is largely attributed to an improvement in the quality of wastewater received in our Regional Outfall System as compared to the previous 12 months.

Our overall emissions from electricity consumption (Scope 2) decreased by 6.5% (1,550 tCO₂-e) compared to the previous 12 months.

Transport emissions from our vehicle fleet dropped by 7% or 91 tCO₂-e in comparison to the previous year. This decrease can be attributed to hybrid working arrangements and our ongoing commitment to upgrading our internal fleet to battery and hybrid powered vehicles.

Other (offices, depots, farming and organics recycling) increased by approximately 27% or 662 tCO₂-e over the past 12 months. This is attributed to greater contractor emissions reporting and an increase in production volumes at our Dutson organics recycling facility. Although this has contributed to an increase in our reported other emissions volumes, we have diverted approximately 180,000 tonnes of Victoria's organics from landfill.

Our future investments in renewable generators will build upon our recent success with continued investment that provide strong financial and environmental benefits.

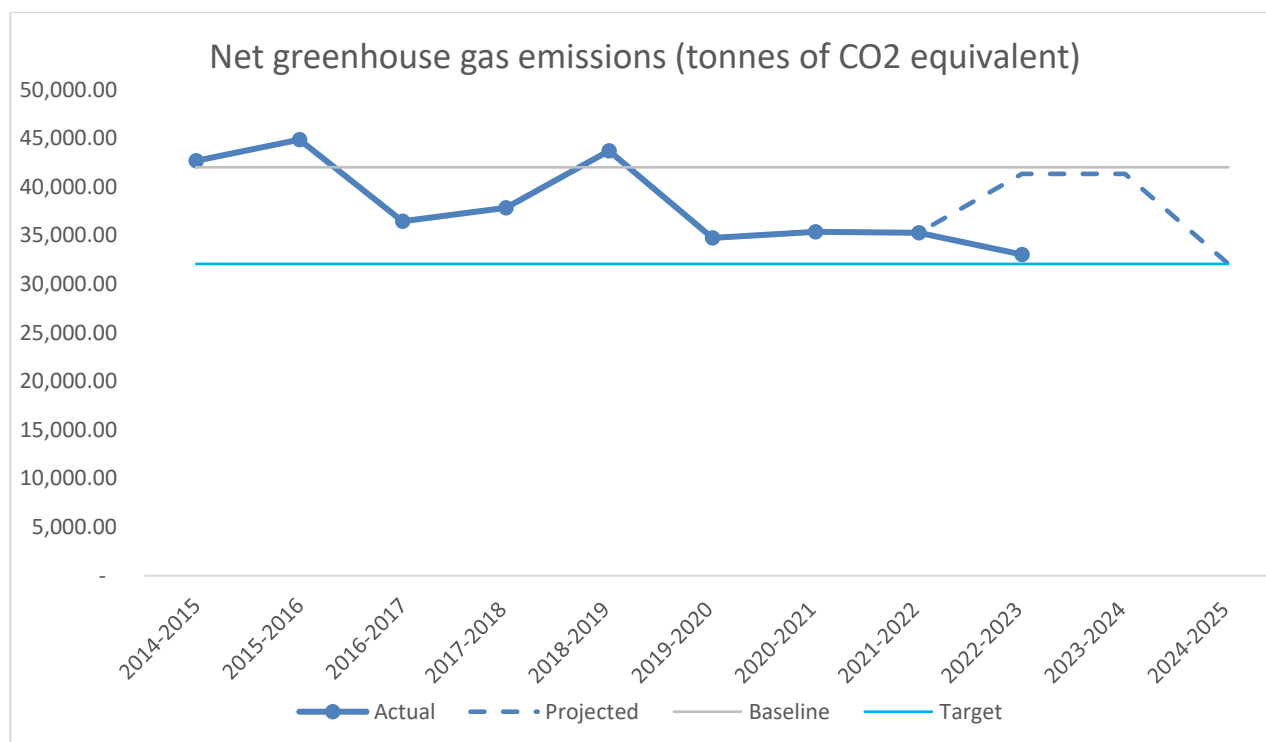
Scope 3 emissions

This year, we have commenced the process of collecting data to calculate the footprint of our Scope 3 emissions – greenhouse gas emissions from sources indirectly related to our operations. 14 tCO₂-e was emitted from the use of commercial domestic and international flights taken by our employees in 2022-2023.

The net greenhouse gas emissions, expressed as tonnes of CO₂ equivalent (tCO₂-e) are shown below, comparing long term projections with actual results.

Net greenhouse gas emissions (tonnes of CO₂ equivalent)

The following chart outlines greenhouse gas emission trends.



The following table outlines greenhouse gas emissions results.

Performance Indicator	2022-23 projected	Emissions in tonnes CO ₂ -e 2022-23 result			Variance %	Commentary
		Scope 1* emissions	Scope 2** emissions	Total emissions		
Water treatment and supply	8,239	7	8,299	8,306	0.8	Long-term trend of emissions are below projected values due to the installation of solar arrays at water treatment plants earlier than originally planned
Sewerage collection, treatment and recycling	23,515	7,272	13,356	20,628	- 12.2	The Gippsland Water Factory solar array has contributed to the decrease in emissions
Transport	1,294	1,190	0	1,190	- 8	Hybrid working arrangements have continued within our workplace, driving emissions down
Other	2,228	2,267	623	2,890	29.7	Other emissions have exceeded projections due to greater contractor emissions reporting and an increase in production at our Dutson Downs organics recycling facility
Total net emissions	35,276	10,736	22,278	33,014	- 6.7	
Carbon offsets (self-generated) retired (b)	-	-	-	-	-	
NET EMISSIONS (a-b)	35,276	10,736	22,278	33,014	- 6.7	

Service Delivery Category	Scope 1 and 2 Emissions by greenhouse gas (in tonnes and covered to t CO ₂ -e)								Commentary
	Carbon dioxide (CO ₂)		Methane (CH ₄)		Nitrous oxide (N ₂ O)		Other		
	tonnes	t CO ₂ -e	tonnes	t CO ₂ -e	tonnes	t CO ₂ -e	tonnes	t CO ₂ -e	
Water treatment and supply	8,305.42	8,305.42	0.00	0.01	0.00	0.01	-	-	Emissions are consistent with the previous year
Sewerage collection, treatment and recycling	13,386.50	13,386.50	192.56	5391.84	7.22	1,850.54	-	-	Emissions have reduced as a result of the Gippsland Water Factory solar array coming online
Transport	1,181.80	1,181.80	0.00	0.20	0.03	7.94	-	-	Emissions have reduced as a result of ongoing hybrid working and our commitment battery and hybrid powered vehicle transition
Other (office, workshops, depots etc)	2,877.49	2,877.49	0	0	0.04	10.59	-	-	Emissions have increased as a result of increased reporting of fuel emissions from contractor activities on our sites. Our organics recycling facility has also increased production volumes
Total	25,750.70		5,392.05		1,869.08				

*Scope 1 - emissions produced from combustion of fuels and wastewater treatment.

**Scope 2 - emissions from electricity consumption.

***Scope 3 - emissions from sources indirectly related to our operations.

Energy consumption

The following table outlines our energy consumption.

Total electricity use	2022-23 result (MWh)	2021-22 result (MWh)
Water treatment and supply	10,203	9,821
Sewerage collection, treatment and recycling	20,044	19,598
Other (office, workshops, depots etc)	931	863
Total	31,178	30,282

Renewable electricity consumption

The following table outlines our renewable electricity consumption.

Renewable Electricity Source	2022-23 total on site renewable electricity generation capacity (MW)	22-23 total on site renewable electricity generated (MWh)				22-23 total by source	Commentary
		Renewable (large scale systems)		Renewable (small scale system)			
		Consumed on site	Exported	Consumed on site	Exported		
Biogas	0.33	1,090.96	0	0	0	1,097.96	
Hydro electric	0.39	1,364.79	0	0	0	1,364.79	41.1% decrease in energy output from the Pine Gully hydro-electric facility due to Opal Australian Paper using less water for production processes
Solar	2.39	2,482.31	317.08	4.36	0.21	2,803.96	The large solar system at Gippsland Water Factory came online in August 2022 producing 1,442 MWh of energy in 2022/23
Wind	0	0	0	0	0	0	
Other renewable	0	0	0	0	0	0	
Total renewable	2.89	4,967.60	302.03	4.36	0.21	5,266.71	

Climate adaptation

Throughout the past 12 months, we have been reviewing our Climate Change Strategy to account for our 2030 net zero target and reflect updated climate models. A significant portion of this strategy is dedicated to outlining how we will structure our approach to building a more resilient,

climate change-ready organisation.

The strategy has been informed by the eight risks identified in the Water Sector's Adaptation Action Plan, as well as a number of risks specific to our region, organisation and the services we provide our community. We are looking forward to commencing delivery of this strategy in the year ahead and working closely with our community to improve the resilience of our services, operations and region.

Part 5: Supporting our local economy

Major customer consumption

The following table outlines the number of customers who consume more than 100ML annually.

Volumetric range – ML per year	No. of customers
Equal to or greater than 100ML and less than 200ML	3
Equal to or greater than 200ML and less than 300ML	1
Equal to or greater than 300ML and less than 400ML	1
Equal to or greater than 400ML and less than 500ML	0
Equal to or greater than 500ML and less than 750ML	0
Equal to or greater than 750ML and less than 1,000ML	0
Greater than 1,000ML	4
Total no. of customers	9

Major customers and their participation in water efficiency programs

Customer	Participation in water efficiency programs
AGL Loy Yang Pty Ltd (Traralgon)	<p>The improvements identified by automating the operation of the Demineralised Water Plant are being progressively implemented. Automation of the plant should result in less frequent resin regenerations, resulting in lower water consumption. AGL Loy Yang continues to:</p> <ul style="list-style-type: none"> divert rainfall run-off, wash down water and artesian water which collects in the base of the mine for fire service pond make-up water; utilise groundwater extracted to maintain mine stability in the cooling water system in preference to fresh water; Maintain robust monitoring and maintenance programs to ensure water utilised in the various plant processes including the cooling water system and Demineralised Water Plant is kept to a low as practical.

Customer	Participation in water efficiency programs
Alinta Loy Yang B (Traralgon)	<ul style="list-style-type: none"> Key operational water-saving improvements are integrated into normal day-to-day operations. As such, usage rates for both high and low grade water supplies remains low in comparison to industry benchmarking. There were no additional water saving initiatives for this year
Opal Paper Australia Pty Ltd (Maryvale)	<ul style="list-style-type: none"> Opal Paper continues to focus on water consumption through the setting of strategic annual objectives (water/tonne production) and area budgets (ML/ day). Continuous improvement projects have focused on the increasing awareness of water consumption and improving the internal recycling and quality of water.
Energy Australia Yallourn Pty Ltd	<ul style="list-style-type: none"> Repairs undertaken on water lines as issues arise. Completing sprinkler testing in line with AS1851 2012 reduced testing regime of deluge and water fire response systems. Upgrading deluge valves across the site to an air-operated solenoid system. This is an ongoing program. Review of Town Water Supplies to Station Demin systems to reduce water supply levels. Repairs to be undertaken late 2023.
ENGIE Australia (Hazelwood)	No information available
Darnum Park Pty Ltd - Fonterra	<ul style="list-style-type: none"> We have no major changes planned for the next 12 months. Our volumes have dropped significantly which may in turn mean less water to site.
GEO Group (Fulham)	<ul style="list-style-type: none"> Two further rainwater catchment tanks have been costed and scheduled for installation Q3 2023 on the new maintenance shed to capture 60k litres (2 x new 20KL – 3 x 20KL total) of rainwater for plant/trees watering use; Where practicable, failing tap sets replaced with efficient Flick Mixer version; Toilet flush facilities use captured rainwater as primary option at Howitt and Napier Units.
Bega – Dairy and Drinks Pty Ltd (Morwell)	No information available
PureHarvest (Drouin)	<ul style="list-style-type: none"> Program to capture cooling water for factory equipment and reuse. Ongoing steam efficient program, identification, and reduction Installation of new equipment in the packaging area to improve efficiency and improve water use.

Updates in this table are provided by our major customers to outline their participation in water efficiency programs.

Major Customer impacts

During 2022-23, two of Gippsland Water's larger customers changed operations or ceased operations that has led to and will affect the overall water usage across our region.

In late 2022, Opal Australia announced the ceasing of white paper production at its Maryvale Paper Mill. Opal's operations use a significant volume of raw water and in closing this part of their operations, their use of raw water has dropped by over 40%.

Also, during this reporting period, Saputo announced its Maffra operations would cease production. When at full production, Saputo Maffra used a significant volume of treated water in the Maffra town system.

Both of these situations have led to a notable and significant drop in the volume of water supplied and has and will continue to have an effect on the revenue generated from these customers.

We continue to work with these customers, the local communities, and other State Government departments on addressing these impacts and looking for future business development opportunities to utilise the water resources and maintain our business sustainability.

Social procurement strategy

Our social procurement strategy sets out the clear expectation that social procurement is part of our everyday business and ensures that social and environmental outcomes are considered in every procurement activity as part of assessing value for money. Our strategy, which aligns to the Victorian Government Purchasing Board Guidelines (VGPB), was adopted in April 2020, and our social procurement objectives are clearly communicated to the market in our procurement documentation.

We also have ongoing involvement with GROW Gippsland, which has a strong emphasis on social and local procurement.

To support positive social outcomes in our community, we focus on four social procurement objectives: sustainable Victorian regions; opportunities for disadvantaged Victorians; opportunities for Victorians with disability and employment for Victorian Aboriginal people.

We have been educated in the importance of identifying certified social benefit suppliers and including them in sourcing activities wherever possible. In order to promote local supplier opportunities, such as those offered by GROW Gippsland, we run articles through our e-newsletter and engagement sessions. This helps local suppliers to connect with major regional projects and develop a culture of inclusion that creates the best opportunity for social enterprises to work with our organisation.

Local Jobs First projects 2022-23

We're proud to support growth and sustainability in our region, in accordance with the *Local Jobs First Act 2003*. During the reporting period, 13 contracts contained provisions supporting the Local Jobs First initiative. This has resulted in more than 889 local small and medium enterprises being

provided opportunities to contribute to these projects.

Strategic projects

There were no projects with a budget of \$50 million or more, or any other projects declared to be strategic projects by the Minister for Water, commenced or completed in 2022-23.

Major Project Skills Guarantee

There were no Major Projects Skills Guarantee projects in progress or undertaken in 2022-23.

In progress

There were no Major Projects Skills Guarantee projects completed in 2022-23.

Completed

There were no Major Projects Skills Guarantee projects completed in 2022-23.

Standard projects

There were no projects with a budget of \$1 million or more, or any other projects declared to be standard projects by the Minister for Water, commenced or completed in 2022-23.

Part 6: Managing our water resources

Bulk water entitlement reporting

Bulk entitlements are legal rights to water granted by the Minister for Water under the *Water Act 1989*. They provide the right to take or store a volume of water subject to a range of conditions.

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Boolarra ¹	Walkleys and O'Gradys Creeks	145	0	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program not required as no diversions are taking place.
CGRWA - Blue Rock ²	Tanjil River	20,000	3,265 (2,470)	<ul style="list-style-type: none"> Location and volume of water taken pursuant to clause 10: <i>None</i> Implementation of programs under sub-clause 12.3 (Metering): <i>Implemented</i> The Bulk Entitlement for Blue Rock is extracted from 3 points. <ul style="list-style-type: none"> Specified Point A is extracted directly from the reservoir. Specified Point B is extracted from the Tanjil River pump station. Specified Point C is extracted from the Latrobe River pump station. Specified point A - Blue Rock Headworks Outlet (supply to Moondarra Reservoir and Willow Grove WTP): 2022-23 Total = 50.9 ML; 3 yr rolling avg.: = 722.3 ML. Specified point B - Tanjil River Pump Station: 2022-23 Total = 2,419.1 ML; 3 yr rolling avg.: = 2,542.9 ML. Specified point C - Latrobe River Pump Station: 2022-23 Total = 0.0 ML; 3 yr rolling avg.: = 0.0 ML.
Erica-Rawson	Trigger Creek	340	65	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> <i>Environmental program implemented.</i> <i>Metering program implemented.</i>
Mirboo North	Little Morwell River (North Arm)	270	166	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> <i>Environmental program implemented.</i> <i>Metering program implemented.</i>

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Moe - Narracan Creek	Narracan Creek	3,884	2,804	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> • <i>Environmental program implemented.</i> • <i>Metering program implemented.</i> Applications under clause 8 (Making Allowances): <ul style="list-style-type: none"> • <i>Nil.</i>
Moondarra ³	Tyers River	62,000	49,487 (51,888)	Diversion at Tyers River pump station for 2022-23 = 0.0 ML. Approval, amendment and implementation of programs under clauses 12 (Environmental Program) & 13 (Metering Program): <ul style="list-style-type: none"> • <i>Environmental program implemented.</i> • <i>Metering program implemented.</i>
Noojee ⁴	Deep Creek / Loch River	73	0	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> • <i>Environmental program implemented.</i> • <i>Metering program not required as no diversions are taking place.</i>
Seaspray	Merriman Creek	133	30	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> • <i>Environmental program implemented.</i> • <i>Metering program implemented.</i>
Tarago	Tarago River	4,825	3,786	Approval, amendment and implementation of programs under clauses 11 (Environmental Program) & 13 (Metering Program): <ul style="list-style-type: none"> • <i>Environmental program implemented.</i> • <i>Metering program implemented.</i> Pederson Weir/Westernport Pipeline diversions 2022-23: 3,567.4 ML of 4,070 ML entitlement. Labertouche Creek diversions 2022-23: 0 ML of 480 ML entitlement. Tarago Reservoir (Neerim Sth) diversions 2022-23: 218.8 ML of 275 ML entitlement.

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Thomson-Macalister	Thomson River / Macalister River	2,335	1,281	<ul style="list-style-type: none"> Credits granted under clause 11: None Approval, amendment and implementation of programs under clause 12 (Metering Program): Implemented Clause 13.1 (b) Extraction at Maffra Weir: 1,025.6 ML Extraction at Thomson River at Heyfield: 255.0 ML Extraction at Lake Glenmaggie: 0 ML Extraction at Main Southern Channel: 0 ML Extraction at Cowwarr Weir: 0 ML Clause 13.1 (d) Annual amount and location of water taken at any other works of the corporation = 0 ML. Clause 13.1 (g) Period and degree of restriction of supplies of annual entitlement: <i>1/7/2022 - 30/6/2023: 100% allocation</i>
Thorpdale ⁵	Easterbrook Creek	80	0	<p>Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program):</p> <ul style="list-style-type: none"> <i>Environmental program implemented.</i> <i>Metering no longer required from September 2015 as supply not being used.</i>

¹ Boolarra Bulk Entitlement not currently utilised

² Bulk Entitlement volume calculated as three year rolling average (figure in brackets is volume for 2022/23)

³ Bulk Entitlement volume calculated as two year rolling average (figure in brackets is volume for 2022/23)

⁴ Noojee Bulk Entitlement not currently utilised

⁵ Thorpdale Bulk Entitlement not currently utilised

General reporting requirements

Additional information on our bulk water entitlements:

Temporary or permanent transfer of authority entitlements and licences	We have ongoing arrangements with third party irrigators for temporary transfer of groundwater from the Sale groundwater licence. In 2022-23 a total of 570 ML was transferred.
Temporary or permanent transfers of licences or entitlements to authority	We had access to 800 ML/y in Tarago Reservoir under a Bulk Water Supply Agreement (BWSA) with the Melbourne Retailers. This BWSA was used to supplement the Tarago bulk entitlement during periods of high demand. We used 391.6ML under the BWSA in 2022-23. The BWSA expired on 30 June 2023 as we will no longer need it after the purchase of a bulk entitlement in the Greater Yarra System – Thomson River Pool from Yarra Valley Water in July 2023.
Amendments to bulk entitlements and licences	Bulk Entitlement (Tarago River – Storage Manager Changes) Minor Amendment Notice 2022. Purpose: “to make a minor variation to the Gippsland Water bulk entitlement to reflect the new Melbourne Water Storage Manager appointment under section 122ZK of the Act and to remove redundant resource manager references”.
New bulk entitlements and licences	No new Bulk Entitlements or licences in 2022-23.
Failure by authority to comply with provisions of bulk entitlements	Metering of diversions from Trigger Creek into the Rawson basin under the Bulk Entitlement (Erica) Conversion Order 1997 failed from 11 November 2022 to 11 April 2023. Diversions during that period had to be estimated from water treatment plant production data.
Difficulties experienced in complying with entitlement and remedial actions	The extended meter failure affecting our compliance under the Bulk Entitlement (Erica) Conversion Order 1997 was repaired. We've undertaken a review of this incident as part of developing our Bulk Entitlement Metering Program 2023. We've identified improvements to processes and will commit to these through that program which we'll submit in October 2023.

Water use and drought preparedness

Residential daily drinking water consumption

The following table details estimated residential water consumption per capita on a daily basis.

Month	L/person/day 2022-23	L/person/day 2021-22	L/person/day 2020-21	L/person/day 2019-20
July	201	192	207	192
August	147	147	153	160
September	170	173	185	181
October	136	140	150	144
November	211	197	216	195
December	132	158	170	165
January	186	191	215	210
February	191	185	220	237
March	243	249	240	230
April	196	197	208	200
May	191	186	200	193
June	167	155	171	167

Annual water consumption

The following table outlines annual water consumption for towns across our service area.

Supply System	Residential		Non-residential		Major industry	Metered hydrant	Non-revenue ⁶	Total supplied	Five-year average annual demand	Consumption variation
	Billed Connections ³	Billed Volume ⁵ (ML)	Billed Connections ³	Billed Volume ⁵ (ML)	Billed Volume ⁴ (ML)	Volume (ML)	(ML)	(ML)	(ML)	
Briagolong	376	46.8	23	2.3	0.0	0.0	12.8	61.9	68.0	-9%
Erica-Rawson	320	33.8	45	15.9	0.0	0.0	10.1	59.8	64.3	-7%
Heyfield – Coongulla	1,394	173.6	111	51.5	0.0	0.5	24.1	249.7	266.4	-6%
Maffra	3,584	554.9	313	92.8	145.4	0.0	171.0	964.1	1,090.5	-12%
Mirboo North	774	105.1	84	26.5	0.0	0.0	30.8	162.4	174.0	-7%
Moe-Warragul¹	28,924	4,205.7	2,217	731.8	2,453.4	21.8	1653.9	9,066.7	7,902.3	15%
Moondarra²	27,173	4,346.2	2,488	788.2	44,230.5	0.2	2522.9	51,888.0	40,487.4	28%
Neerim South	797	146.6	64	32.8	0.0	0.0	20.2	199.5	187.8	6%
Sale	7,592	1,154.8	891	307.7	190.7	0.2	275.6	1,929.0	1,872.8	3%
Seaspray	373	22.5	10	6.2	0.0	0.0	5.1	33.8	34.5	-2%
Willow Grove	185	35.6	12	2.5	0.0	0.0	11.4	49.5	48.6	2%
Total	71,492	10,825.5	6,258	2,058.2	47,020.1	22.7	4,737.9	64,664.4	52,196.5	24%

¹ Supplies Moe, Newborough, Trafalgar, Yarragon, Darnum, Yallourn, Yallourn North, Buln Buln, Drouin, Nilma, Rokeby, Warragul and Thorpdale (carting).

² Supplies Boolarra, Churchill, Cowwarr, Glengarry, Hazelwood North, Morwell, Rosedale, Toongabbie, Traralgon, Traralgon South, Tyers, Jumbuk/Jeeralang and Yinnar.

³ Number of assessments includes both connected and non-connected customers.

⁴ Includes untreated water supplied to major customers from the Moondarra system.

⁵ Treated water only.

⁶ Includes raw water losses in the Moondarra System.

ESC non-revenue water summary

The following table outlines water losses which equate to lost revenue opportunities:

Non-revenue water (ML) total	2,429.8
Infrastructure Leakage Index (ILI)	1.32
Real water losses (kL/connection/day)	0.084
Real water losses (kL/km/day)	3.5
Target:	12%
Result:	14.7%

Note: This data is based on ESC report calculation methodology, treated water losses only. Data includes water systems supplying more than 5,000 connections (Warragul, Moe, Morwell, Traralgon, and Sale).

The NRW KPI 14 (treated water) outcome for 2022-23 was 14.7% which is above the 12.0% target. This is attributed to a significant leak in the Drouin reticulation. We also undertook main flushing undertaken to restore aesthetic water quality after an incident at the Warragul Water Treatment Plant that led to taste and odour complaints. We will continue to improve on water loss by proactively monitoring the SCADA system and consider solutions to minimise water quality events.

Alternative water sources (non-potable)

We don't use reuse water sources for potable water. Alternative water sources are used as follows:

Town/system	Annual total (ML)	Use
Drouin	49.3	Agriculture
	6.8	Recreation
Heyfield	103.4	Agriculture
Maffra	213.9	Agriculture
Maryvale	0.0	Industry
Mirboo North	72.3	Agriculture
	29.2	Recreation
Morwell	747.8	Wetlands Irrigation
Sale	724.3	Agriculture
Seaspray	22.1	Agriculture
Stratford	145.7	Agriculture
Willow Grove	22.2	Agriculture
Total	2,137.0	

Our drought response

2022 marked the third consecutive year in which La Nina occurred. This weather and ocean current phenomenon usually brings wetter weather to the south western Pacific Ocean regions like eastern Australia.

It is quite extraordinary for this to occur in three back-to-back years and the La Nina and its residual effects have influenced the weather and relatively abundant water availability for 2022-23. We did not need to take any drought response actions this year.

We did, however, update our Drought Preparedness Plan, which includes our Drought Response Plan, as part of the development of our 2022 Urban Water Strategy (UWS). In particular, the UWS highlighted the impact of the unprecedented East Gippsland drought of 2017-19 on our Briagolong and Seaspray systems, which experienced worst on record aquifer and streamflow levels respectively.

That event led to the imposing of water restrictions for a short period for Briagolong in early 2020. Seaspray's water storage basin reached a concerning low level before the drought broke.

Our 2022 UWS identified these two systems as no longer meeting our expected supply reliability level of service and we have responded with appropriate actions. A project to provide access to a deeper and more reliable aquifer for Briagolong is well underway.

For Seaspray we identified that the water entitlement diversions rules are the most significant constraint. We've commenced a study as well as engagement with regional water partners to determine whether these could be amended while maintaining environmental and Traditional Owner values.

This year we've also worked closely with DEECA and other water corporations on a review of processes for water restriction exemptions and water use plans. These will ensure we are well positioned to assist customers who have legitimate cases for exemptions should we need to impose water restrictions in future droughts.

Corporate water consumption

During 2022-23 our water consumption at the Traralgon head office at 55 Hazelwood Road was 2,161kL.

Corporate Water Consumption	Total full-time equivalent (FTE) employees	Office space (m ²)	Water consumption (kL)	kL/FTE	Water consumption by office space (kL/m ²)
2022-23	254.00	3,335	2,161	8.51	0.65
2021-22	226.00	3,335	1,231#	5.45	0.37
2020-21	225.05	3,335	1,485†	6.60	0.45
2019-20	213.93	3,335	1,684*	7.87	0.51

* Faulty water meter was not reading correctly.

† Back flow prevention device installed 23 January 2021.

Consumption impacted by work from home model during pandemic period

Part 7: Governance

Governance

Our Board

Therese Ryan (Chair)

LLB, GAICD

Appointed October 2015.
Current term expires
September 2023.

Therese is an experienced director and former lawyer. She is presently a non-executive director of listed entity Korvest Ltd of state-owned enterprise Sustainable Timber Tasmania and independent Chair of Hancock Victorian Plantations. She was previously a director of the Victorian Managed Insurance Authority, Yarra Valley Water, MFB, WA Super, Bapcor Ltd and VicForests and was also an independent member of the Audit Committee of the City of Melbourne.

As part of her commitment to continuing education she recently completed a certificate course in cyber security from Harvard University and a certificate course from Cambridge University in Sustainability and the Circular Economy.

Her last executive role was Vice President and General Counsel of General Motors International Operations, based in Shanghai.

Sarah Cumming (Managing Director)

B.A., LLB (Hons),
EMBA, GAICD

Sarah commenced as Managing Director of Gippsland Water in April 2017.

Sarah enjoys leading transformational change and implementing large scale technology solutions which she has done across multiple tiers of government. Her expertise is in law, governance, strategic leadership, complex problem solving and creating enabling cultures to drive sustainable futures.

An experienced litigation lawyer and business leader, Sarah is also the former President and current Director of the Institute of Water Administration (IWA), an Executive of the Intelligent Water Networks (IWN), an Independent Trustee of a private charitable trust, and serves on a range of sector advisory boards.

Sarah lives in Gippsland and is passionate about delivering change that will build a sustainable and prosperous future for her region and state.

Sarah has a Bachelor of Arts and Bachelor of Law (Honours) (Australian National University), and an Executive Master of Business Administration (Melbourne Business School). She is also a graduate of the Australian Institute of Company Directors, and has completed further study at both the Cambridge Judge Business School, and the Harvard Kennedy School of Government.

Greg Hade (Deputy Chair)

B.Bus, CPA, GAICD

Appointed October 2015.
Current term expires
September 2023.

Greg has significant experience as a non-executive director, including nine years as a director of Latrobe Regional Hospital and five years as a trustee director of Equipsuper, a \$5b profit for member superannuation fund. His executive career spanned 40 years in the energy sector, most recently as Head of Finance, Merchant Energy AGL and Executive General Manager Finance (CFO) Loy Yang Power. Greg has a Bachelor of Business, is a Certified Practising Accountant and a Graduate of the Australian Institute of Company Directors.

Jane Oakley

DipCompSys
GCertLeadership, GAICD

Appointed October 2015.
Current term expires
September 2023.

Jane was the Chief Executive Officer for the Committee for Gippsland and has previously held senior management roles in local and state Government and the private sector (most recently working in the renewable energy sector).

Jane has formerly been a director with West Gippsland Catchment Management Authority and Latrobe Regional Hospital, along with a number of Gippsland Not –for-Profit organisations.

She has a Graduate Certificate in Regional Leadership; Graduate AICD; Diploma Practice Management; Diploma Competitive Systems and Practices. Jane is also an accredited MBTi facilitator.

Jo Benvenuti

HDipTeach (Secondary),
GDipPubPolicy

Appointed October 2015.
Current term expires
September 2025.

Jo is an experienced consultant across a range of consumer matters, specialising in consumer engagement and energy and water policy. Jo was previously Executive Officer of the Consumer Utilities Advocacy Centre and held executive positions for the Energy and Water Ombudsman Victoria and RSPCA Victoria. She was previously Chair of the Consumers' Federation of Australia. Ms Benvenuti has a Graduate Diploma in Public Policy.

Jo has recently chaired two panels on energy reviews, providing recommendations to the Minister for Energy in the Victorian government and has been a member of the Independent Energy Selection Panel - making recommendations to federal and state energy ministers regarding the appointment of energy regulatory commissioners and board members. Jo was appointed to the State Electricity Commission Expert Advisory Panel in January 2023.

Christopher Badger

B.Eng. CPIEA, GADP (LBS UK), LC&OR (Stanford USA), FAICD, GAICD

Appointed October 2017.
Current term expires
September 2025.

Christopher is a private management consultant, mentor and coach who was previously an Associate Director of Madison Cross Advisory Consultants where he led the Utilities/Energy Business. He has extensive board and senior executive experience in the electricity, gas, telecoms, water and waste Industries.

Christopher is Non-Executive Director of the Gippsland Ports, Dulverton Waste Management Group, and until recently Director of Gippsland Waste and Resource Recovery Group, and formerly South Gippsland Region Water Corporation, the Stormwater Industry Association of Australia, Australasian Corrosion Association, Murray Irrigation Ltd, and Bendigo Community Bank.

He is an independent member and Chair of Wellington Council's, South Gippsland Council's Audit & Risk Committee, and previously member of East Gippsland Shire Council's Audit and Risk Committee.

Christopher has a Bachelor of Electrical and Mechanical Engineering Degree, and is a Graduate and Fellow of the Australian Institute of Company Directors. He also has post graduate leadership and business training from Stanford University Business School (USA), Warwick University Business School (UK), and the London Business School (UK).

Katrina Lai

BA/LLB(Hons), MBA, GAICD

Appointed October 2019.
Current term expires
September 2023.

Katrina has extensive experience in strategy consulting and executive management. She was a director of strategy with Telstra, responsible for customer service transformation, product investment and innovation. She has consulted to state and federal government, as well as a wide range of industries locally and in Asia.

Katrina also serves on the board of Bendigo Kangan Institute, a public TAFE. She has worked as a corporate lawyer and is a graduate of the Australian Institute of Company Directors.

Felix Ohle

Bec, BBA

Appointed October 2021.
Current term expires
September 2025.

Felix has spent over two decades working in senior leadership roles in the oil and gas sector for companies including BP and Shell across Europe and Australia. More recently, Felix joined Boral Australia in the construction materials sector as General Manager, Supply Chain & Logistics. During his career, Felix has developed extensive expertise in strategy development and delivery, safety and operations, commercial and asset management.

Over the past eight years, Felix has held various Director roles in the NFP sector, in particular with education and early years' organisations. Currently, he holds Director roles with the Northern Schools Early Years Cluster and the German Saturday School in Melbourne. Felix has also held several industry appointments including Executive Director of the National Bulk Tanker Association and Safe Load Program and served on various industry steering committees.

Felix has an Executive Education from Melbourne Business School, and a Bachelor in Economics and Business Administration from the Academy of Economics, Germany.

Penny Hutchinson

FCA, GAICD, MA, BA
(Hons), AMusA

Appointed October 2021.
Current term expires
September 2025.

Penny has extensive board and committee experience, including current appointments on the board of Eastern Health, and the Victorian Registration and Qualifications Authority. Penny is also Chair of the Audit and Risk Committee of the Department of Planning Industry and Environment (NSW), chairs the board of the Port Fairy Spring Music Festival, and the CAANZ Public Sector Panel in Victoria.

Penny has previously held senior roles in the Victorian Public Sector and has been a partner in a large Chartered Accounting firm.

Penny is a Graduate of the Institute of Company Directors, a Fellow of the Institute of Chartered Accountants in Australia, and has a Masters Degree in Public Policy and Management from the University of Melbourne. She also has a Music Performance Diploma of the Australian Music Examinations Board, and an Honours degree in German and Music from the University of London.

Shara Teo

LLB, BA

Appointed October 2021.
Current term expires
September 2025.

Shara has an extensive background in industrial relations and law and is currently employed as a Chief of Staff at the United Workers Union. She has previously practiced as an industrial officer in the same Union.

Shara has been admitted to the Supreme Court of Victoria as an Australian Lawyer, has a Bachelor of Law and a Bachelor of Arts majoring in Politics and Chinese from Monash University. She is also a Graduate of the Australian Institute of Company Directors.

Our Executive Leadership Team

Sarah Cumming (Managing Director)

B.A., LLB (Hons),
EMBA, GAICD

See Sarah's profile under Our Board.

Chris Wood, General Manager Operations

B.App. Sci. (Major Chem.),
Post Grad.Cert
Environmental Eng., Cert
Lab Tech.

Chris is responsible for management and leadership of the organisation's operational areas of water and wastewater treatment, bulk water storage and supply, bulk waste transport, potable water distribution, sewer reticulation and information technology. He is passionate about developing people and creating a culture of innovation for a positive employee and customer experience.

Chris has over 30 years' experience in both the private and public sector in the power industry and technical services, environmental and public health fields and has a passion for implementing innovation and process improvements in an operational environment. His experience ranges from the power industry, laboratory, environmental and engineering consultancy and for the past 15 years in the water industry.

Melissa Thek, General Manager Business Transformation

B.Bus (Mgt and Marketing),
MProject Management

Passionate about the vision of a digital utility in the Gippsland Water context, Melissa is responsible for leading Gippsland Water's business strategy, innovation and technology agenda.

Melissa is focused on ensuring that Gippsland Water is a sustainable and agile business, fostering strategic partnerships and alliances with key internal and external stakeholders to deliver economic solutions for the business and the region.

With over 20 years' experience within government, client services and commercial environments, she brings with her a wealth of experience and responsibility in leading and delivering transformational change on a national scale including digital platforms and other significant IT and legislative changes.

Michael Crane, General Manager People and Customer

B.Bus (Human Resources
and Marketing)

A leader in the human resource sector, Michael is known for his ability to transform cultures, drive accountability and inspire performance. With expertise in human resource management, safety, organisational development and risk, his experience spans leadership roles in the tertiary, oil and gas, local government and employment services sectors.

Michael has significant experience in delivering transformational change in complex organisations and has a passion for uniting others towards delivering innovative solutions to enhance the employee experience. He has proven ability to develop and implement value driven strategy through partnering at the highest level of organisations. Michael also has a keen passion for developing leadership capability, talent management and enabling high performing cultures.

Simon Aquilina, General Manager Commercial Business

B.App. Sci. (Major Chem),
Post Grad Cert
Environmental Eng., Cert
Lab Tech

Simon is responsible for leading the commercial and operational management of our Gippsland Regional Agribusiness, Gippsland Regional Organics, and Property Services business streams to achieve the required safety, financial, business and environmental outcomes. Whilst supporting regional development and enhancing the customer experiences and meeting their product expectations.

Simon has a broad background with over 30 years' experience in both the private and public sector, which has focused on product quality, operational efficiency, economic viability and customer satisfaction. His experience range from the power industry, commercial laboratories, chemical manufacture, and for the past 15 years, in the water industry.

Nic Moss, General Manager Assets

B.Eng (Mechanical) (Hons)

Nic is passionate about creating a culture where people achieve great outcomes that are strongly focused on looking after each other, positive customer experiences, and a sustainable future.

Nic is responsible for strategic asset management, asset and project planning, and major capital projects that result in sustainable asset operation, performance, replacement, and augmentation. He has experience in both the private and public sector in operations and maintenance, asset management, production, and major capital projects.

Nic has a Bachelor of Engineering (with Honours) (Mechanical) from Monash University.

Wilco Seinen, Chief Financial Officer

MSc (Business
Administration), EMFC,
CPA

Wilco is responsible for financial sustainability, corporate governance, procurement, risk management and legal and economic regulatory compliance. He has nearly 20 years of experience in senior and executive roles in rail and energy industries, in both the Netherlands and Australia.

Wilco's expertise covers wide ranging aspects of finance; such as financial planning, business partnering and performance, financial modelling, feasibility, risk, project and contract management and governance. In previous roles, he successfully provided guidance to organisations going through dynamic transformational change, bringing people together to achieve organisational strategy and objectives.

As a leader, Wilco is passionate about continuous improvement, acquiring new skills and transferring those skills to the people he works with.

Safety, Health and Environment (SHE) Board Committee

Our SHE Board Committee assists the Board with regard to discharging its responsibilities in Occupational Health and Safety, potable water quality, wastewater treatment plant compliance with EPA licence objectives, and other environmental and sustainability aspects.

This year, the SHE Board Committee met three times, and its members were:

- Felix Ohle (Chair)
- Jo Benvenuti
- Shara Teo

Audit and Risk Committee

Our Audit and Risk Committee plays an important role in supporting the Board in discharging its oversight responsibilities associated with:

- Financial reporting
- Risk management
- Internal controls
- Audits and other assurance activities, and
- Performance against legislative and regulatory compliance.

This year, the Audit and Risk Committee met four times, and its members were:

- Katrina Lai (Chair)
- Christopher Badger
- Penelope Hutchinson
- Jane Oakley

Executive Remuneration and Capability Committee

The role of the Executive Remuneration and Capability Committee is to assist the Board in fulfilling its responsibilities and ensuring appropriate oversight of:

- Organisational culture;
- Strategic human resource management, including talent management and succession of the Executive roles;
- Organisational and Director capability;
- Executive performance and remuneration; and
- Emerging issues and opportunities.

This year, the Executive Remuneration and Capability Committee met twice and its members were:

- Penelope Hutchinson (Chair)
- Jo Benvenuti
- Shara Teo
- Therese Ryan

Infrastructure and Assets Committee

The Infrastructure and Assets Committee oversights, reviews, monitors, supports, and provides strategic advice to the Board in discharging its responsibilities related to:

- Business strategic direction for long-term capital investment
- Asset management
- Capital investment program approval
- Business strategic risk register that relate to assets and infrastructure; and
- Program planning and delivery.

This year, the Infrastructure and Assets Committee met three times and its members were:

- Greg Hade (Chair)
- Christopher Badger
- Katrina Lai
- Therese Ryan

Director attendance at Board and Committee meetings

Director	Board Meetings ¹		SHE Committee		Audit and Risk Committee		Executive Remuneration and Capability Committee		Infrastructure and Assets Committee	
	Eligible	Attendance	Eligible	Attendance	Eligible	Attendance	Eligible	Attendance	Eligible	Attendance
Therese Ryan	7	7	0	1	0	2	2	2	3	2
Greg Hade	7	6	0	0	0	1	0	0	3	3
Christopher Badger	7	7	0	0	4	4	0	0	3	3
Jo Benvenuti	7	7	3	3	0	1	2	2	0	0
Sarah Cumming	7	5 ²	0	3	0	4	0	2	0	2
Penelope Hutchinson	7	6	0	0	4	3	2	2	0	0
Katrina Lai	7	7	0	0	4	4	0	0	3	3
Jane Oakley	7	7	0	0	4	4	0	0	0	0
Felix Ohle	7	5	3	3	0	0	0	0	0	0
Shara Teo	7	7	3	3	0	1	1	0	0	0

Note:

1. Includes Special Meeting held in September 2022

2. Managing Director, Sarah Cumming an apology, with Acting Managing Director in attendance and not included

Consultant services

In 2022-23, there were 28 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies was \$3,587,775.23 (excl. GST). In 2022-23, there were 24 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022-23 in relation to these consultancies was \$81,775.19 (excl. GST). Details of individual consultancies (valued at \$10,000 or greater) are noted in the table below.

Consultant	Purpose of Consultancy	Start Date	End Date	\$ thousand		
				Total Approved	Expenditure 2022-23	Future Expenditure
RUSSELL KENNEDY SOLICITORS - (TRUST ACCOUNT)	Environmental monitoring and investigations	1 July	30 June	1,241.5	1,241.5	-
KPMG	Finance system business case, Change management framework, Cyber framework development, design and implementation, systems evaluation framework	1 July	30 June	505.2	505.2	-
UTILITIES REGULATION ADVISORY	Price submission, benchmarking, demand forecasting and support services	1 July	30 June	341.1	341.1	-
GHD PTY LTD	Environmental monitoring and investigations,	1 July	30 June	284.0	284.0	-
ARINCO	Cloud based solutions	1 July	30 June	248.4	248.4	-
CDM SMITH AUSTRALIA PTY LTD	Environmental monitoring and investigations	1 July	30 June	233.3	233.3	-
RM CONSULTING GROUP PTY LTD	Dutson Downs Health & Environmental Management Plan	1 July	30 June	82.9	82.9	-
IN2PROJECT MANAGEMENT PTY LTD	Operations department overview, Cognitive cloud based OCR solution	1 July	30 June	72.1	72.1	-
QUAY CONSULTING PTY LTD	Data strategy and roadmap advisory	1 July	30 June	63.1	63.1	-

Consultant	Purpose of Consultancy	Start Date	End Date	\$ thousand		
				Total Approved	Expenditure 2022-23	Future Expenditure
TRILITY GROUP PTY LTD	Health based Targets Assessment report	1 July	30 June	62.4	62.4	-
PROTECTIVE AND SAFETY SERVICES	Emergency Management consultant fees	1 July	30 June	56.0	56.0	-
JACOBS GROUP (AUSTRALIA) PTY LTD	Review of system impacts GWF/ROS	1 July	30 June	50.0	50.0	-
THINK HQ PTY LTD	Communications and engagement plan	1 July	30 June	48.2	48.2	-
RSM BIRD CAMERON	Tax consulting services	1 July	30 June	30.6	30.6	-
DEPARTMENT OF ENVIRONMENT LAND WATER AND PLANNING	Valuation assessments	1 July	30 June	24.9	24.9	-
COLLAB IT SYSTEMS PTY LTD	Develop reporting templates and undertake general improvement and fixes	1 July	30 June	24.4	24.4	-
THE VIEW FROM HERE	Branding extension	1 July	30 June	24.3	24.3	-
VICTORIAN WATER INDUSTRY ASSOCIATION	Carbon offsets project and water gifted assets treatment	1 July	30 June	23.5	23.5	-
O&M PTY LTD	Hardware provisions scope of works	1 July	30 June	23.5	23.5	-
THE TRUSTEE FOR KYTE CONSULTING UNIT TRUST	Services to align O&M business software systems with Gippsland Water	1 July	30 June	22.4	22.4	-
LITTLE GRANDE DESIGN	Graphic design for Vision, Strategic Priorities, Innovation brand, People strategy and Gender Equality Action plan	1 July	30 June	21.6	21.6	-
MONASH UNIVERSITY	Advice with respect to untangling nutrient export	1 July	30 June	20.0	20.0	-

Consultant	Purpose of Consultancy	Start Date	End Date	\$ thousand		
				Total Approved	Expenditure 2022-23	Future Expenditure
CHANGE PLAYBOOK PTY LTD	Customer experience strategy development	1 July	30 June	19.6	19.6	-
OPERO CONSULTING	GLAWAC fees for field reviews and analysis	1 July	30 June	16.8	16.8	-
FUTURE LEADERSHIP PTY LTD	Leadership development program and 360 reviews	1 July	30 June	16.3	16.3	-
ADRA ENG PTY LTD	Churchill Pump Station upgrade design	1 July	30 June	11.1	11.1	-
AGRIBUSINESS VALUATIONS AUSTRALIA	Plantation valuation	1 July	30 June	10.7	10.7	-
MOTT MACDONALD AUSTRALIA PTY LTD	Project management and study of Lagoon Storage Model	1 July	30 June	10.0	10.0	-

For the requirements of FRD 22H, a consultant is a particular type of contractor that is engaged primarily to perform a discrete task for an entity that facilitates decision making through:

- (i) Provision of expert analysis and advice; and/or
- (ii) Development of a written report or other intellectual output

Information and Communication Technology expenditure

The following table outlines our ICT expenditure.

	BAU ICT expenditure \$M	Non BAU ICT expenditure total = A + B \$M	Operational expenditure A \$M	Capital expenditure B \$M
2022-23	10.1	0.0	0.0	0.0
2021-22	9.3	0.0	0.0	0.0
2020-21	8.7	0.1	0.0	0.1
2019-20	8.8	0.2	0.0	0.2

Note: BAU = Business as usual.

Disclosure of major contracts

During the reporting period we entered into one major contracts with a value exceeding \$10 million.

Project	Number	Contract Award Date	Expected Completion Date	Contract Awarded to	Contract Value
Maintenance Services Contract 2023	GWS457	01/07/2023	01/07/2026	O&M Pty Ltd	Commercial in confidence

Competitive Neutrality Policy Victoria

We continue to implement and apply the principle of competitive neutrality in our business undertakings. This enables fair competition between government and private sector businesses. We ensure that any advantages or disadvantages that government businesses may experience, simply as a result of government ownership, should be neutralised.

In 2021 we undertook an independent review of maintenance delivery considering insourcing, outsourcing and/or hybrid delivery models. As a result of the review, during this year of we insourced several roles and the separated the maintenance works into three distinct market tested contracts. These contracts were outsourced with the flexibility to insource in the future as our business systems evolve at any time throughout these contracted terms.

The current maintenance contract terms are three years plus one (extensions dependent on performance) and align to the five year price submission period, minimising price impacts and providing prudent and efficient expenditure. The new service contracts support local jobs first and

incorporates social employment, economic and environmental government objectives, whilst maintaining service outcomes and safety.

Disclosure of Emergency Procurement

In the reporting period the emergency procurement was not activated, resulting in nil spending for emergency procurement over \$100,000.

Government advertising expenditure

Our government campaign expenditure for the period did not exceed \$100,000.

Freedom of Information Act 1982 (Vic)

The purpose of the *Freedom of Information Act 1982 (Vic)* is to promote openness, accountability and transparency by giving members of the public the right to access official documents created by our organisation.

The types of documents we create and handle include:

- Policies, procedures, and guidelines
- Briefings and reports
- Registers and databases
- Correspondence
- Applications, permits, agreements, leases and licences
- Plans and drawings
- Meeting records
- Financial records
- Audio visual material

As specified in the *Freedom of Information Act 1982 (Vic)* we have developed a Part II Information Statement located on our website at [Freedom of Information](#).

During 2022-23, we received two requests to access documents, however only one became valid under Section 17 of the *Freedom of Information Act 1982 (Vic)* within the timeframe. A decision was made on the one valid application received, which was within an extended statutory timeframe and no requests were subject to complaint/internal review by OVIC throughout the period. Partial access was granted, with consent of the applicant.

Freedom of Information (FOI) requests

Requests for information under the *Freedom of Information Act 1982 (Vic)* must be made in writing. A request form is available for download from our website and can be sent via email to: foi@gippswater.com.au

Mailed applications can be sent to:
FOI Officer
Gippsland Water
PO Box 348 Traralgon VIC 3844

Phone: 1800 050 500

To submit a valid request, persons should identify as clearly as possible which document/s are being requested. The request must also be accompanied by the appropriate application fee of \$31.80 effective from 1 July 2023, although the fee may be waived with proof of hardship.

After a Freedom of Information request is submitted, our Freedom of Information Officer will guide the person through the process, keep in regular contact about the status of their request and inform them on their rights and responsibilities.

All decisions to release information is made by our authorised officer and in certain circumstances we may refuse or partially refuse to provide access to information. All decisions are made in accordance with the *Freedom of Information Act (Vic)*.

If they are not satisfied with our decision under section 49A of the Act, they have the right to seek a review from the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving our decision letter.

More information on Freedom of Information can be found on OVIC's website at ovic.vic.gov.au

Public Interest Disclosure Act 2012

A Public Interest Disclosure (Disclosure) is a complaint of improper conduct by a public officer or a public body. Our organisation is a public body for the purposes of the *Public Interest Disclosure Act 2012* (Act) and a public officer can be a Gippsland Water employee (including temporary/contract staff), director or independent committee member. A disclosure may be made even if the person making the disclosure cannot identify the person or the body to whom or to which the disclosure relates.

We take our responsibilities seriously in relation to anyone who may make a disclosure about improper conduct.

We are committed to the value of transparency and accountability in our operational, administrative and management practices, and we support the disclosure of improper conduct.

We can't receive disclosures. Our Public Interest Disclosure Coordinator will, at all times comply with our obligations and work with the investigating body, as requested in the instance of a Public Interest Complaint Investigation.

We've established a procedure to ensure the confidentiality of the identity of the discloser and their welfare, according to our obligations under the Act. The procedure is available on our website: [Protected disclosure policy](#).

Conflict of interest

Managing conflicts of interest is an important aspect of our operations. The integrity of the organisation relies on public confidence that employees and board directors will act fairly, impartially, and in the best interests of customers, the community, and stakeholders. We have a Conflict of Interest Policy and Conflict of Interest Guidelines which provide a framework for all employees and board directors in managing conflicts of interest.

Public Administration Act 2004 (Vic)

The *Public Administration Act 2004 (Vic)* lists principles that must be observed by public sector organisations and its employees. All of our employees observe these principles.

The Code of Conduct for the Victorian Public Sector is issued to all employees at their induction to promote integrity and conduct standards. Required behaviours are set out in all employee performance plans.

We are committed to applying merit and equity principles when appointing employees. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

For more information on the Code of Conduct, visit the Victorian Public Sector Commission website: <https://vpsc.vic.gov.au/ethics-behaviours-culture/codes-of-conduct/>.

Building Act 1993 (Vic)

We comply with the Building Act 1993 (Vic), the Building Regulations 2018 and associated statutory requirements and amendments.

We obtain an occupancy permit for new facilities or for upgrades to existing facilities endorsed by a Municipal Building Surveyor or a Registered Building Surveyor Practitioner

Financial Management Act 1994 (Vic)

Under the *Financial Management Act 1994 (Vic)*, the following information, if applicable, has been retained by us and is available on request, subject to the provisions of the *Freedom of Information Act 1982 (Vic)*:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by us about ourselves and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by us
- details of any major external reviews carried out on us
- details of major research and development activities undertaken by us
- details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by us to develop community awareness of us as an entity and our services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within our organisation and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by us, the purpose of each committee, and the extent to which that purpose has been achieved
- details of all consultancies and contractors including:

- consultants and contractors engaged
- services provided; and
- expenditure committed to for each engagement.

Overseas travel

Sarah Cumming: 4-22 October 2022

Boston, USA

Purpose: Harvard Kennedy School of Government Senior Managers in Government program

Sarah Cumming: 23 April to 13 May

Turkey, Italy, Germany

Purpose: International travel for the Managing Director to join the General Manager Commercial Business on the international technical trip including attendance at the IFAT Eurasia Conference and Trade Fair and tours to leading organics waste management processing facilities.

Simon Aquilina: 23 April to 11 May and 20-26 May.

Turkey, Italy, Germany, UK

Purpose: International technical trip including attendance at the IFAT Eurasia Conference and Trade Fair and tours to leading organics management facilities and undertaking of Environmental, Social and Governance Leadership Course, at Cambridge University, UK.

In Istanbul, Turkey the *IFAT Eurasia conference and trade fair* was attended to better understand alternate waste management technologies and meet with suppliers.

Operating facilities were visited in the regions of Istanbul in Turkey, Milan, Treviso and Este in Italy, and Straubing and Stammham in Germany. Each of the facilities were fully integrated with the other activities such as composting, biomethane production, carbon dioxide production, regional heat provision, greenhouse operations, and agriculture.

The tours and trade conference provided insight as to how we could proceed with a proposed technology based expansion at Gippsland Regional Organics, as well as confidence and clarity about the approach and technology that may be used.

Water Industry Operators Australia Young Operators of the year travel to New Zealand

Gippsland Water staff members Michael Tulloch and Scott Kitwood visited New Zealand for a Water Industry Operators Australia (WIOA) tour. The tour took place from 12 to 19th May, returning to Australia on 20 May. The tour involved visits to various Water Treatment Plants and Wastewater Treatment Plants in the south island of New Zealand as well as attendance at the annual Water Industry Operations Group New Zealand Conference which was on 17 - 19 May.

The cost to Gippsland Water was \$0 as Michael's spot was an industry prize for winning the 2020 WIOA Young Operator of the Year award and Scott's was an industry prize from winning the 2020 PASS (innovation) award.

Lillee Hardy also attended as she won the 2021 Young Operator of the Year when working in Major Systems. Lillee no longer works for Gippsland Water.

Part 8: Year in review

Financial overview

Summary of Financial Results	2022-23 \$'M	2021-22 \$'M	2020-21 \$'M	2019-20 \$'M	2018-19 \$'M
Service Charges	91.3	87.0	86.6	85.4	83.5
Usage Charges	44.4	41.4	40.0	39.1	41.2
Developer Contributions	13.7	11.7	18.5	7.6	18.8
Other Revenue	15.6	17.5	15.6	11.9	11.6
Total Revenue	165.0	157.6	160.7	144.0	155.1
Operations, Maintenance & Administration	88.4	85.0	82.8	85.4	79.9
Depreciation Expenses	55.1	52.2	47.4	47.0	42.4
Environmental Contribution	6.0	6.0	6.0	5.2	5.2
Finance Expenses	11.9	11.6	12.0	13.2	13.7
Total Expenditure	161.4	154.8	148.3	150.7	141.2
Net gain/(loss) on disposal of non-financial assets ⁽ⁱ⁾	(0.7)	(1.9)	(1.3)	(2.2)	(3.9)
Net Result Before Tax	2.9	1.0	11.1	(8.9)	10.0
Current Assets	46.7	43.0	38.8	40.3	37.2
Non-Current Assets	1,745.6	1,548.4	1,542.4	1,323.8	1,318.7
Total Assets	1,792.4	1,591.4	1,581.2	1,364.1	1,355.9
Current Liabilities	47.9	39.2	47.9	56.1	44.7
Non-Current Liabilities	607.7	555.7	536.3	457.2	453.2
Total Liabilities	655.6	594.4	584.1	513.3	497.9
Net assets	1136.8	997.0	997.1	850.8	858.0
Net Cash Flow from Operations	51.6	43.7	40.3	34.0	36.7
Payments for Capital Works	51.4	45.0	55.7	48.8	45.8

(i) Net gain/(loss) on disposal of non-financial assets have been restated for 2016-17 to 2019-20 as economic flow per the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting. Net gain/(loss) on disposal of non-financial assets was previously included in other revenue and part of total revenue in 2016-17 to 2019-20.

Financial indicators

Key Performance Indicator	2022-23 Result	2021-22 Result	2020-21 Result	2019-20 Result	2018-19 Result
Cash Interest Cover (Times)	5.48	4.75	4.37	3.61	3.69
Gearing Ratio	18.38%	20.70%	20.59%	23.20%	21.79%
Internal Financing Ratio	100.27%	97.00%	72.26%	69.54%	79.75%
Current Ratio	0.98	1.10	0.92	0.80	0.96
Return on Assets	0.90%	0.91%	1.57%	0.30%	1.82%
Return on Equity	0.19%	0.07%	0.85%	-0.73%	0.86%
EBITDA Margin	42.61%	42.26%	43.89%	35.49%	43.56%

Total residential bill

YEAR	AVERAGE CONSUMPTION		200kL CONSUMPTION	
	Total bill	Customer bill	Total bill	Customer bill
2022-23	\$ 1,368.27	\$ 1,368.27	\$ 1,444.13	\$ 1,444.13
2021-22	\$ 1,319.68	\$ 1,319.68	\$ 1,394.91	\$ 1,394.91
2020-21	\$ 1,336.56	\$ 1,336.56	\$ 1,407.79	\$ 1,407.79
2019-20	\$ 1,338.29	\$ 1,338.29	\$ 1,404.46	\$ 1,404.46

Note: Tariffs are set through the Price Submission over a five-year period

Discussion of key results for the financial year

The profit before tax was \$2.9 million for the 12 months ending 30 June 2023; a \$1.9 million increase to last year. An increase in the Net result from transactions of \$0.7 million and a reduction in losses from other economic flows of \$1.2 million drive the overall result.

Total revenue has increased \$7.4 million to \$165.0 million in comparison to last financial year. Service Charges increased \$4.3 million and Usage Charges increased \$3.0 million, this was due to increased customer numbers and increased water volumes used across major clients partially offset by reduced volumes from two major clients. A \$2.0 million increase in Developer Contributions was offset by decreases of \$2.2 million in Other Revenue primarily due to a reduction in Agricultural pursuits.

Expenditure for the year is \$161.4 million, an increase of \$6.6 million the prior financial year. The increase in expenditure is caused by an increase in Depreciation of \$2.9 million and \$3.4 million across Operations, Maintenance and Administration. Within Operations, Maintenance and Administration Employee Benefits expenditure increased by \$2.4 million, Other expenses increased by \$2.1 million which were partially offset by decreases totalling \$1.1 million across direct operating expenses and repairs and maintenance.

Total assets 2022-23 was \$1,792.4 million which is a \$201.0 million increase on 2021-22. This was due to a \$3.7 million increase in current assets, a \$203.1 million increase in infrastructure, property plant and equipment, a \$0.5 million increase in biological assets offset by \$6.4 million decrease for net deferred tax assets and intangible assets combined.

Infrastructure, property, plant and equipment had a closing balance of \$1,703.5 million, including \$64.1 million was Capital works in progress. The movement of Infrastructure, property, plant and equipment included \$196.3 million managerial revaluation increase, additions of capital works in progress and developer contributed assets of \$62.7 million; offset by \$55.9 million depreciation and disposal of assets combined.

Capital works in progress opening balance was \$41.8 million, 2022-23 additional expenditure was \$50.7 million and capitalisations of \$28.4 million, Capital works in progress closing 2022-23 balance was \$64.1 million.

Total liabilities at 30 June 2023 was \$655.6 million, \$61.2 million higher than the previous year. \$53.4 million of the increase was due deferred tax liabilities, Trade and other payables of \$7.3 million and \$0.4 million in the Employee benefits provision.

The net cashflows from operations increased by \$7.9 million to \$51.6 million for the year ending 30 June 2023. Total receipts increased by \$2.0 million with increases in Revenue from contracts with customers of a \$4.2 million and \$0.3 million in Interest revenue, offset by a reduction in Other customer revenue of \$2.5 million. Total payments reduced by \$5.9 million, Payments to suppliers reduced by \$8.1 million and Goods and Services Tax paid to the ATO reduced by \$0.1 million. These reductions in payments were offset by increased payments to employees of \$2.1 million and a \$0.2 million increase in Interest and other costs of finance paid.

Financial Performance and Business Indicators as at 30 June 2023

Water income from service & usage charges



Urban residential
Urban non-residential
Major clients
Total

2023
\$'000
36,844
7,647
15,482
59,973

Wastewater income from service & usage charges



Urban residential
Urban non-residential
Major clients
Total

2023
\$'000
52,246
8,325
15,123
75,693

Total income from all sources



Service & usage
Developer contributions
Interest
Other
Total

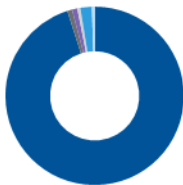
2023
\$'000
135,664
13,695
346
15,340
165,045

Total expenses



	2023 \$'000
Operations, maintenance & administration	94,379
Depreciation	55,136
Interest	11,928
Total	161,443

Total assets



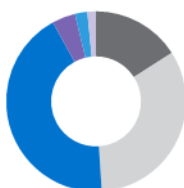
	2023 \$'000
Fixed assets	1,703,497
Cash & investments	15,805
Debtors & receivables	16,874
Inventory & biological	10,028
Other	37,171
Contract assets	9,015
Total	1,792,390

Liabilities & equity



	2023 \$'000
Equity	1,136,822
Creditors & accruals	21,266
Provisions	14,124
Deferred tax liability	284,349
Borrowings	329,500
Contract liabilities	6,329
Total	1,792,390

Business stream revenue



	2023
Bulk	16%
Water	33%
Waste	43%
Organics	4%
Agribusiness	2%
Corporate	2%
Total	100%

Business stream expenses



	2023
Bulk	19%
Water	22%
Waste	19%
Organics	5%
Agribusiness	3%
Corpoate	32%
Total	100%

Part 9: Financial sustainability

Financial performance and business indicators as at 30 June 2023

Financial Performance Indicators

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
F1	Cash Interest Cover (Times) Net operating cash flows before net interest and tax / net interest payments	4.75	5.48	5.01	15.4%	1a	9.4%	
F2	Gearing Ratio (%) Total Debt (including finance leases) / total assets * 100	20.60%	18.38%	21.50%	10.8%	2a	14.5%	2b
F3	Internal Financing Ratio (%) Net operating cash flow less dividends / net capital expenditure * 100	97.00%	100.27%	83.30%	3.4%		20.4%	3b
F4	Working Capital Ratio Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	1.10	0.98	0.98	-10.9%	4a	0.0%	
F5	Return on Assets (%) Earnings before net interest and tax / average assets * 100	0.91%	0.90%	1.00%	-1.1%		-10.0%	5b
F6	Return on Equity (%) Net profit after tax / average total equity * 100	0.1%	0.2%	0.3%	100.0%	6a	-33.3%	6b
F7	EBITDA Margin Earnings Before Interest, Tax, Depreciation and Amortisation / total revenue * 100	42.26%	42.61%	43.30%	0.8%		-1.6%	

Notes

- 1a The Cash Interest Cover ratio favourable variance is driven by an increase in Net operating cash flows before interest and tax to prior year.
- 2a The Gearing Ratio favourable variance is driven by the managerial revaluation increase.
- 2b The Gearing Ratio favourable variance is driven by lower borrowings levels compared to budget and the 2022-23 Managerial Asset Revaluation being unbudgeted
- 3b The Internal Financing Ratio is favourable due to increased net cash flow compared to target. The increase in operating cash flows is driven primarily to decreased payments to suppliers
- 4a The current ratio is unfavourable due to increase in current liabilities for trade and other payables compared to last year, largely contributed by the \$4.7M accrual at year end for two land purchases.
- 5b Return on Assets is unfavourable due to the increase in asset value as a result of the managerial revaluation of infrastructure assets at 30 June.
- 6a Return on Equity is favourable due to higher next profit as compared to prior year.
- 6b Return on Equity is unfavourable due to higher asset total due to the 2022-23 Managerial Revaluation which was unbudgeted.

Water and Sewerage Service Performance Indicators

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
REW 8	Water Service - minutes off supply (planned & unplanned) How many minutes on average a customer was without water supply during a year	236	238	240	-0.8%		-0.8%	
REW 5	Unplanned water supply interruptions Percentage of customers receiving more than 5 unplanned interruptions in the year	0%	0%	0%	0.0%		0.0%	
RES 1	Sewer Blockages Number of sewer blockages reported per 100 kilometres of sewer main	7.67	7.46	13.01	2.7%		42.7%	7b
RES 6	Sewer spills Number of sewer spills reported per 100 kilometres of sewer main	2.41	3.05	3.47	-26.6%	8a	12.1%	8b
RES 7	Containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers * 100	98%	98%	98%	0.0%		0.0%	

Notes

- 7b Lower numbers of unplanned interruptions compared to targets.
 8a An increase in the number of number of sewer spills compared to 2021-22.
 8b Lower number of sewer spills compared to target.

Customer Responsiveness Performance Indicators

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CR1	Typical household bill – Owner (i) Based on average use 200 kL in real 2022/23 dollars	1466	1444	n/a	1.5%	9a	n/a	
	Typical household bill – Tenant (i) Based on average use 200 kL in real 2022/23 dollars	450	448	n/a	0.4%	9a	n/a	
CR2	Customers on flexible payment plans (No.) (i) No. of customers on flexible payment arrangements	7623	7800	n/a	2.3%	10a	n/a	
CR3	Customers awarded hardship grants (No.) (i) No. of customers awarded hardship grants	138	157	n/a	13.8%	11a	n/a	
CR4	Water quality complaints (No.) No. of complaints per 100 customers	0.15	0.29	0.24	-93.3%	12a	-20.8%	12b
CR5	Billing / payment issues complaints (No.) No. of complaints per 100 customers	0.09	0.09	0.25	0.0%		64.0%	13b
CR6	Total complaints (No.) No. of complaints per 100 customers	1.03	0.73	1.00	29.1%	14a	27.0%	14b

(i) Updated KPI's as per MRD 07 and metrics recalculated as per 100 customers (previously 1000 customers). Prior period result restated to per 100 customers.

Notes

- 9a A decrease in customer bills has been interpreted to be a favourable variance, as this indicator is based on customer focus rather than financial factors and reflects Essential Service Commission price determination position and water corporation's commitment to keep bills affordable for customers
- 10a An increase in customers provided with flexible payment plans and hardship assistance in these indicators has been interpreted to be a favourable 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
- 11a An increase in the number of customers who applied for and awarded hardships grants for the year.
- 12a & 12b An increase in customer complaints is due to one taste and odour incident that occurred within the Warragul/Drouin drinking water systems which has resulted in a negative variance on both last year and our 2022-23 target results.
- 13b A lower number of customer complaints compared to target.
- 14a A decrease in customer complains since 2021-22.
- 14b A lower number of customer complaints compared to targeted expectations.

Environmental Performance Indicators

KPI Number	Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CRR 1	Effluent treatment and re-use Proportion of water recycled as a percentage of the volume of effluent produced	26.80%	24.90%	25.00%	-7.1%	15a	-0.4%	

Note E2 total CO2 emissions KPI removed from the performance statement in line with MRD 07

Notes

15a Favourable irrigation conditions across our region allowed for more reuse of our treated wastewater, which resulted in a positive variance compared to last year.

Central Gippsland Region Water Corporation

Certification of Performance Report 2022-23

We certify that the accompanying Performance Report of Central Gippsland 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 Minister for Water and as set out in the 2022-23 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/or between the actual results in the current year and the previous year.

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



Therese Ryan
Board Chair
Central Gippsland Region Water Corporation



Sarah Cumming
Managing Director
Central Gippsland Region Water Corporation



Jenny Martin
Acting Chief Financial Officer
Central Gippsland Region Water Corporation

Dated: 21 September 2023

VAGO Attestation



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Central Gippsland Region Water Corporation

Opinion	<p>I have audited the performance report of the Central Gippsland Region Water Corporation (the corporation) for the year ended 30 June 2023, which comprises the:</p> <ul style="list-style-type: none"> financial performance indicators water and sewerage service performance indicators customer responsiveness performance indicators environmental performance indicator certification of performance report. <p>In my opinion, the performance report of the Central Gippsland 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>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>

Auditor's responsibilities for the audit of the performance report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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MELBOURNE
26 September 2023



Paul Martin
as delegate for the Auditor-General of Victoria

Part 10: Financial performance report

Financial report for the year ended 30 June 2023

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Central Gippsland Regional Water Corporation

Comprehensive operating statement for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	164,699	157,558
Interest income	2.2	346	39
Total revenue and income from transactions		165,045	157,597
Expenses from transactions			
Employee benefits	3.1.1	38,277	35,828
Direct operating expenses	3.2	23,471	24,408
Depreciation	4.1.1	54,610	51,713
Amortisation	4.2	526	442
Interest expense	6.1.2	11,928	11,629
Environmental contribution	8.2	5,953	5,953
Repairs and maintenance	3.3	15,444	15,643
Other expenses	3.4	11,228	9,132
Total expenses from transactions		161,437	154,748
Net result from transactions (net operating balance)		3,608	2,849
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4.1.5	(669)	(1,860)
Total other economic flow included in net result		(669)	(1,860)
Net result before income tax		2,939	989
Income tax expense	8.1.1	883	297
Net result		2,056	692
Other economic flows - other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation reserve	9.1.2	196,285	(544)
Deferred tax relating to components of other comprehensive income	9.1.2	(58,527)	(199)
Total other economic flows - other comprehensive income		137,758	(743)
Comprehensive result		139,814	(51)

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation

Balance sheet as at 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Assets			
Current assets			
Cash and deposits	6.2	14,805	13,765
Receivables	5.1	16,218	14,373
Contract assets	5.2	9,015	8,143
Inventories	5.5	4,083	3,793
Biological assets	5.9	1,481	1,990
Other financial assets	5.6	5	-
Other non-financial assets	5.7	1,137	983
Total current assets		46,744	43,047
Non-current assets			
Receivables	5.1	656	762
Other financial assets	5.6	1,000	1,000
Infrastructure, property, plant and equipment	4.1.1	1,703,497	1,500,427
Biological assets	5.9	4,464	3,914
Intangibles	4.2	6,765	7,030
Net deferred tax assets	8.1.2	29,264	35,247
Total non-current assets		1,745,646	1,548,380
Total assets		1,792,390	1,591,427
Liabilities			
Current liabilities			
Trade and other payables	5.3	21,266	13,944
Contract liabilities	5.4	6,329	5,866
Employee benefits provision	3.1.2	9,786	9,371
Other provisions	5.8	1,000	500
Interest bearing liabilities	6.1	9,500	9,500
Total current liabilities		47,881	39,181
Non-current liabilities			
Employee benefits provision	3.1.2	996	857
Other provisions	5.8	2,342	3,456
Interest bearing liabilities	6.1	320,000	320,000
Net deferred tax liabilities	8.1.2	284,349	230,925
Total non-current liabilities		607,687	555,238
Total liabilities		655,568	594,419
Net assets		1,136,822	997,008
Equity			
Contributed capital	9.1.1	255,971	255,971
Physical asset revaluation reserve	9.1.2	548,350	410,592
Accumulated surplus / deficit	9.1.3	332,501	330,445
Total equity		1,136,822	997,008

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation

Cash flow statement for the year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities			
Receipts			
Revenue from contracts with customers		133,467	129,242
Interest received		346	39
Developer contribution fees		907	153
Goods and Services Tax received from the ATO ⁽¹⁾		4,455	5,274
Other customer revenue		15,346	17,805
Total receipts		154,521	152,512
Payments			
Payments to suppliers		(46,069)	(54,206)
Payments to employees		(37,952)	(35,836)
Interest and other cost of finance paid		(11,856)	(11,672)
Goods and Services Tax paid to the ATO		(1,106)	(1,187)
Environmental contribution levy paid		(5,953)	(5,953)
Total payments		(102,936)	(108,851)
Net cash flows from/(used in) operating activities	6.2.1	51,585	43,659
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(51,448)	(45,008)
Payments for renewal/upgrade of infrastructure, property, plant and equipment		-	-
Proceeds from sale of infrastructure, property, plant & equipment	4.1.1	551	656
Payments for intangible assets	4.2	352	(439)
Net cash flows from/(used in) investing activities		(50,545)	(44,791)
Cash flows from financing activities			
Proceeds from borrowings		-	4,000
Net cash flows from/(used in) financing activities		-	4,000
Net increase/(decrease) in cash and deposits		1,040	2,868
Cash and deposits at the beginning of the financial year		13,765	10,897
Cash and deposits at the end of the financial year	6.2	14,805	13,765

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation

Statement of changes in equity for the year ended 30 June 2023

	Notes	Contributed capital \$'000	Physical asset revaluation reserve \$'000	Accumulated surplus / deficit \$'000	Total equity \$'000
Balance at 1 July 2021		255,971	411,335	329,753	997,059
Net result for the year		-	-	692	692
Other comprehensive income	9.1.2	-	(743)	-	(743)
Total comprehensive income		-	(743)	692	(51)
Balance at 30 June 2022		255,971	410,592	330,445	997,008
Balance at 1 July 2022		255,971	410,592	330,445	997,008
Net result for the year		-	-	2,056	2,056
Other comprehensive income	9.1.2	-	137,758	-	137,758
Total comprehensive income		-	137,758	2,056	139,814
Balance at 30 June 2023		255,971	548,350	332,501	1,136,822

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Introduction

The Central Gippsland Region Water Corporation (the Corporation), trading as Gippsland Water, was constituted on 21 December 1994 under the *Water Act 1989*. The Corporation's Australian Business Number is 75 830 750 413. The Corporation's principal address is 55 Hazelwood Road, Traralgon, Victoria 3844 and its website address is www.gippswater.com.au.

Advisors to Gippsland Water

The key advisors to Gippsland Water are:

Lawyers	Russell Kennedy, Herbert Smith Freehills, Meerkin & Apel Lawyers, Mills Oakley Lawyers, CLH Lawyers
Bankers	Westpac Banking Corporation
Internal Auditors	Pitcher Partners Consulting Pty Ltd
Tax Agents	RSM Australia Pty Ltd
Funding Agency	Treasury Corporation of Victoria (TCV)

External Auditors to Gippsland Water

The External Auditors to Gippsland Water are the Victorian Auditor-General's Office.

This financial report was approved and authorised for issue by the Board on 21 September 2023.

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 1 ABOUT THIS REPORT

Basis of preparation

This financial report is a general-purpose financial report for Central Gippsland Region Water Corporation (the Corporation) as an individual reporting entity. This 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 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

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.

Compliance Information

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. In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting (AASB 1049)*. 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.

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.

Historical cost convention

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

Comparative information

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 and estimates require assumptions to be made about highly uncertain external factors such as discount rates, probability factors, the effects of inflation, changing technology, political and social trends and climate change. There are many uncertainties in the estimation process and assumptions that are valid at the time of estimation but may change significantly when new information becomes available.

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
Contract assets	5.2
The fair value of land, buildings, infrastructure, plant and equipment	7.3
Estimation of useful life	4.1
Impairment of assets	4
Employee benefit provisions	3.1.2
Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates	3
Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15) or AASB 1058 <i>Income of not-for-profit entities</i> (AASB 1058)	2.1
The timing of satisfaction of performance obligations	2
Determining transaction price and amounts allocated to performance obligations	2
Recognition and measurement of Software-as-a-Service (SaaS) arrangements	4.2
Provisions for future costs of site rehabilitation.	5.8
Current tax payable, current tax expense and deferred tax assets and liabilities.	8.1.1 and 8.1.2
Fair values of biological assets and impairment assessments.	7.3.2
Fair values of contingent liabilities and assets.	7.3

Economic Environment

The Novel Coronavirus (COVID-19) outbreak first reported in late 2019 has had, and is still 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.

The consequential impacts on Central Gippsland Region Water 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 Central Gippsland Region Water Corporation customers
- support for employees transitioning to working from home and back to the office
- 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

The following financial statement areas have been affected by COVID-19 and the current economic environment:

- impairment of contractual receivables (Note 5.1.1)
- payables accelerated payments to support local economy as directed by Victorian Government (Note 5.3)

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.

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 2 FUNDING DELIVERY OF OUR SERVICES

Introduction

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

The Corporation supplies fresh drinking water to 75,662 households and wastewater services to 68,092 households and businesses, across 43 towns servicing an estimated population base 164,034. Our service area spans from Drouin in the west, to Loch Sport in the east, and from Briagolong in the north, to Mirboo North in the south. The Corporation's customers also include several major industries in the energy production, pulp and paper and oil and gas sectors. Baw Baw, Latrobe City, South Gippsland and Wellington shires are incorporated in our service area.

The water supply is treated to ensure that water quality meets relevant quality standards. Treatment varies depending on the source of supply. We take water from aquifers, rivers, creeks, and reservoirs. Our largest storage is Moondarra Reservoir, south of Erica, with a capacity of 30,458ML. We also take water from storages managed by Southern Rural Water (Blue Rock Lake and Lake Glenmaggie) and Melbourne Water (Tarago Reservoir) to supply our customers living near these storages. We also dispose of more than 25,000 million litres of wastewater each year.

We also operate non-regulated activities – our Gippsland Regional Agribusiness (GRA) and Gippsland Regional Organics (GRO). These commercial businesses are an integral part of what we do and provide benefit for us, our customers and Victoria through:

- Providing additional income which helps reduce the pressure on operational costs and ultimately tariffs for water and wastewater services to our customers.
- Reducing the cost of our waste disposal by turning solid waste into a commercial compost product, or using safe recycled wastewater to irrigate farmland.
- Reducing the environmental impact of our waste by reducing the volume of waste requiring disposal.

Our non-regulated activities are included in Other revenue as Agricultural pursuits (Gippsland Regional Agribusiness) and also as Waste charges prescribed and non-prescribed (Gippsland Regional Organics).

Revenue and income that fund delivery of the Corporation's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

Note contents

Section	Description	Page
2.1	Revenue from contracts with customers	106
2.1.1	Revenue from service, usage and trade waste charges	106
2.1.2	Developer contributions	107
2.1.3	Other revenue	108
2.1.4	Timing of recognition of revenue from customers	109
2.2	Interest income	110

2.1 Revenue from contracts with customers

The Corporation derives revenue from the transfer of goods and/or services over time and at a point in time in the following revenue streams. Revenue is recognised when, or as, the performance obligations to the customer are satisfied. Consideration received in advance of recognising the associated revenue from the customer is recorded as a contract liability (refer Note 5.4). Where the performance obligations are satisfied but not yet billed, a contract asset is recorded (refer Note 5.2).

	Notes	2023 \$'000	2022 \$'000
Revenue from service, usage and trade waste charges	2.1.1	135,664	128,349
Developer contributions	2.1.2	13,695	11,704
Other revenue	2.1.3	15,340	17,505
Total revenue from contracts with customers		164,699	157,558

2.1.1 Revenue from service, usage and trade waste charges

	2023 \$'000	2022 \$'000
<i>Service charges</i>		
Water	22,591	21,597
Wastewater	68,404	65,091
Trade waste	310	296
Total service charges	91,305	86,984
<i>Usage charges</i>		
Water	37,383	34,965
Wastewater	6,976	6,400
Total usage charges	44,359	41,365
Total revenue from service and usage charges	135,664	128,349

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

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Usage charges	Usage charges are billed three times a year in arrears. The Corporation has the right to receive an amount of consideration based on the unit of water consumed by and wastewater and recycled water disposed of during the financial year at the regulated price. An estimation of usage charges is made at year end for meters which 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 for fully satisfied performed obligations that are unbilled at year end are estimated and recognised as contract assets (refer Note 5.2).	Revenue is recognised over time as service is provided.

Contract assets and liabilities have been disclosed in notes 5.2 and 5.4.

2.1.2 Developer contributions

	2023 \$'000	2022 \$'000
Developer contributed assets ⁽ⁱ⁾	12,841	11,704
Assets funded by developers and contributions received	854	-
Total developer contributions	13,695	11,704

Notes:

- (i) Developer contributions are indicative of completed developer works across the region, in particular housing development in Warragul and Drouin.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	<p>Developer contributed assets arise when developers pay for the cost of construction of new infrastructure assets and subsequently gift these assets to the Corporation to maintain in perpetuity.</p> <p>Depending on the type of developer application, this can result in the performance obligation being satisfied:</p> <ul style="list-style-type: none"> when the Practical Acceptance Certificate is issued to the customer, or when the customer is connected to our infrastructure network for the provision of water and sewerage services when no Practical Acceptance Certificate is required to be issued. <p>Revenue is recognised at fair value and is based on the costs provided by the developer with additions for consultants.</p>	Revenue is recognised at a point in time.

2.1.3 Other revenue

	2023 \$'000	2022 \$'000
Waste charges (prescribed and non-prescribed)	6,551	5,550
Agricultural pursuits	3,951	7,151
Operating fees	2,200	2,109
Rechargeable works	1,505	1,182
Miscellaneous fees	423	655
Salary sacrifice contributions	438	465
Workcover refunds received	65	152
Diesel fuel rebate	71	103
Liquidated damages	42	53
External service provision	94	85
Total other revenue	15,340	17,505

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Waste Charges (prescribed and non-prescribed)	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 30 days.	Revenue is recognised over the period over which goods and services are provided to the customer.
Agricultural sales, rechargeable works and operating fees	Performance obligation relating to agricultural sales, waste charges, rechargeable works and operating fees are satisfied at a point in time when the Corporation renders the specified service requested by the customer or provides the goods.	Revenue from other services rendered is recognised when the performance obligation is satisfied.
Other revenue including miscellaneous fees, salary sacrifice contributions, workcover refunds received, diesel fuel rebate, liquidated damages and external service provision	Revenue from these activities is recognised in the period in which the service is rendered.	Revenue is recognised over the period over which goods and services are provided to the customer.

Salary sacrifice contributions include employee contributions towards vehicles, superannuation, professional fees and work wear.

2.1.4 Timing of recognition of revenue from customers

We derive revenue from the transfer of goods and services at both a point in time and over time for the following charges.

	Service charges			Usage charges		Developer contributions		Other revenue	Total revenue from contracts with customers \$'000
	Water \$'000	Wastewater \$'000	Trade waste \$'000	Water \$'000	Wastewater \$'000	Developer contributed assets \$'000	Assets funded by developers and contributions received \$'000	Other Revenue \$'000	
2023									
At a point in time	-	-	-	-	-	12,841	854	15,340	29,035
Over time	22,591	68,404	310	37,383	6,976	-	-	-	135,664
Total	22,591	68,404	310	37,383	6,976	12,841	854	15,340	164,699
2022									
At a point in time	-	-	-	-	-	11,704	-	17,505	29,209
Over time	21,597	65,091	296	34,965	6,400	-	-	-	128,349
Total	21,597	65,091	296	34,965	6,400	11,704	-	17,505	157,558

2.2 Interest income

	2023 \$'000	2022 \$'000
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	308	21
Interest from Westpac investments	32	9
Interest from tariff/private scheme	6	9
Total interest income	346	39

Interest income includes interest received on bank term deposits and other investments. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period. Although other investment options could provide better returns, we are governed by investment protocols set by the Victorian Government.

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 3 THE COST OF DELIVERING SERVICES

Introduction

This section provides additional information about how the expenses are incurred by the Corporation in delivering services and outputs and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.

Note contents

Section	Description	Page
3.1	Expenses incurred in delivery of services	112
3.1.1	Employee benefits in the comprehensive operating statement	112
3.1.2	Employee benefits provision in the balance sheet	113
3.1.3	Superannuation	114
3.2	Direct operating expenses	117
3.3	Repairs and maintenance	117
3.4	Administrative and other operating expenses	118

3.1 Expenses incurred in delivery of services

	Notes	2023 \$'000	2022 \$'000
Employee benefit expenses	3.1.1	38,277	35,828
Direct operating expenses	3.2	23,471	24,411
Repairs and maintenance	3.3	15,444	15,643
Operating expenses	3.4	11,231	9,129
Total expenses incurred in delivery of services		88,423	85,011

3.1.1 Employee benefits in the comprehensive operating statement

	2023 \$'000	2022 \$'000
Salaries and wages, annual leave and long service leave (i)	33,571	31,819
Superannuation	3,213	2,884
Other	1,493	1,125
Total employee benefit costs	38,277	35,828

Notes:

- (i) Salaries and wages, annual leave and long service leave includes an economic flow included in the net result. This economic flow is derived from the long service leave discount rate provided by Department of Treasury and Finance of Victoria. 2023 movements total \$0.430M while 2022 movements totalled \$0.003M.

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 provision in the 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
Current provisions:		
Employee benefits	258	192
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	3,013	2,956
Unconditional and expected to settle after 12 months	493	482
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	601	595
Unconditional and expected to settle after 12 months	4,314	4,124
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	512	483
Unconditional and expected to settle after 12 months	595	539
Total current provisions for employee benefits	9,786	9,371
Non-current provisions:		
Employee benefits	875	758
On-costs	121	99
Total non-current provisions for employee benefits	996	857
Total provisions for employee benefits	10,782	10,228

Reconciliation of movements in on-cost provisions

	2023 \$'000
Current provisions	
Annual leave and long service leave	
Opening balance	1,022
Additional provisions recognised	85
Closing balance - current	1,107
Non-current provisions	
Long service leave	
Opening balance	99
Additional provisions recognised	22
Closing balance - non-current	121

Wages and salaries and annual 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.

On-costs

On costs, such as payroll tax, superannuation and workers' compensation insurance, 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 we do 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 flow included in the net result within the operating statement.

3.1.3 Superannuation

Superannuation contributions

The Corporation's obligations for contributions to the fund are recognised as an expense in Comprehensive operating statement when they are made or due.

The Corporation makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (Vision Super). The Fund has two categories of membership, accumulation and defined benefit, both are funded differently. Obligations for contributions to the Fund are recognised as an expense in the Comprehensive operating statement when they are made or become due.

Contributions by the Corporation (excluding unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2023 and 30 June 2022 are detailed below:

Fund	Type of scheme	Rate (%)	2023 \$'000	2022 \$'000
Vision Super - Defined Benefits	Defined benefits	10.5% - 12.5%	146	141
Vision Super - Super Saver	Accumulation	10.5%	1,423	1,346
Other Superannuation Funds	Accumulation	10.5%	1,644	1,397
Total			3,213	2,884

There were no contributions outstanding to the above schemes as at 30 June 2023.

Accumulation

Contributions to the accumulation plans are expensed as the contributions are paid or become payable. The Fund's accumulation categories, Vision MySuper/ Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2023, this was 10.5% as required under Superannuation Guarantee Legislation).

Defined benefit fund

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 group in the new 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 *Employee Benefits* (AASB 119).

Funding arrangements

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

The 2022 interim actuarial investigation

An actuarial investigation is conducted annually for the Defined Benefit category. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2021. The result for the interim investigation for 30 June 2022 was made available August 2022. The vested benefit index (VBI) was 102.2%. Because the VBI was above 100%, the interim actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

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

	2023	2022
Net investment returns	5.50% p.a.	4.75% p.a.
Salary information	2.50% p.a.	2.75% p.a.
Price inflation (CPI)	3.00% p.a.	2.25% p.a.

Vision Super has advised that the estimated VBI at 30 June 2023 was 104.2%.

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

	2023 \$m	2022 \$m
VBI surplus/(deficit)	59.9	71.0
Total service liability surplus/(deficit)	105.8	270.3

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 2023.

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

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of Prudential Standard SPS 160 *Defined Benefit Matters* (SPS160) 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 Central Gippsland Region Water Corporation) are required to make an employer contribution to cover the shortfall.

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

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

If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

3.2 Direct operating expenses

	2023 \$'000	2022 \$'000
Energy	3,957	3,885
Chemicals	5,126	4,327
Agricultural costs (i)	3,180	5,069
GRO costs	2,365	1,968
Consultants' fees	460	916
Sampling and testing	1,598	1,679
Operational overhead costs	1,547	1,379
Water purchases and cartage	1,158	1,046
Fleet	1,203	1,006
Sludge removal and transport	1,358	1,175
Rehabilitation costs	-	3
Modelling, investigation and decision making tools	262	532
Other operational costs	587	606
Meter reading services	477	462
EPA licence fee	193	355
Total direct operating expenses	23,471	24,408

Direct operating expenditure includes all costs directly attributable to the operations of the Corporation. These are recognised as expenses when incurred.

Notes:

(i) Agricultural costs includes cost of sales and valuation gains/losses in plantations due to timbers harvested throughout the year

3.3 Repairs and maintenance

	2023 \$'000	2022 \$'000
Major maintenance	3,601	3,773
Mechanical and Electrical corrective maintenance	2,524	2,537
Building, land and site maintenance	1,426	1,690
Other contract works	1,987	1,672
Mechanical and Electrical preventative maintenance	1,750	1,616
Other sewer maintenance	1,212	1,142
Maintenance agreements and contractor payments	1,235	1,448
Other repairs and maintenance	632	707
Other water maintenance	945	897
Corrective maintenance	132	161
Total repairs and maintenance	15,444	15,643

Routine maintenance, repair and minor renewal costs of the water supply and wastewater systems are recognised as expenses as incurred. Where repairs relate to upgrade of components of an asset and the cost exceeds the capitalisation threshold, those costs are capitalised and depreciated.

3.4 Other expenses

	2023 \$'000	2022 \$'000
Maintenance agreements and contractor payments	930	687
Licence fees	1,703	1,696
Billing and revenue collection costs	816	865
Other repairs and maintenance	595	582
Land and building maintenance costs	858	675
Utilities, rates and other services	647	639
Other administration costs	467	520
Insurance premiums and claims	621	690
Legal fees	131	101
Auditors' remuneration	348	304
Consultants' fees	3,209	1,718
Fleet	204	103
Membership fees	145	143
Environmental offsets	184	205
Community engagement and development costs	235	165
Expected credit loss on receivables	135	37
Low-value lease expenses	1	2
Total other expenses	11,229	9,132

Other expenses generally represent the day-to-day running costs incurred in normal operations. They are expensed in the period in which they are incurred.

Notes:

- (i) Increased consultancy expenditure relates to independent advisory services to support the Dutson Downs contaminate land project and well installation, to address audit findings which were endorsed by Gippsland Water Board, as well as specialist IT support and development of our 2023-28 Price Submission.

Short-term leases and leases of low-value assets

The Corporation has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

The Corporation controls infrastructure and other assets 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.

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4.1 Infrastructure, property, plant and equipment

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

	Land \$'000	Buildings \$'000	Leasehold improvements \$'000	Water infrastructure \$'000	Wastewater infrastructure \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Capital works in progress \$'000	Total \$'000
Year ended 30 June 2023									
Opening net book amount	53,642	13,931	-	553,917	822,828	9,177	5,130	41,802	1,500,427
Additions (i)	-	-	-	3,524	8,471	-	-	50,718	62,713
Disposals	-	-	-	(427)	(618)	(55)	(122)	-	(1,222)
Correction of prior year revaluation	-	-	-	-	-	-	-	-	-
Transfer between asset classes	356	25	-	12,720	11,272	3,397	504	(28,370)	(96)
Fair value of asset received free of charge	-	-	-	-	-	-	-	-	-
Revaluation (ii)	-	1,494	-	78,655	116,136	-	-	-	196,285
Depreciation charge	-	(641)	-	(18,866)	(32,242)	(1,868)	(993)	-	(54,610)
Closing net book amount	53,998	14,809	-	629,523	925,847	10,651	4,519	64,150	1,703,497
Total as at 30 June 2023 represented by:									
Gross book value	53,998	14,812	-	630,199	927,176	27,798	8,771	64,150	1,726,904
Accumulated depreciation	-	(3)	-	(676)	(1,329)	(17,147)	(4,252)	-	(23,407)
Net book value as at 30 June 2023	53,998	14,809	-	629,523	925,847	10,651	4,519	64,150	1,703,497

Notes:

- (i) Additions for water and wastewater infrastructure reflect the owner cost works (gifted assets by developers)
- (ii) Managerial asset revaluation on infrastructure and buildings.

	Land \$'000	Buildings \$'000	Water infrastructure \$'000	Wastewater infrastructure \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Capital works in progress \$'000	Total \$'000
Year ended 30 June 2022								
Opening net book amount - 1 July 2021	53,889	14,671	555,363	780,724	7,908	6,020	81,924	1,500,499
Additions ⁽ⁱ⁾	-	-	3,896	7,912	-	-	42,960	54,768
Disposals	-	-	(574)	(1,449)	-	(497)	-	(2,520)
Correction of prior year revaluation ⁽ⁱⁱ⁾	(279)	-	(218)	(47)	-	-	-	(544)
Transfer between asset classes ⁽ⁱⁱⁱ⁾	32	(115)	13,720	65,735	3,030	617	(83,082)	(63)
Depreciation charge	-	(625)	(18,270)	(30,047)	(1,761)	(1,010)	-	(51,713)
Closing net book amount	53,642	13,931	553,917	822,828	9,177	5,130	41,802	1,500,427
Total as at 30 June 2022 represented by:								
Gross book value	53,642	14,603	572,775	853,437	25,724	8,715	41,802	1,570,698
Accumulated depreciation	-	(672)	(18,858)	(30,609)	(16,547)	(3,585)	-	(70,271)
Net book value as at 30 June 2022	53,642	13,931	553,917	822,828	9,177	5,130	41,802	1,500,427

Notes:

- (i) Additions for water and wastewater infrastructure reflect the owner cost works (gifted assets by developers)
- (ii) Correction of prior year asset revaluation
- (iii) Total Work in progress movement for 2021/22 was \$83,082M with new works in and capitalisations out

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water, wastewater infrastructure, plant and equipment, used by the Corporation in its operations.

During construction the costs of new assets are recorded in capital work in progress accounts until the assets are completed and available for their intended use, at which point they are capitalised. Capital work in progress at the end of the reporting period is recognised as an asset in the balance sheet.

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. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Refer to Note 7.3.2 for fair value disclosures.

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 \$500 (2022: \$500) 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 103 Non-Financial Physical Assets (FRD 103).

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

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

In conjunction with VGV, we monitor changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required. On this basis, the review at 30 June 2023 determined that a revaluation of our infrastructure assets was required. This review was also applied to Land and Buildings, however no revaluation was required.

The Corporation's assets relating to land, buildings and infrastructure were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The valuer has advised that the current market environment, impacted by coronavirus (COVID-19), creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

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

4.1.3 Accounting for revaluation movements

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 decreases relating to individual assets in a class of Property Plant and Equipment, are offset against other assets in that class but are not offset against assets in different classes. An asset revaluation surplus is not transferred to accumulated funds on the derecognition of the related asset.

Revaluation increments are credited directly to 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 comprehensive operating statement as an 'other economic flow'. The accounting treatment for biological assets is disclosed in Note 5.9.

4.1.4 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 Class	Useful Life (Years)		
	Corporate	Water infrastructure	Wastewater infrastructure
Infrastructure			
Treatment cells and vessels		10 - 80	10 - 80
Control and instrumentation		5 - 10	5 - 10
Ducting and pipework		5 - 80	5 - 80
Electrical		5 - 25	5 - 25
Cathodic protection		20	20
Health and safety equipment		4 - 15	4 - 15
Mechanical plant		5 - 40	5 - 40
Pumps/blowers/fans		4 - 50	3 - 28
Storages		9 - 100	9 - 100
Lab equipment		7	7
Valves		9 - 30	9 - 30
Civil assets		9 - 150	9 - 150
Earth embankments		350	-
Bridge and headwall		50	50
Renewable energy		10 - 40	-
Other assets			
Motor vehicles	3 - 15		
IT equipment	1 - 17		
Plant and equipment	2 - 50		
Furniture and fittings	4 - 40		
Buildings	5 - 80		
Radio and telemetry equipment	3 - 50		

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate. The impacts of economic environment and climate-related emerging risks were taken into account when estimating the useful life of these assets.

Indefinite life assets

Land and land under declared roads which are considered to have an indefinite life, are not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.

Impairment

Non-financial assets, including items of infrastructure, property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

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

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying

amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. The 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*.

Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is impaired. 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 our principal activities, particularly from an asset impairment standpoint.

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

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

	2023 \$'000	2022 \$'000
Proceeds from disposal of assets	551	660
Written down value (WDV) of assets disposed	(1,220)	(2,520)
Net gain/(loss) on disposal	(669)	(1,860)

4.2 Intangible assets

Intangible assets	Water entitlements \$'000	Software costs \$'000	Large generation certificates \$'000	Works in progress \$'000	Total \$'000
Year ended 30 June 2022					
Opening net book amount - 1 July 2021	4,500	2,288	160	97	7,045
Additions	-	-	-	379	379
Disposals	-	-	-	-	-
Transfer between asset classes	-	302	-	(240)	62
Gain/(loss) on LGC spot price movement (i)	-	-	(13)	-	(13)
Amortisation	-	(443)	-	-	(443)
Closing net book amount	4,500	2,147	147	236	7,030
Total as at 30 June 2022 represented by:					
Cost	4,500	8,682	147	236	13,565
Accumulated amortisation	-	(6,535)	-	-	(6,535)
Net book value as at 30 June 2022	4,500	2,147	147	236	7,030
Year ended 30 June 2023					
Opening net book amount - 1 July 2022	4,500	2,147	147	236	7,030
Additions	-	350	-	79	429
Disposals	-	-	-	-	-
Transfer between asset classes	-	-	-	(255)	(255)
Gain/(loss) on LGC spot price movement	-	-	87	-	87
Amortisation	-	(526)	-	-	(526)
Closing net book amount	4,500	1,971	234	60	6,765
Total as at 30 June 2023 represented by:					
Cost	4,500	9,032	234	60	13,826
Accumulated amortisation	-	(7,061)	-	-	(7,061)
Net book value as at 30 June 2023	4,500	1,971	234	60	6,765

Notes:

- (i) LGC's are being carried at Fair Value – this is different to the rest of the accounting policies for intangibles.

Recognition and measurement

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:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- 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. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

Amortisation

Intangible assets with finite useful lives are amortised as an expense on a systematic basis (typically straight-line), commencing from the time the asset is available for use. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised

Impairment of intangible assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified

The policy in connection with testing for impairment is outlined in section 4.1.4.

Permanent Water Entitlements

Permanent water entitlements (Bulk water entitlement in Blue Rock Lake) acquired after 1 July 2013 are recognised as an intangible asset on the Balance Sheet at cost (in accordance with AASB 138 *Intangible Assets* and FRD 109 *Intangible Assets*), and will not be subject to amortisation, as the permanent water entitlements have an indefinite life. Permanent water entitlements purchased after 1 July 2013 will be tested annually for impairment. Bulk permanent water entitlements prior to 1 July 2013 are not recorded on the Balance Sheet as an intangible asset, as they cannot be reliably measured.

Website Costs

Costs in relation to websites controlled by the Corporation are charged as expenses in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefits. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are considered to be expenses. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits controlled by the Corporation that can be reliably measured, are capitalised as an asset and amortised over the period of the expected benefits, which vary from three to five years.

A summary of the policies applied to our intangible assets is as follows:

	Computer software	Water licences	Water entitlements	Large generation certificates
Useful lives	1 – 10 years	99 years	Indefinite	Indefinite
Amortisation method used	Straight-line	Straight-line	Not amortised or revalued	Not amortised and revalued each quarter based on market spot price.
Internally generated/acquired	Internally generated and acquired	Acquired	Acquired	Internally generated
Impairment test/Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Quarterly and where an indicator of impairment exists

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.

Large-scale Generation Certificates

Large-scale Generation Certificates are recognised as an intangible asset on the Balance Sheet at fair value in accordance with AASB 138 *Intangible Assets*, and will not be subject to amortisation, as the Large-scale Generation Certificates have an indefinite life.

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 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.

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5.1 Receivables

	2023 \$'000	2022 \$'000
Current		
<i>Contractual</i>		
Private schemes unmatured capital	91	91
Services and usage charges	15,408	13,696
Allowance for expected credit losses	(775)	(640)
Loans to third parties	53	50
<i>Statutory</i>		
GST input tax credit recoverable	1,441	1,176
Total current receivables	16,218	14,373
Non-current		
<i>Contractual</i>		
Private schemes unmatured capital	656	709
Loans to third parties	-	53
Total non-current receivables	656	762
Total receivables	16,874	15,135

Receivables consist of:

Receivable	Initial measurement	Subsequent measurement
Private schemes unmatured capital	<p>Private scheme receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognised as current assets, except for those with maturities of greater than 12 months after the reporting date, which are classified as non-current assets.</p> <p>During the reporting period, the Corporation had private schemes only on wastewater schemes. A private scheme arises when wastewater is first connected to a previously unsewered small town. Residents are offered payment terms of up to 20 years which includes an interest component.</p>	Classified as financial instrument and measured at amortised cost using the effective interest method, less any impairment.
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. Loans to third parties can arise from new water supply pipelines and wastewater systems, where customers have long term payment arrangements.	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. Contractual receivables are due for settlement no more than 30 days from date of recognition	Classified as financial instrument and measured at amortised cost less any expected credit loss.

Receivable	Initial measurement	Subsequent measurement
Statutory receivables	Recognised at fair value plus any directly attributable transaction costs.	Not classified as financial instrument and measured at 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 measure expected credit losses which uses a lifetime expected loss allowance for contractual receivables. The Corporation has grouped contractual receivables - service and usage charges on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Corporation's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year, including consideration of the impact of the macroeconomic market conditions might have on the impact of customers to make payments of their water bills.

On that basis, the loss allowance as at 30 June 2023 was determined as follows for receivables – service and usage charges and other receivables:

30 June 2023	Current	More than 90 days past due	More than 120 days past due	More than 180 days past due	More than 365 days past due	More than 730 days past due	Total
Expected loss rate	1%	11%	12%	12%	20%	28%	
Gross carrying amount - receivables from service and usage charges	11,789	302	533	902	899	983	15,408
Loss allowance	113	33	64	109	177	280	775

30 June 2022	Current	More than 90 days past due	More than 120 days past due	More than 180 days past due	More than 365 days past due	More than 730 days past due	Total
Expected loss rate	1%	11%	12%	11%	19%	24%	
Gross carrying amount - receivables from service and usage charges	10,324	250	461	1,068	786	806	13,696
Loss allowance	99	28	56	117	146	194	640

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 six months after all reasonable debt recovery avenues have been exhausted.

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

There are no material financial assets that are individually determined to be impaired.

5.1.2 Reconciliation of the expected credit loss allowance

	2023 \$'000	2022 \$'000
Opening balance 1 July	(640)	(603)
Increase in provision recognised in the net result	(135)	(37)
Balance as at 30 June	(775)	(640)

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.

We have increased the expected credit loss allowance by \$0.135 million to reflect risks and uncertainties brought about by macroeconomic market conditions. Should the macroeconomic assumptions change in the future, it could have an impact on our allowance for doubtful debts in the subsequent years.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

5.2 Contract assets

	2023 \$'000	2022 \$'000
Service and usage charges	5,382	5,046
Developer contributions	3,001	2,155
Other	632	942
Total contract assets	9,015	8,143
<i>Represented by</i>		
Current contract assets	9,015	8,143
		Service and usage charges
Opening balance as at 1 July 2022		8,143
Less: Amounts billed during the year		(8,143)
Add: Amount accrued at year end (to be billed)		9,015
Carrying amount as at 30 June 2023		9,015

Contract asset	Description	Recognition
Contract assets - Accrued revenue	Accrued revenue is recognised for water and wastewater (non-residential customers only) usage as well as other works and services 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.

Accrued revenue

Meter reading is undertaken progressively throughout the year. An estimation of unbilled usage charges is made at the end of each accounting period in respect of meters which have not been read at balance date and accrued as revenue. The Corporation estimated accrued revenue in respect of residential water meters which had not been read at the reporting date of \$4,854,094.78 (2022: \$3,904,591.19) for residential customers and \$527,625.55 (2022: \$1,141,802) for non-residential

customers water and wastewater, by multiplying the number of days since the last reading by each customer's average service usage.

5.3 Payables

	2023 \$'000	2022 \$'000
Current		
<i>Contractual</i>		
Trade creditors	473	261
Accrued expenses	17,904	10,604
<i>Other</i>		
Security deposits	1,745	1,801
Retentions	879	844
Unclaimed Monies	47	-
Other	13	132
Total	21,061	13,641
<i>Statutory</i>		
GST payable	139	201
Other government payables	66	101
Total	205	302
Total current payables	21,266	13,944
Non-current		
Total non-current payables	-	-
Total trade and other payables	21,266	13,944

Accrued expenses are higher in 2023 compared to 2022, largely contributed by the \$4.7M accrual at year end for two land purchases.

To support the local economy we have continued with the settlement of all approved invoices within 5-10 working days.

5.3.1 Ageing analysis of contractual payables

30 June 2023	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
Trade and sundry creditors	473	473	473	-	-	-
Accrued expenses	17,904	17,904	17,904	-	-	-
Other payables	2,684	2,684	2,684	-	-	-
Total	21,061	21,061	21,061	-	-	-

30 June 2022	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
Trade and sundry creditors	260	353	353	-	-	-
Accrued expenses	10,604	14,643	14,643	-	-	-
Other payables	2,777	2,301	2,301	-	-	-
Total	13,641	17,297	17,297	-	-	-

5.4 Contract liabilities

	2023 \$'000	2022 \$'000
Customers paid in advance	6,329	5,866
Total contract liabilities	6,329	5,866
<i>Represented by</i>		
Current contract liabilities	6,329	5,866

	Service usage charges - customer paid in advance \$'000	Developer contributions - unearned income \$'000	Total \$'000
Carrying amount as at 1 July 2021	5,403	-	5,403
Contract liabilities recognised in the reporting period	463	-	463
Closing balance at 30 June 2022	5,866	-	5,866
Add: Payments received in advance for provision of goods and services	463	-	463
Total contract liabilities at 30 June 2022	6,329	-	6,329

Contract liabilities	Description	Recognition
Contract liabilities relating to service usage charges - Customers paid in advance	Payments received in advance of the provision of goods or services or performance obligation yet to be performed by the Corporation to settle the terms of receipt of income. This relates to residential customer in advance payments made prior to billing	Recognised as revenue, once the corporation has performed the performance obligations associated with the payments.

5.5 Inventories

	2023 \$'000	2022 \$'000
Current		
<i>Stores and consumables - at cost</i>		
Raw materials	4,083	3,793
Total current inventories	4,083	3,793
Total inventories	4,083	3,793

Inventories comprise stores and materials used in the construction of new works and for the repair and maintenance of existing assets. These inventories are held for consumption in the ordinary course of business operations and measured at the lower of cost and net realisable value. Costs are assigned to inventory quantities on hand at balance date on a weighted average cost (WAC) basis.

Inventories also include goods held for distribution at no or nominal cost. Inventories held for distribution are measured at cost, adjusted for any loss of service potential. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.

Bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

5.6 Other financial assets

	2023 \$'000	2022 \$'000
Current		
Other	5	-
Total current other financial assets	5	-
Non-current		
Westpac investment deposit - environmental bond	1,000	1,000
Total non-current other financial assets	1,000	1,000
Total other financial assets	1,005	1,000

Environmental bond

The Corporation operates a prescribed (Industrial) waste treatment and storage facility at its Dutson Downs property which falls under EPA Licence OL000070000, which is issued under section 74(1)(a) of the *Environment Protection Act 2017 (the Act)*. Pursuant to the Act, the Corporation is required to provide financial assurance as the occupier of a landfill. The financial assurance is intended to provide a guarantee that the costs of remediation and/or site closure and post closure are not borne by the local community in the event of the occupiers of the site abandoning the site, becoming insolvent or incurring clean-up costs beyond their financial capability. This assurance takes the form of a \$1 million deposit with Westpac under the Central Banking System and is recognised in the balance sheet as a non-current financial asset.

Amounts held by the Corporation with a maturity of three months or more are disclosed as 'Other financial assets'.

5.7 Other non-financial assets

	2023 \$'000	2022 \$'000
Current		
Prepayments	1,137	983
Total other non-financial assets	1,137	983

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.8 Other provisions

	2023 \$'000	2022 \$'000
Current		
Bioremediation pond rehabilitation	1,000	500
Landfill site rehabilitation	-	-
	1,000	500
Non-current		
Bioremediation pond rehabilitation	1,594	2,700
Landfill site rehabilitation	748	756
	2,342	3,456
Total other provisions	3,342	3,956

Other provisions are recognised when the Corporation has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received, and the amount of the receivable can be measured reliably.

Dutson Downs rehabilitation provisions

The Corporation operates a prescribed waste treatment and storage facility at its Dutson Downs property. Historically, the 350ha site was established in order to dispose of prescribed wastes using landfill technology. The facility is approved by the Environment Protection Authority (EPA) for this purpose due to its large buffer distances, its thick clay overlays and its well-developed management practices.

Two provisions have been established to recognise the future rehabilitation costs associated with this site:

Bioremediation pond rehabilitation

On 30 June 2008 the Bioremediation Pond ceased operating. The Corporation recognised through the establishment of a provision, the liability for the rehabilitation of the Bioremediation Pond. The provision is reviewed each year to ensure that it is of sufficient value to cover the actual cost associated with the final rehabilitation of the site. A hydrological assessment was undertaken in June 2019 and further assessments and reviews were completed in 2021. Additional investigation and data gathering works has been undertaken during the year of 2022-23. The provision is \$2.6m for 30 June 2023. The provision will continue to be reviewed on an annual basis in light of the data obtained from the ongoing investigation works.

Landfill site rehabilitation

The Corporation operates an EPA licensed landfill for the disposal of inorganic waste. This provision recognises the final restoration cost to close and restore the landfill site. Based upon current utilisation management, recent survey data and re-design of the rehabilitation cap the landfill has an estimated remaining life of 4-5 years (2027-28). This provision is reviewed annually to ensure it adequately covers the rehabilitation costs and satisfies any current environmental regulations prevailing at the end of reporting period. A rehabilitation plan is currently being developed and will be approved by an EPA appointed auditor.

5.8.1 Reconciliation of movement in other provisions

	Bioremediation pond rehabilitation \$'000	Landfill site rehabilitation \$'000	Total \$'000
Opening balance as at 1 July 2021	3,200	756	3,956
Additional provisions recognised	-	-	-
Carrying amount as at 30 June 2022	3,200	756	3,956
Opening balance as at 1 July 2022	3,200	756	3,956
Additional provisions recognised	(606)	(8)	(614)
Carrying amount as at 30 June 2023	2,594	748	3,342

5.9 Biological assets

The Corporation holds various biological assets that are recognised in its Balance Sheet. These assets are detailed in the table below.

Asset	Description
Crops	Cereal, forage and legumes stored on site at the Corporation's various farming properties.
Plantations	Forests established through planting of seedlings at specified spacings, following intensive site preparation.
Livestock	Heifers, steers, cows and bulls located at the Corporation's various farming properties.

5.9.1 Crops and plantations

Biological asset	Measurement basis	Quantities		Carrying amount	
		2023	2022	2023	2022
				\$'000	\$'000
Consumable assets					
Mature assets					
Fodder					
Silage	Bales	230	345	18	14
Cereal and legume silage	Tonnes	3,500	3,580	88	77
Hay	Bales	464	1,427	27	98
Crops					
Feed mixed grain	Tonnes	500	500	213	200
Total consumable assets (CA1)		4,694	5,852	346	388
Non-bearer assets					
Immature assets (plantation)					
Softwood pinus radiata	Hectares	542	542	2,128	1,394
Total non-bearer assets (NCA1)		542	542	2,128	1,394

5.9.2 Livestock

Biological asset	Measurement basis	Quantities		Carrying amount	
		2023	2022	2023	2022
				\$'000	\$'000
Consumable assets					
Immature assets					
Mixed sex calves and weaners	Headcount	925	887	1,119	1,602
Mature assets					
Bullocks/steers	Headcount	8	-	16	-
Total consumable assets (CA2)		933	887	1,135	1,602
Bearer assets					
Immature assets					
Heifers	Headcount	209	178	439	425
Mature assets					
Cows and bulls	Headcount	866	845	1,897	2,095
Total bearer assets (NCA2)		1,075	1,023	2,336	2,520
				2023	2022
				\$'000	\$'000
Total current biological assets					
Crops and fodder (CA1) and livestock (CA2)				1,480	1,990
Total non-current biological assets					
Plantations (NCA1) and livestock (NCA2)				4,464	3,914

Recognition

Biological assets are measured at fair value less costs to sell, with any changes recognised in the comprehensive operating statement. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The fair value of a biological asset is based on its present location and condition. If an active market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where access exists to different markets then the most relevant market is referenced.

In the event that market determined prices or values are not available for a biological asset in its present condition, the present value of the expected net cash flows from the asset, discounted at a current market determined rate is utilised to determine fair value. Refer to Note 7.3 Fair value determination for fair value disclosures.

Valuation

Livestock

Fair value for livestock is based on relevant market indicators, including store cattle prices, abattoir market prices and cattle prices received/quoted for the Corporation's cattle at reporting date. Prices for cattle generally reflect the shorter term spot prices available in the market and vary depending on the weight and condition of animals.

Any net increment and decrement in market value in the reporting year is recognised in the Comprehensive Operating Statement. Chris Stanley Livestock of Woori Yallock completed an independent valuation of livestock as at 30 June 2023 and previously at 30 June 2022.

Plantations

Plantations are recognised at fair value less estimated costs to sell.

Plantations have been independently valued based on expected volumes of merchantable timber that could be obtained from existing stands given current management strategies. The cost of growing the trees has been included in the assessment of net cash flows. Costs associated with the land on which the plantations are grown are rates, land tax and other related costs.

Agribusiness Valuations Australia, Certified Practicing Valuers completed an independent valuation of the plantations at 30 June 2023 and at 30 June 2022.

Any net increment and decrement in market value in the reporting year is recognised in the Comprehensive Operating Statement after allowing for the costs of acquiring and planting the trees.

Crops

The value of crops has been verified by reference to established market prices. These values are determined having regard to prevailing seasonal conditions in Gippsland and in other recipient markets for each category of produce.

5.9.3 Reconciliation of movement in carrying amounts

	2023 \$'000	2022 \$'000
Opening net book amount	5904	7,562
<i>Increases due to:</i>		
Purchases	-	-
Natural increase	1,426	356
Movement in crops	-	34
Fair value increase - livestock and plantations	735	1,837
<i>Decreases attributable to:</i>		
Sales	(1,575)	(1,356)
Deaths	(55)	(52)
Movement in crops	(43)	-
Fair value decrease - livestock and plantations	(447)	(2,477)
Closing net book amount	5945	5,904

5.9.4 Cost of biological assets sold

	2023 \$'000	2022 \$'000
Cost of biological assets sold - livestock	1,575	1,356
Total cost of biological assets sold	1,575	1,356

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 6 HOW WE FINANCED OUR OPERATIONS

Introduction

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 provide additional, specific financial instrument disclosures.

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6.1 Interest bearing liabilities

	2023 \$'000	2022 \$'000
Current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	9,500	9,500
Total current interest-bearing liabilities	9,500	9,500
Non-current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	320,000	320,000
Total non-current interest-bearing liabilities	320,000	320,000
Total interest-bearing liabilities	329,500	329,500

Interest bearing liabilities are recognised in the Balance Sheet and are entirely represented by borrowings from TCV.

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 Corporation will and has discretion to refinance or rollover these loans with the Treasury Corporation of Victoria (TCV), pursuant to section 8 of *the Borrowings and Investment Powers Act 1987*.

Borrowings known as 11AM Account are classified as current interest bearing liabilities.

6.1.1 Maturity analysis of interest-bearing liabilities

	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
30 June 2023							
Loans from TCV	329,500	307,955	9,500	-	40,000	150,000	130,000
Total	329,500	307,955	9,500	-	40,000	150,000	130,000
30 June 2022							
Loans from TCV	329,500	299,647	9,500	-	40,000	150,000	130,000
Total	329,500	299,647	9,500	-	40,000	150,000	130,000

6.1.2 Interest expense

	2023 \$'000	2022 \$'000
Interest on loans from Treasury Corporation of Victoria (TCV)	7,849	7,459
Financial accommodation levy	4,079	4,170
Total interest expense	11,928	11,629

Interest expense 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.

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

6.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank, deposits at call and those highly liquid investments with an original maturity of three months or less, which are held for the purpose of meeting short-term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

	2023 \$'000	2022 \$'000
Cash at bank	14,805	13,765
Balance as per cash flow statement	14,805	13,765

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

6.2.1 Cash flow reconciliation

	Notes	2023 \$'000	2022 \$'000
Net result for the period		2,056	692
Non-cash movements			
Depreciation and amortisation of non-current assets		55,136	52,157
(Gain)/loss on sale and impairment of property, plant and equipment		669	1,862
Non cash developer contributions and gifted assets	2.1.2	(12,841)	(11,704)
Movements in assets and liabilities			
(Increase)/decrease in receivables		(1,885)	(108)
(Increase)/decrease in inventories		(290)	(65)
(Increase)/decrease in biological assets		(41)	1,658
(Increase)/decrease in contract assets		(872)	(1,889)
(Increase)/decrease in deferred tax liabilities / assets		883	298
Increase/(decrease) in payables		9,203	284
Increase/(decrease) in contract liabilities		345	462
Increase/(decrease) in employee benefits		(163)	12
Increase/(decrease) in provisions		(614)	-
Net cash provided by/(used in) operating activities		51,585	43,659

6.2.2 Financing facilities

	2023 \$'000	2022 \$'000
Temporary purpose financial accommodation		
Total facilities - TCV temporary purpose financial accommodation - to be repaid by 30 June each year		
Amount used	-	-
Amount unused	5,000	5,000

6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts.

These commitments are recorded below at their nominal value and inclusive of GST. Where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

6.3.1 Total commitments payable

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Nominal Amounts 2023				
Capital expenditure commitments payable	1,615	-	-	1,615
Environmental contribution levy commitments	5,953	5,953	-	11,906
Short-term and low value lease payments	62	308	244	614
Total commitments (inclusive of GST)	7,630	6,261	244	14,135
Less GST recoverable	-	-	-	-
Total commitments (exclusive of GST)	7,630	6,261	244	14,135
Nominal Amounts 2022				
Capital expenditure commitments payable	15,736	270	-	16,006
Environmental contribution levy commitments	5,953	11,905	-	17,858
Short-term and low value lease payments	61	301	238	599
Total commitments (inclusive of GST)	21,750	12,476	238	34,463
Less GST recoverable	-	-	-	-
Total commitments (exclusive of GST)	21,750	12,476	238	34,463

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

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

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7.1 Financial instruments specific disclosures

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
<ul style="list-style-type: none"> Cash and deposits Receivables: <ul style="list-style-type: none"> Service and usage charges other receivables 	<ul style="list-style-type: none"> Payables: <ul style="list-style-type: none"> contractual payables (e.g. trade creditors, accrued expenses, and other expenses) Interest bearing liabilities: <ul style="list-style-type: none"> Loans from TCV

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

Categories of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: <ul style="list-style-type: none"> Loans and receivables cash and deposits; receivables (excluding statutory receivables); and term deposits 	Fair value plus or minus any directly attributable transaction costs	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: <ul style="list-style-type: none"> the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial liabilities at amortised cost		
Financial liabilities include: <ul style="list-style-type: none"> payables (excluding statutory payables); and borrowings (including lease liabilities) 	Fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest-bearing liability using the effective interest rate method.

Derecognition of financial assets and liabilities

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

- the rights to receive cash flows from the asset have expired; or
- the Corporation retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Corporation has transferred its rights to receive cash flows from the asset and either:

- has transferred substantially all the risks and rewards of the asset; or
- has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

Impairment of financial assets

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

The Corporation records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9's impairment assessment includes the Corporation's contractual receivables, statutory receivables. 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. 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.

7.1.1 Financial instruments: categorisation

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

		Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
	Notes	\$'000	\$'000	\$'000	\$'000
2023					
Contractual financial assets					
Cash and deposits	6.2	14,805	-	-	14,805
Receivables⁽ⁱ⁾					
Private schemes unmatured capital	5.1	-	747	-	747
Services and usage charges	5.1	-	14,633	-	14,633
Loans to third parties	5.1	-	53	-	53
Contract assets	5.2	-	9,015	-	9,015
Investments and other contractual financial assets					
Westpac investment deposit - environmental bond	5.6	-	1,000	-	1,000
Total contractual financial assets		14,805	25,453	-	40,258

Contractual financial liabilities

Payables

Trade creditors	5.3	-	-	473	473
Accrued expenses	5.3	-	-	17,904	17,904
Other	5.3	-	-	2,684	2,684

Borrowings

Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	329,500	329,500
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Total contractual financial liabilities		-	-	350,561	350,561
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(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

		Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
	Notes	\$'000	\$'000	\$'000	\$'000
2022					
Contractual financial assets					
Cash and deposits	6.2	13,765	-	-	13,765
Receivables⁽ⁱ⁾					
Private schemes unmatured capital	5.1	-	800	-	800
Services and usage charges	5.1	-	13,056	-	13,056
Loans to third parties	-	-	103	-	103
Contract assets	5.2	-	8,143	-	8,143
Westpac investment deposit - environmental bond	5.6	-	1,000	-	1,000
Total contractual financial assets		13,765	23,102	-	36,967

Contractual financial liabilities

Payables

Trade creditors	5.3	-	-	260	260
Accrued expenses	5.3	-	-	10,604	10,604
Other	5.3	-	-	2,777	2,777

Borrowings

Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	329,500	329,500
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Total contractual financial liabilities		-	-	343,141	343,141
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(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

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

2023	Net holding gain / (loss)	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial assets					
Total contractual financial assets	-	-	-	-	-
Contractual financial liabilities					
Financial liabilities at amortised cost	-	11,928	-	-	11,928
Total contractual financial liabilities	-	11,928	-	-	11,928

2022	Net holding gain / (loss)	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Contractual financial assets					
Total contractual financial assets	-	-	-	-	-
Contractual financial liabilities					
Financial liabilities at amortised cost	-	11,629	-	-	11,629
Total contractual financial liabilities	-	11,629	-	-	11,629

7.1.3 Financial risk management objectives and policies

Introduction

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk, primarily through ownership of financial assets and liabilities. 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.

Types of financial risk

The table below shows a summary of the risk exposures related to financial instruments held by the Corporation at the reporting date. The Corporation's approach to management of these risks is explained later in this note.

Risk	Source of exposure
Market risk – interest rates	Long term borrowings at variable rates
Credit risk	Cash and cash equivalents Trade receivables Private schemes Environmental bond
Liquidity risk	Borrowings and other liabilities

Management of financial risk

The Board of the Corporation is responsible for setting risk management policy and monitoring management's performance in compliance with the policy. The Board has established an Audit and Risk Committee to assist and support it in overseeing the effectiveness of risk management. The Board has also established various policies related to financial risk management that must be

complied with and for which compliance is regularly reviewed through regular Board reporting and an internal audit programme that is monitored by the Audit and Risk Committee.

The Corporation's financial risk management activities are carried out by the Finance Section in accordance with the Board approved Treasury Management Policy, which provides guidance on management of interest rate risk, credit risk and liquidity risk. The policy also provides guidance on the use of non-derivative financial instruments and investment of excess liquidity. The Board receives regular reports on the Corporation's performance with regard to these matters.

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 measures credit risk on a fair value basis and monitors credit risk continually. The Corporation's Customer Assistance team has direct responsibility for monitoring collection performance on customer-by-customer and whole of portfolio bases and identifying any changes in collection performance trends across the entire customer database based on ageing of receivables, requests for extensions of time to pay, customer payment arrangements, comparison of actual and estimated collections on a monthly basis and review of impaired accounts. This information is reviewed regularly with the Finance Section in order to identify any significant impacts on the Corporation's operating cash flows.

The Corporation has large numbers of both water and wastewater customers. The Corporation provides water and wastewater services to a small number of large industrial customers under contractual arrangements.

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 5.1.2).

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 section 5.1, 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 2022-23 (refer to Note 5.1).

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 2022-23.

Credit quality of financial assets that are neither past due nor impaired ⁽ⁱ⁾

2023	Financial institutions (AA-) \$'000	Government agencies (AAA) \$'000	Other \$'000	Total \$'000
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and cash equivalents	14,805	-	-	14,805
Financial assets with loss allowance measured at lifetime expected credit loss:				
Receivables (excl. statutory receivables)	-	-	15,433	15,433
Other financial assets	1,005	-	-	1,005
Total financial assets	15,810	-	15,433	31,243

2022	Financial institutions (AA-) \$'000	Government agencies (AAA) \$'000	Other \$'000	Total \$'000
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and cash equivalents	13,765	-	-	13,765
Financial assets with loss allowance measured at lifetime expected credit loss:				
Receivables (excl. statutory receivables)	-	-	13,959	13,959
Other financial assets	1,000	-	-	1,000
Total financial assets	14,765	-	13,959	28,724

(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian government and GST input tax credit recoverable).

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 30 days and in the event of dispute make payments within 30 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. A key objective of cash flow planning is to ensure that the Corporation has adequate reserves at all times, and this includes ensuring that there are sufficient standby credit facilities available to meet all obligations as they fall due, including allowances for any unexpected short term cash flow needs.

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;

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 no exposure or 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:

Interest Rate Risk

The Corporation minimises its exposure to interest rate changes on its long-term borrowings by holding a mix of fixed and floating rate debt. Debt is sourced from TCV and is managed within a range of Board approved limits with debt levels and interest rates being monitored regularly.

The Corporation has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. The Corporation manages its interest rate risk by maintaining a diversified investment portfolio.

Interest rate exposure of financial instruments

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

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

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the following table.

2023	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
Financial assets					
Cash (i)	4.27	14,805	-	14,805	-
Receivables (excl. statutory receivables) (ii)	-	15,433	-	-	15,433
Contract assets	-	9,015	-	-	9,015
Other financial assets	-	1,000	1,000	-	-
Total financial assets		40,253	1,000	14,805	24,448
Contractual financial liabilities					
Payables (excl. statutory payables) (ii)	-	42,122	-	-	42,122
Contract liabilities	-	6,329	-	-	6,329
Loans from Treasury Corporation of Victoria (TCV)	2.65	329,500	320,000	9,500	-
Total financial liabilities		377,951	320,000	9,500	48,451

2022	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
Financial assets					
Cash (i)	0.13	13,765	-	13,765	-
Receivables (excl. statutory receivables) (ii)	-	13,906	-	-	13,906
Other financial assets	-	1,000	1,000	-	-
Total financial assets		28,671	1,000	13,765	13,906
Contractual financial liabilities					
Payables (excl. statutory payables) (ii)	-	27,282	-	-	27,282
Loans from Treasury Corporation of Victoria (TCV)	2.30	329,500	310,000	15,500	-
Other loans	-	-	-	-	-
Total financial liabilities		356,782	310,000	15,500	27,282

Notes:

- (i) All cash and cash equivalents are held at variable interest rates.
- (ii) Receivables and payables balances are not subject to interest rate risk.

Interest rate risk sensitivity

Sensitivity disclosure analysis and assumptions

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.

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.

2023 Financial instruments	Carrying amount \$'000	Profit or Loss		Equity	
		-100 basis points \$'000	+100 basis points \$'000	-100 basis points \$'000	+100 basis points \$'000
<i>Financial assets</i>					
Cash and deposits ⁽ⁱ⁾	14,805	(148)	148	(148)	148
Trade receivables ⁽ⁱⁱ⁾	14,633	-	-	-	-
Other receivables ⁽ⁱⁱ⁾	144	-	-	-	-
Other receivables - Westpac deposit	1,000	(10)	10	(10)	10
<i>Financial liabilities</i>					
Payables ⁽ⁱⁱ⁾	21,061	-	-	-	-
Interest bearing liabilities - fixed	280,000	-	-	-	-
Interest bearing liabilities - maturing	40,000	(400)	400	(400)	400
Interest bearing liabilities - variable	9,500	95	(95)	95	(95)
Total	381,143	(3,474)	3,474	(3,474)	3,474

2022 Financial instruments	Carrying amount \$'000	Profit or Loss		Equity	
		-50 basis points \$'000	+50 basis points \$'000	-50 basis points \$'000	+50 basis points \$'000
<i>Financial assets</i>					
Cash and deposits ⁽ⁱ⁾	13,765	(138)	138	(138)	138
Trade receivables ⁽ⁱⁱ⁾	13,056	-	-	-	-
Other receivables ⁽ⁱⁱ⁾	141	-	-	-	-
Other receivables - Westpac deposit	1,000	(10)	10	(10)	10
<i>Financial liabilities</i>					
Payables ⁽ⁱⁱ⁾	13,641	-	-	-	-
Interest bearing liabilities - fixed	280,000	-	-	-	-
Interest bearing liabilities - maturing	40,000	400	(400)	400	(400)
Interest bearing liabilities - variable	9,500	95	(95)	95	(95)
Total	371,103	347	(347)	347	(347)

(i) All cash and cash equivalents are held at variable interest rates.

(ii) Receivables and payables balances are not subject to interest rate risk.

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Corporation has no exposure to changes in the foreign exchange rate.

Other Price Risk

The Corporation has no significant exposure to other price risk.

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. As at 30 June 2023, the Corporation does not hold any contingent assets or liabilities.

Contingent assets

Contingent assets are possible assets 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.

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:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or
 - the amount of the obligations cannot be measured with sufficient reliability.

7.3 Fair value determination

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:

- land, buildings, infrastructure, plant and equipment;
- 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:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

Financial assets

For financial assets, carrying value less impairment adjustments is considered to be a reasonable approximation of fair value due to their short term nature as indicated in the table below.

Financial liabilities

The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the market interest rate that is available to the Corporation for similar financial instruments.

For payables, carrying value is considered to be a reasonable approximation of fair value due to their short term nature as indicated in the table below.

In assessing fair value for interest bearing liabilities, the market rates used vary from 1.6% to 5.75% (2022: 1.6% to 5.39%).

How this section is structured

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

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

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

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2023 \$'000	Fair value 2023 \$'000	Carrying amount 2022 \$'000	Fair value 2022 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	14,805	14,805	13,765	13,765
Trade receivables	14,633	14,633	13,056	13,056
Other receivables	144	144	141	141
Deposits at TCV	1,000	1,000	1,000	1,000
Total	30,582	30,582	27,962	27,962
<i>Financial liabilities</i>				
Payables	21,061	21,061	13,641	13,641
Loans from TCV	329,500	329,500	329,500	329,500
Total	350,561	350,561	343,141	343,141

7.3.2 Fair value determination – Non-financial physical assets

	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
<i>Land at fair value</i>				
Non-specialised land	1,617	-	-	1,617
Specialised land	52,381	-	-	52,381
Total land at fair value	53,998	-	-	53,998
<i>Buildings at fair value</i>				
Non-specialised buildings	11,030	-	-	11,030
Specialised buildings	3,779	-	-	3,779
Total buildings at fair value	14,809	-	-	14,809
<i>Water infrastructure assets at fair value</i>				
Headworks	177,627	-	-	177,627
Water transfer	102,994	-	-	102,994
Water disinfection	1,912	-	-	1,912
Water storage	24,613	-	-	24,613
Water treatment	74,909	-	-	74,909
Water pump stations	6,077	-	-	6,077
Water reticulation	241,391	-	-	241,391
Total water infrastructure assets at fair value	629,523	-	-	629,523
<i>Wastewater infrastructure at fair value</i>				
Waste transfer	131,195	-	-	131,195
Waste storage	13,309	-	-	13,309
Waste treatment	326,251	-	-	326,251
Waste pump stations	54,951	-	-	54,951
Waste reticulation	400,141	-	-	400,141
Total wastewater infrastructure at fair value	925,847	-	-	925,847
<i>Plant and equipment at fair value</i>				
Vehicles	4,519	-	4,519	-
Plant and equipment	10,651	-	-	10,651
Total plant and equipment at fair value	15,170	-	4,519	10,651
<i>Biological assets</i>				
Crops and fodder	346	-	346	-
Animals	3,471	-	3,471	-
Plantations	2,128	-	2,128	-
Total biological assets	5,945	-	5,945	-
Total assets at fair value (excluding works in progress)	1,645,292	-	10,464	1,634,828

	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
<i>Land at fair value</i>				
Non-specialised land	1,617	-	-	1,617
Specialised land	52,025	-	-	52,025
Total land at fair value	53,642	-	-	53,642
<i>Buildings at fair value</i>				
Non-specialised buildings	10,377	-	-	10,377
Specialised buildings	3,554	-	-	3,554
Total buildings at fair value	13,931	-	-	13,931
<i>Water infrastructure assets at fair value</i>				
Headworks	160,050	-	-	160,050
Water transfer	87,974	-	-	87,974
Water diisinfestation	621	-	-	621
Water storage	22,170	-	-	22,170
Water treatment	66,804	-	-	66,804
Water pump stations	5,524	-	-	5,524
Water reticulation	210,774	-	-	210,774
Total water infrastructure assets at fair value	553,917	-	-	553,917
<i>Wastewater infrastructure at fair value</i>				
Waste transfer	115,685	-	-	115,685
Waste storage	12,253	-	-	12,253
Waste treatment	298,876	-	-	298,876
Waste pump stations	45,046	-	-	45,046
Waste reticulation	350,969	-	-	350,969
Total wastewater infrastructure at fair value	822,829	-	-	822,829
<i>Plant and equipment at fair value</i>				
Vehicles	5,130	-	5,130	-
Plant and equipment	9,177	-	-	9,177
Total plant and equipment at fair value	14,307	-	5,130	9,177
<i>Biological assets</i>				
Crops and fodder	388	-	388	-
Animals	4,122	-	4,122	-
Plantations	1,394	-	1,394	-
Total biological assets	5,904	-	5,904	-
Total assets at fair value (excluding works in progress)	1,464,530	-	11,034	1,453,496

There were no changes in valuation techniques throughout the period to 30 June 2023. As at the date of the valuation by the VGV, the valuer considers that there are market uncertainties resulting in significant valuation uncertainties. The value assessed at valuation date may therefore change over a relatively short time period.

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

Non-specialised land and non-specialised buildings

Non-specialised land is 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.

Non-specialised buildings have been valued using a Depreciated Replacement Cost (DRC). The DRC method is used where the market approach is not suitable as there is an absence of an active and liquid market, or the asset is rarely sold except as part of a continuing business, or the improvements are of a specialised nature and the market buying price would differ materially to the market selling price as the asset is normally bought as a new asset but could only be sold for its residual value. The DRC represents the depreciated replacement cost value of the building/component after applying an appropriate depreciation rate, on a useful life basis after making adjustments for condition and general maintenance as per The Australian Accounting Standards Board AASB 136 *Impairment of Assets*, which defines DRC as "the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed of expired future economic benefits of the asset".

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 3 under the market approach.

Specialised land and specialised buildings

The market approach is also used for specialised land, although is adjusted for the Community Service Obligation (CSO) to reflect the specialised nature of the land being valued.

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

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

An independent valuation of the Corporation's specialised land and specialised buildings was performed by the Valuer General Victoria (VGV). The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2021. The Fair Value was assessed in 2023 using VGV indices and ABS. An Infrastructure and Buildings movement of greater than ten percent was identified. The infrastructure and buildings revaluations were completed using VGV indices as at June 2023 in compliance with DTF Financial Reporting Directive (FRD) 103 which led to a \$195M increase in infrastructure assets and a \$1M increase in buildings. The Australian Bureau of Statistics index Index Number ; 3101 Road and bridge construction Victoria was used for Infrastructure assets and the VGV estimated building cost indexation factors issued for Victoria for the building assets.

Fair Value was assessed on the Corporation's specialised land assets using the Valuer-General Victoria vacant land indexation factors for the financial year ending June 30 and it was determined no managerial revaluation was required.

Plant and equipment

Plant and equipment are 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 current replacement cost method.

Water and wastewater infrastructure assets

Water and wastewater infrastructure assets 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 Herron Todd White on behalf of the Valuer General Victoria in 2021. These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable.

The valuation was made on the basis that there would be no material change to the assets, their features or market conditions. The analysis also considers 100% ownership interest in the subject assets as at 30 June 2023.

Biological assets

The fair value of a biological asset is based on its present location and condition. If an active market exists for a biological asset in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where access exists to different markets then the most relevant market is referenced.

In the event that market-determined prices or values are not available for a biological asset in its present condition, the present value of the expected net cash flows from the asset, discounted at a current market determined rate is utilised to determine fair value.

Livestock

Fair value for livestock is based on relevant market indicators, including store cattle prices, abattoir market prices and cattle prices received/quoted for the Corporation's cattle at reporting date. Prices for cattle reflect the shorter term spot prices available in the market and vary depending on the weight and condition of animals.

Any net increment and decrement in market value in the reporting year is recognised in the Comprehensive Operating Statement. Chris Stanley Livestock of Woori Yallock completed an independent valuation of livestock as at 30 June 2023 and previously at 30 June 2022.

Plantations

Plantations are recognised at fair value less estimated costs to sell.

Plantations have been independently valued based on expected volumes of merchantable timber that could be obtained from existing stands given current management strategies. The cost of growing the trees has been included in the assessment of net cash flows. Costs associated with the land on which the plantations are grown are rates, land tax and other related costs.

Agribusiness Valuations Australia, Certified Practicing Valuers completed an independent valuation of the plantations at 30 June 2023 and at 30 June 2022.

Any net increment and decrement in market value in the reporting year is recognised in the Comprehensive Operating Statement after allowing for the costs of acquiring and planting the trees.

Crops

The value of crops has been verified by reference to established market prices. These values are determined having regard to prevailing seasonal conditions in Gippsland and in other recipient markets for each category of produce.

Climate related factors and fair value measurement

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 is primarily exposed to climate change risk through a range of operational activities [e.g. suppliers, customers, offices, changes in laws and regulations, etc.]

As part of our ongoing strategic Risk Review we specifically review climate change related impacts on our strategic risks. We remain vigilant to the drying climate and extreme weather events. The Strategic Risk Review did not highlight any immediate financial impacts that would need to be taken into account in the preparation of the Annual Accounts. Climate change is considered in various places in the accompanying non-financial section (Part A) of the Annual Accounts.

The Corporation will further enhance the understanding of exposure of 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.

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.

Description of significant unobservable inputs to Level 3 valuations

2023 and 2022	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligations (CSO)
Specialised buildings	Current replacement cost	Average cost per asset Useful life of specialised buildings
Plant and equipment	Current replacement cost	Cost per unit Useful life of plant and equipment
Water and wastewater infrastructure		
Water transfer		
Water storage		
Water treatment		
Water pump stations		
Water reticulation		
Water spares	Current replacement cost	Average cost per square metre
Waste transfer		Useful life of the infrastructure
Waste storage		
Waste treatment		
Waste pump stations		
Waste reticulation		
Waste spares		

7.3.3 Reconciliation of Level 3 fair value movements

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

2022-23	Opening balance 1 July 2022	Purchases (sales)	Transfers in (out) of Level 3	Gains or losses recognised in Comprehensive Operating Statement	Gains or losses recognised in Asset Revaluation Reserve	Depreciation	Impairment loss	Closing balance 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Land</i>								
Non-specialised land	1,617	-	-	-	-	-	-	1,617
Specialised land	52,025	356	-	-	-	-	-	52,381
Total land	53,642	356	-	-	-	-	-	53,998
<i>Buildings</i>								
Non-specialised buildings	10,377	-	-	-	1,114	(461)	-	11,030
Specialised buildings	3,554	25	-	-	380	(180)	-	3,779
Total buildings	13,931	25	-	-	1,494	(641)	-	14,809
<i>Water infrastructure assets</i>								
Headworks	160,050	242	-	(94)	22,806	(5,377)	-	177,627
Water transfer	87,974	4,650	-	-	12,628	(2,258)	-	102,994
Water disinfection	621	1,285	-	(7)	86	(73)	-	1,912
Water storage	22,170	698	-	(5)	3,094	(1,344)	-	24,613
Water treatment	66,804	3,381	-	(191)	9,067	(4,152)	-	74,909
Water pump stations	5,524	117	-	-	768	(332)	-	6,077
Water reticulation	210,774	5,869	-	(129)	30,206	(5,329)	-	241,391
Total water infrastructure assets	553,917	16,242	-	(426)	78,655	(18,866)	-	629,523
<i>Wastewater infrastructure</i>								
Waste transfer	115,685	702	-	-	16,713	(1,905)	-	131,195
Waste storage	12,253	-	-	-	1,718	(662)	-	13,309
Waste treatment	298,876	3,256	-	(528)	41,305	(16,658)	-	326,251
Waste pump stations	45,046	5,638	-	(7)	6,293	(2,019)	-	54,951
Waste reticulation	350,969	10,148	-	(84)	50,107	(10,998)	-	400,141
Total wastewater infrastructure	822,828	19,744	-	(619)	116,136	(32,242)	-	925,846
<i>Plant and equipment</i>								
Plant and equipment	9,177	3,397	-	(55)	-	(1,868)	-	10,651
Total plant and equipment	9,177	3,397	-	(55)	-	(1,868)	-	10,651
Total Level 3 assets	1,453,496	39,764	-	(1,100)	196,285	(53,617)	-	1,634,828

2021-22	Opening balance 1 July 2021	Purchases (sales)	Transfers in (out) of Level 3	Gains or losses recognised in Comprehensive Operating Statement	Gains or losses recognised in Asset Revaluation Reserve	Depreciation	Impairment loss	Closing balance 30 June 2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Land</i>								
Non-specialised land	1,617	-	-	-	-	-	-	1,617
Specialised land	52,272	32	(279)	-	-	-	-	52,025
Total land	53,889	32	(279)	-	-	-	-	53,642
<i>Buildings</i>								
Non-specialised buildings	10,952	138	(252)	-	-	(461)	-	10,377
Specialised buildings	3,719	324	(325)	-	-	(164)	-	3,554
Total buildings	14,671	463	(577)	-	-	(625)	-	13,931
<i>Water infrastructure assets</i>								
Headworks	157,205	464	7,938	(193)	-	(5,364)	-	160,050
Water transfer	85,592	323	4,316	(65)	-	(2,192)	-	87,974
Water disinfection	1,070	-	(414)	-	-	(36)	-	621
Water storage	20,101	2,258	1,161	(104)	-	(1,246)	-	22,170
Water treatment	65,742	3,004	2,174	(184)	-	(3,932)	-	66,804
Water pump stations	4,364	3,546	(2,082)	(17)	-	(287)	-	5,524
Water reticulation	221,289	7,019	(12,093)	(228)	-	(5,213)	-	210,774
Total water infrastructure assets	555,363	16,615	1,000	(791)	-	(18,270)	-	553,917
<i>Wastewater infrastructure</i>								
Waste transfer	129,954	1,449	(13,806)	(20)	-	(1,892)	-	115,685
Waste storage	11,090	2	1,823	-	-	(662)	-	12,253
Waste treatment	262,615	54,269	(1,839)	(1,165)	-	(15,004)	-	298,876
Waste pump stations	51,826	5,674	(10,426)	(235)	-	(1,793)	-	45,046
Waste reticulation	325,238	13,254	23,248	(75)	-	(10,696)	-	350,969
Total wastewater infrastructure	780,723	74,648	(1,000)	(1,496)	-	(30,047)	-	822,828
<i>Plant and equipment</i>								
Plant and equipment	7,908	2,453	577	-	-	(1,761)	-	9,177
Total plant and equipment	7,908	2,453	577	-	-	(1,761)	-	9,177
Total Level 3 assets	1,412,554	94,211	(279)	(2,287)	-	(50,703)	-	1,453,496

Central Gippsland Regional Water Corporation
Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 8 STATUTORY OBLIGATIONS

Introduction

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

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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 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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

	Notes	2023 \$'000	2022 \$'000
(a) Income statement			
Current income tax expense		883	297
Income tax reported in the Income Statement		883	297
(b) Statement of changes in equity			
Net deferred tax - debited/(credited) directly to equity	8.1.2	58,527	199
Income tax reported in equity		58,527	199
(c) Tax reconciliation			
Profit from continuing operations before income tax expense		2,939	989
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)		883	297
Income tax on profit before tax		883	297
(d) Tax expense (income relating to items of other comprehensive income)			
Gain/(loss) on revaluations of infrastructure, property, plant and equipment		(58,527)	(199)

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

	Notes	2023 \$'000	2022 \$'000
Amounts recognised in Comprehensive Operating Statement			
Provisions and accrued expenditure not deductible		4,790	5,858
Other		138	195
Tax losses		24,336	29,194
Total deferred tax assets		29,264	35,247
Movements:			
Opening balance at 1 July		35,247	26,414
Amounts restated through opening retained earnings			
Credited/(debited):			
to the Comprehensive operating statement		(1,702)	(199)
to other comprehensive income	8.1.1	-	-
Tax losses		(4,281)	9,032
Closing balance at 30 June		29,264	35,247
Deferred tax asset expected to be recovered after more than 12 months		29,264	35,247
Closing balance at 30 June		29,264	35,247

Deferred tax liabilities

		2023 \$'000	2022 \$'000
Depreciation		49,072	53,091
Other deferred tax liabilities		466	1,548
Amounts recognised directly in equity			
Revaluation of infrastructure, property, plant and equipment		234,811	176,286
Total deferred tax liabilities		284,349	230,925
Movements:			
Opening balance at 1 July		230,925	221,595
Credited/(debited):			
to the comprehensive operating statement		(5,103)	9,131
to equity		58,527	199
Closing balance at 30 June		284,349	230,925
Deferred tax liabilities expected to be settled after more than 12 months		284,349	230,925
Closing balance at 30 June		284,349	230,925
Total net deferred tax asset/(liability)		(255,085)	(195,678)

8.2 Environmental contribution

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 an annual contribution in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation. 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.

8.2.1 Environmental contribution expense

	2023 \$'000	2022 \$'000
Environmental contribution levy	5,953	5,953

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2023

Note 9 OTHER DISCLOSURES

Introduction

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

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9.1 Equity

9.1.1 Contributed capital

	2023 \$'000	2022 \$'000
Opening balance at 1 July	255,971	255,971
Capital contributions	-	-
Accumulated surplus/(deficit) at end of financial year	255,971	255,971

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

9.1.2 Reserves

	2023 \$'000	2022 \$'000
Asset revaluation surplus		
- Land (net of tax)	26,356	26,356
- Buildings (net of tax)	4,594	3,546
- Infrastructure (net of tax)	517,400	380,690
Total reserves	548,350	410,592
Movements during the reporting period		
Opening balance at 1 July	410,592	411,335
Revaluation increment/(decrement) on non-current assets (gross)	196,285	(544)
- less tax on revaluation increments/(decrements)	(58,527)	(199)
Closing balance at 30 June	548,350	410,592

9.1.3 Accumulated surplus

	2023 \$'000	2022 \$'000
Opening balance at 1 July	330,445	329,753
Net result for the period	2,056	692
Accumulated surplus/(deficit) at end of financial year	332,501	330,445

9.2 Events occurring after the balance date

In July 2023, we received 3,330 ML of the Greater Yarra System – Thomson River Pool entitlement from Yarra Valley Water. There were no other matters or circumstances that have occurred after reporting date that may significantly impact the Corporation's operations.

9.3 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period, as required by *AASB 124 Related Party Disclosures*. The names of persons who held the positions of Ministers and Accountable Officers in Gippsland Water are as follows:

Name	Title	Period of appointment
The Hon. Harriet Shing MP	Minister for Water	1 July 2022 - 30 June 2023
<i>Board members</i>		
Therese Ryan	Board Chair	1 July 2022 - 30 June 2023
Greg Hade	Board Deputy Chair	1 July 2022 - 30 June 2023
Jane Oakley	Board Member	1 July 2022 - 30 June 2023
Jo Benvenuti	Board Member	1 July 2022 - 30 June 2023
Christopher Badger	Board Member	1 July 2022 - 30 June 2023
Katrina Lai	Board Member	1 July 2022 - 30 June 2023
Penelope Hutchinson	Board Member	1 July 2022 - 30 June 2023
Felix Ohle	Board Member	1 July 2022 - 30 June 2023
Shara Teo	Board Member	1 July 2022 - 30 June 2023
Sarah Cumming (Managing Director)	Board Member	1 July 2022 - 30 June 2023

Remuneration

The compensation of responsible persons detailed below excludes the salaries and benefits received by the Minister for Water. The Ministers' remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Victorian Annual Financial Report.

Remuneration received or receivable by the Accountable Officer in connection with the management of Gippsland Water during the reporting period was in the range: \$390,000 – \$399,999 in 2022 - 2023.

Income bands (\$)	2023 number	2022 number
Less than 20,000	-	2
20,000 - 29,999	-	3
30,000 - 39,999	8	5
70,000 - 79,999	1	1
360,000 – 369,999	-	1
390,000 – 399,999	1	-
Total	10	12
Total remuneration	\$749,000	\$708,000

9.4 Remuneration of executives

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

Remuneration comprises employee benefits (as defined in AASB 119 *Employee Benefits*) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, superannuation, 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	1,824	1,321
Post-employment benefits	172	131
Total remuneration	1,996	1,452
Total number of executives	8	7
Total annualised employee equivalents	8	7

9.5 Related parties

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

Related parties of the Corporation include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

We received funding and made payments of \$10.0 million (2022: \$9.3 million) and \$19.3 million (2022: \$19.9 million) respectively to government related entities.

During the year, we had the following government-related entity transactions:

Government-related entity receipts

Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Department of Families, Fairness & Housing	Refund of concession rebates	6,736	5,870
Department of Families, Fairness & Housing	Payment of fixed charge on properties	2,478	2,579
State Revenue Office	Refund of charities rebates	184	349
Latrobe Regional Hospital	Rates and charges	333	260
West Gippsland Hospital	Rates and charges	253	200
Vic Roads	Rates and charges	3	4
Department of Transport	Design and fabrication costs	352	-
Department of Defence	Water and wastewater services	436	394
Total revenue		10,775	9,657

Government-related entity receivables

Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Department of Families, Fairness & Housing	Refund of concession rebates	500	547
Department of Families, Fairness & Housing	Payment of fixed charge on properties	3	120
Total revenue		503	667

Government-related entity payments

Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Treasury Corporation Victoria	Interest on borrowings	7,429	7,434
Department of Energy, Environment and Climate Action	Environmental contribution	5,953	5,953
Department of Energy, Environment and Climate Action	Other	180	313
Department of Treasury and Finance	Financial accommodation levy	4,084	5,257
Southern Rural Water	Storage management and recreation facilities fees	697	732
Environment Protection Authority	Licence fees and levies	785	22
South East Water Corporation	Tarago water usage	73	26
Vic Roads	Registration fees	114	117
Total expenses		19,314	19,853

Government-related entity payables

At 30 June 2023 there were no Government-related Entity Payables.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors, who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, during the financial year.

Compensation of key management personnel	2023 \$'000	2022 \$'000
Short-term employee benefits	690	653
Post-employment benefits	59	55
Total remuneration	749	708

Transactions with key management personnel and other related parties

Given the breadth and depth of the Corporation's activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Corporation, there were no related party transactions that involved key management personnel and their close family members.

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

9.6 Remuneration of auditors

	2023 \$'000	2022 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	173	162
Other non-audit services		
Internal audit - Pitcher Partners	147	85
Other non-audit services	4	15
ESC audit - BECA	24	36
Total remuneration of auditors	348	304

9.7 Ex-gratia expenses

	2023 \$'000	2022 \$'000
Forgiveness or wavier of debt	167	155
Property damage payments	42	53
Other	18	9
Total ex-gratia expense	226	217

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

Forgiveness or waiver of debt

Forgiveness or waiver of debt is where the Corporation has made a commercial decision to no longer pursue customers who have a debt with us. This will generally be after having exhausted all avenues of debt collection, where it is no longer commercially viable to pursue and is subject to sign-off at General Manager level. Individual amounts are typically less than \$1,000.

Property damage payments

Property damage payments include contributions to owners who have experienced property damage due to unforeseen events such as a sewerage spill. Property damage payments in 2022-23 included no claims associated with a major treated sewer overflow or a major water overflow (\$nil and \$nil) (2022: \$nil, \$nil). Where incurred, these cost have been included in administration expenses in the comprehensive operating statement.

Other

Other in 2022-23 represents the settlement of legal fees associated with the purchase of property easements.

9.8 Australian Accounting Standards issued that are not yet effective

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

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2023 reporting period. DTF assesses the impact of all these new standards and advises the Corporation of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date	Estimated impact
AASB 2022-6 <i>Non-current Liabilities with Covenants</i>	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	Minimal impact is anticipated

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

9.9 Changes in accounting policies

No change in accounting policies for 2022-23 impacting the Corporation.

Central Gippsland Region Water Corporation

Statutory Certification

We certify that the attached financial statements for the Central Gippsland Region Water Corporation have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994* (Vic), and the Assistant Treasurer, applicable Financial Reporting Directions, Australian Accounting Standards, 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 Notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of the Corporation as at 30 June 2023.

We are not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.

At the time of signing we authorise the attached financial statements for issue.



Therese Ryan

Board Chair

Central Gippsland Regional Water Corporation



Sarah Cumming

Managing Director

Central Gippsland Regional Water Corporation



Jenny Martin

Acting Chief Financial Officer

Central Gippsland Regional Water Corporation

Dated 21 September 2023

Central Gippsland Region Water Corporation

Financial Management Compliance Attestation Statement

I, Therese Ryan, on behalf of the Responsible Body, certify that Central Gippsland Region Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Therese Ryan
Chair
Central Gippsland Region Water Corporation

Dated 25 August 2023



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of Central Gippsland Region Water Corporation

Opinion	<p>I have audited the financial report of Central Gippsland Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • statutory certification. <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>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
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MELBOURNE
26 September 2023



Paul Martin
as delegate for the Auditor-General of Victoria

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Glossary

A	AWO	Annual Water Outlook
B	BAU	Business as usual
	Biosolids	Organic solids and minerals that accumulate as a final product of wastewater treatment processes, and have been stabilised through treatment or long-term storage.
C	Catchment	The area drained by a stream, lake or other body of water. Frequently referred to as the area used to feed water into reservoirs, dams, and water courses.
	CO ₂ equivalent	A variety of atmospheric gas compounds, collectively known as greenhouse gases. As each component has a different level of impact on the environment, greenhouse gas emissions are converted to CO ₂ equivalents, which is the concentration of carbon dioxide (CO ₂) that would contribute an equivalent degree of impact as the total amount of greenhouse gases emitted.
	Corporate Plan	Our rolling five-year plan, updated annually.
	CPI	Consumer Price Index
D	DEECA	Department of Energy, Environment and Climate Action
	DTF	Department of Treasury and Finance
E	EPA	Environment Protection Authority
	ESC	Essential Services Commission
	EWOV	Energy and Water Ombudsman Victoria
F	FOI	Freedom of Information
	FRD	Financial Reporting Direction – a financial reporting direction issued by the Department of Treasury and Finance, on behalf of the Minister for Finance under the <i>Financial Management Act 1994</i> (Vic).
G	Gigalitre (GL)	One billion litres
	GLaWAC	Gunaikurnai Land and Waters Aboriginal Corporation
	GRA	Gippsland Regional Agribusiness
	GRO	Gippsland Regional Organics
	Groundwater	Groundwater is fresh water that collects below the surface of the earth.
	GROW	Growing Regional Opportunities for Work program
	GWF	Gippsland Water Factory
I	IBAC	Independent Broad-based Anti-corruption Commission Victoria
	ICT	Information Communication and Technology
	IWM	Integrated Water Management Framework – A Victorian government initiative to help government, the water sector, and the community work together to better plan, manage and deliver water in Victoria's towns and cities.

K	KPI	Key Performance Indicator
	Kilolitres (kL)	1,000 litres
L	LoE	Letter of Expectations – The Victorian Minister for Water’s expectations of water corporations for the 2017-18 business planning year, outlining seven policy areas that the Minister expects water corporations to focus on for performance improvement.
	LTIFR	Lost Time Injury Frequency Rate
M	Megalitres (ML)	1 million litres
	M	Million
	MRD	Ministerial Reporting Direction – a Ministerial reporting direction issued by the Department of Treasury and Finance under the Financial Management Act 1994 (Vic).
N	NAIDOC	National Aboriginal and Islanders Day Observance Committee Week – celebrating the history, cultural and achievements of Aboriginal and Torres Strait Islander people.
O	Ocean outfall	A pipeline that carries effluent to the ocean where it is dispersed and diluted. Gippsland Water’s two ocean outfalls are strictly monitored in accordance with EPA licence regulations to ensure water quality.
	OHS	Occupational health and safety
P	Price Submission	Our current five-year plan for the period 2018-23, as well as our upcoming plan for the period 2023-28. The plan outlines our customer values, the price we intend to charge our customers for water and wastewater services, the projects we plan to deliver, and the introduction of enhanced guaranteed service levels.
R	Regional Outfall System (ROS)	The ROS pipeline transports approximately 50 per cent of central Gippsland’s wastewater to the Dutson Downs wastewater treatment facility.
S	Saline Wastewater Outfall Pipeline (SWOP)	A Gippsland Water pipeline used to transfer saline wastewater from the Loy Yang Ash Pond to Bass Strait.
	SDWR	Safe Drinking Water Regulations
	SHE	Safety, Health and Environment
	STEM	Science, Technology, Engineering, Maths
T	tCO ₂ ey-1	Tonnes of CO ₂ equivalent per year.
V	VIPP	<i>Victorian Industry Participation Policy Act 2003</i> (VIPP) is an Act administered by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). Local Jobs First – VIPP improves opportunities for local suppliers to compete for work on all types of government contracts. This policy is about local industry development.
W	Water for Victoria	The Victorian Government’s plan for a future with less water as Victoria responds to the impact of climate change and a growing population. The actions set out in the plan support a healthy environment, a prosperous economy with growing agricultural production, and thriving communities.
	WGCM	West Gippsland Catchment Management Authority
	WIOA	Water Industry Operators Association of Australia
	WIOG	Water Industry Operations Group New Zealand

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Additional copies

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