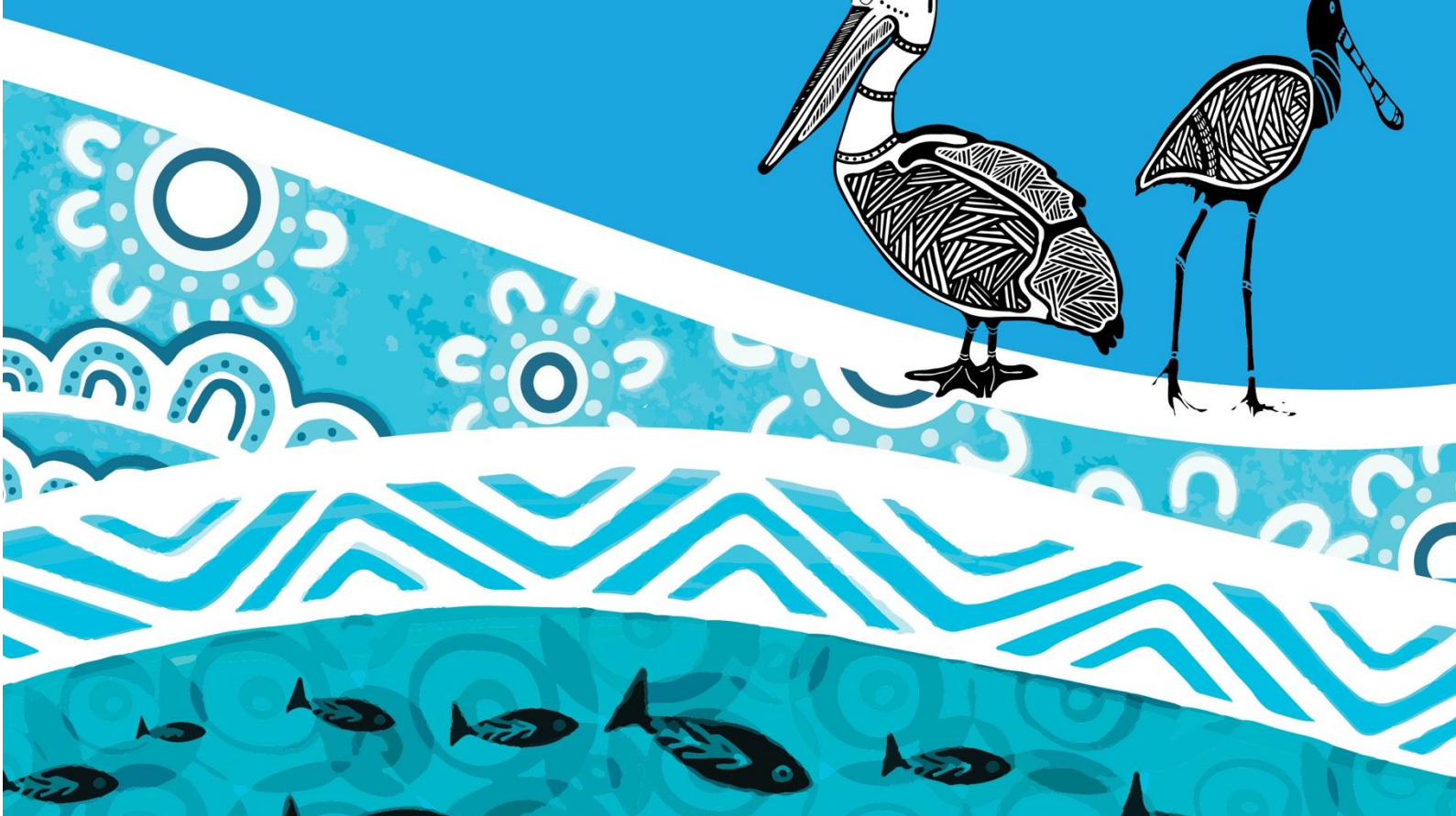
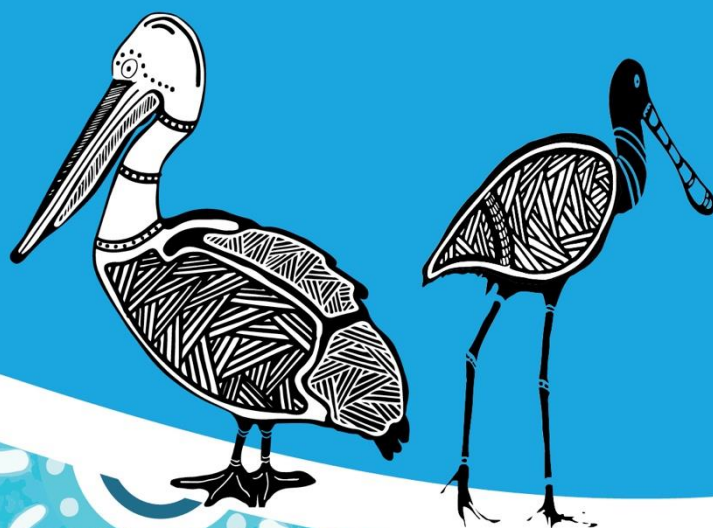
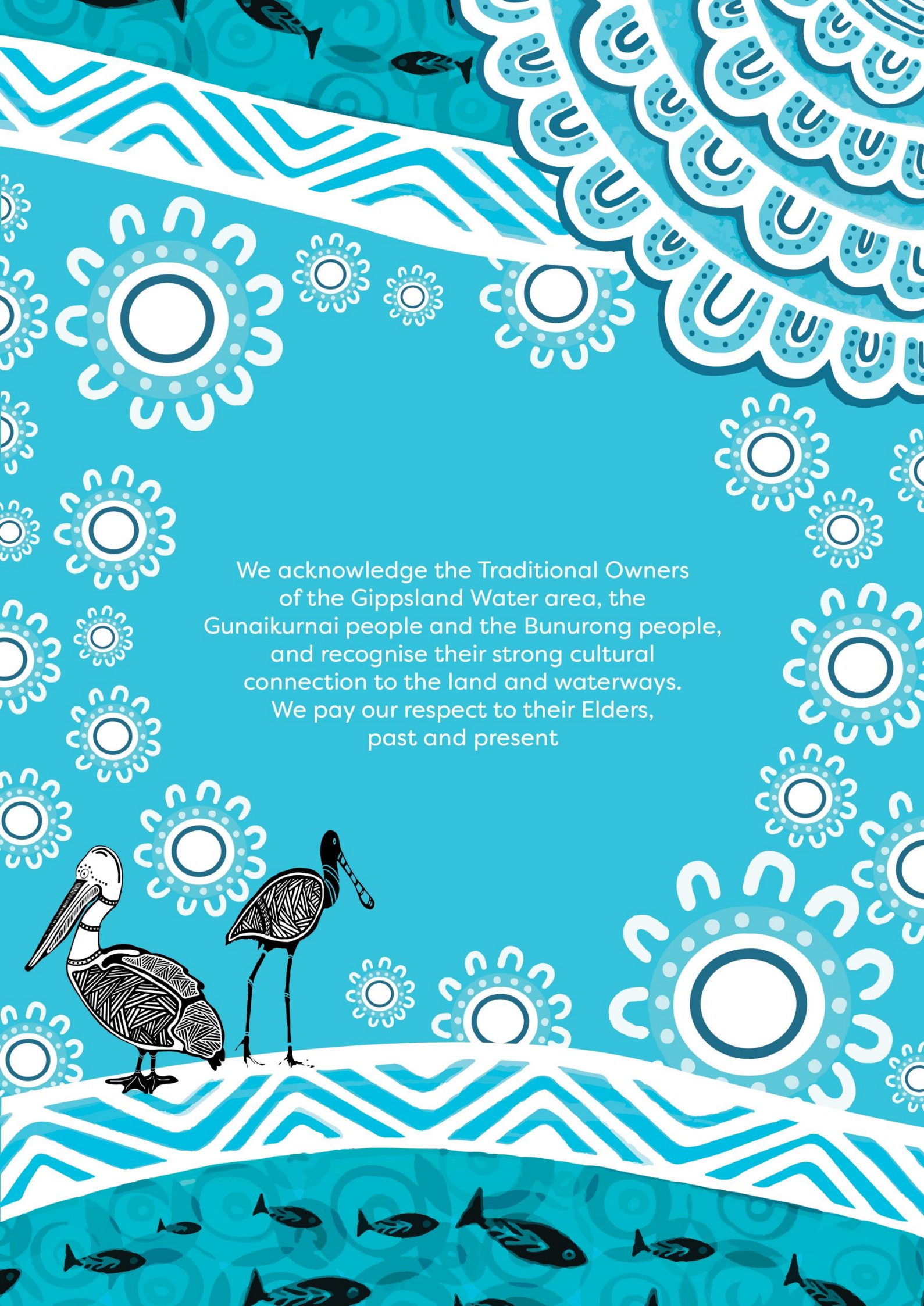




Annual report

2024-25





We acknowledge the Traditional Owners
of the Gippsland Water area, the
Gunaikurnai people and the Bunurong people,
and recognise their strong cultural
connection to the land and waterways.
We pay our respect to their Elders,
past and present

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A message from the Chair and Managing Director



Board Chair Tom Mollenkopf AO, Minister for Water Gayle Tierney and Managing Director Sarah Cumming touring the Gippsland Regional Organics site.

It is a pleasure to present the 2024-25 Gippsland Water Annual Report.

This year we made strong progress against the four pillars of our strategic framework, future solutions, Healthy Country, affordable bills and climate preparedness.

We delivered major projects that enabled regional growth and strengthened resilience, whilst continuing to provide a safe and reliable water supply and protect the environment through effective wastewater treatment.

We invested \$65.9 million in capital expenditure (\$7.9 million less than budgeted due to delays) to proactively plan and build for the future, positioning ourselves as an enabler of growth. In the west, we upgraded the north-east sewer in Warragul and begun upgrades at the Warragul wastewater treatment plant. By upgrading ageing infrastructure and enhancing capacity, we're securing the continuity of services and catering to the growing population in one of Australia's fastest growing towns.

We see ourselves as not only part of the community but as a contributor to the regional economy. This year we completed the expansion of Gippsland Regional Organics to increase capacity and further reduce the amount of waste going to landfill. It is the now largest composting facility in the state, cementing our organisation as an exceptional example of circular economy.

We undertook one of the most complex and unique projects across the water sector, with the replacement of the covers on two industrial wastewater lagoons at the Gippsland Water Factory. We were proud to see it delivered safely.

Additionally, a section of the Regional Outfall System in Traralgon was replaced to protect surrounding houses and environment, ensuring we can continue to provide services to our major customers.

Another notable achievement was commencing the Integrated Enterprise Management System project.

By investing in modern systems and streamlining processes, we've not only improved service delivery but ensured we're continuing to offer value to our customers.

We've also been focused on ensuring our core business performance remains high. We met 10 out of 11 water and sewerage service and customer responsiveness performance indicators.

Water quality complaints were a disappointment with our performance being impacted by an unusual increase in pipe breaks and operational issues. Remedial work has been undertaken to improve future outcomes.

To improve reliability of pipeline and reduce breaks throughout our service area we



invested \$1.2 million through our planned water reticulation renewals program.

We delivered a very special regional project in partnership with GLaWAC and Gunai artist Alice Pepper. Alice's artwork "Cultural Flow" now adorns the Stratford water tower with its depiction of Borun (the pelican) and Wahyang (spoonbill), a visual representation of our partnership with Traditional Owners and our respect for the Country we work on.

Demonstrating our steadfast commitment to environmental stewardship, we've worked to be successfully positioned to operating on 100% renewable energy from 1 July 2025, marking a major achievement in our efforts to reduce carbon emissions.

We ended \$0.4 million more favourable than forecast in our Corporate Plan posting a loss of \$2.1 million for the year. This was despite some challenges.

Revenue was impacted by various unbudgeted expenses including higher maintenance costs due to drier conditions, higher depreciation and investment of additional funds into legacy environmental monitoring.

Our cash position remains strong with \$13.3 million in cash holdings, which is \$8.6 million higher than budgeted.

This further emphasizes our efforts to balance today's service needs with our long-term financial sustainability.

We continued to genuinely engage with our customers to monitor their priorities and ensure our services we're catering to their needs and expectations.

This year our customer satisfaction survey showed us that two thirds of the service area population valued our organisation as a member of the community.

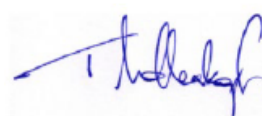
More importantly, our customers trust us. This was reflected with our best-ever trust score which we've worked tirelessly to improve over the past two years.

We also engaged on a range of issues and projects that were important to them. Their feedback and insights helped us with a study into the taste of water in Sale; raised community awareness of our major projects; and is helping to inform the early stages of our next Price Submission. This ongoing engagement ensures that every decision is informed, purposeful and cost-effective.

To support customers impacted by the cost of living we've absorbed some of the inflationary pressures to maintain price increases below CPI.

Our Customer Care campaign highlighted the many options available to customers to assist with paying their bills. This message resonated with our customer satisfaction survey results showing that 75 percent of customers were aware of the offerings. This was further evident with an increase of customers choosing to pay their bills in increments and increased membership of our customer support program.

Thank you to all of our people, contractors, stakeholders, Customer Reference Group, Community Sounding Board, and Board for their contributions over the last 12 months. It has been a year of resilience, safety and growth and we remain committed to building a sustainable future and continuing to serve our community with excellence.



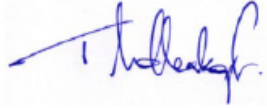
Tom Mollenkopf AO
Board Chair



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 2025.



Tom Mollenkopf AO
Board Chair

Dated 22 August 2025

About us

Central Gippsland Region Water Corporation, or Gippsland Water, is a statutory body operating as a Victorian state-owned water business. We provide water and wastewater services to residents, businesses, and industries in the Gippsland region.

The responsible Minister for the period from July 2024 to December 2024 was the Honourable Harriet Shing MLC, Minister for Water. The responsible Minister for the period from December 2024 to June 2025 was the Honourable Gayle Tierney, Minister for Water.

Our business objectives

Our statutory responsibilities are set out in the *Water Act 1989* (Vic). We carry out the following functions, having regard for sustainable management principles.

Water supply

- Provide, manage, operate, and protect water supply systems, including the collection, storage, treatment, transfer, and distribution of water.
- Identify community needs relating to water supply and plan for the future needs of our community relating to water supply.
- Develop and implement programs for the conservation and efficient use of water.

- Investigate, promote, and conduct research into any matter related to our functions, powers, and duties in relation to water supply.
- Educate the public about any aspect of water supply.

Wastewater

- Provide, manage, and operate systems for the conveyance, treatment and disposal of sewage and trade waste.
- Identify community needs relating to sewerage services and prepare for the community's future sewerage service needs.
- Develop and implement programs for the recycling and reuse of treated wastewater.
- Investigate, promote, and conduct research into any matter which relates to our functions, powers, and duties in relation to sewerage services.
- Educate the public about any aspect of sewerage.

Organics and Agribusiness

- Contribute to the state's agricultural industry and organic recycling capacity as a leader in the circular economy.

serving population of over

165,000

service area
covers
5,000² kms



We deliver water to over **77,415** households and businesses, and wastewater services to **69,975** households and businesses, across **43** towns and communities.

We own and maintain a **\$1.7 billion** infrastructure network which includes:



MORE THAN
2,200km
of water mains,
73 TREATED
WATER STORAGE
and **68** pump
stations



MORE THAN
1,800km
of sewer mains,
and **182**
sewer pump
stations



15
water
TREATMENT
plants



14
WASTEWATER
TREATMENT
plants including
the Gippsland
Water Factory



2
OCEAN
OUTFALLS
• McGaurans
Beach and
Delray Beach •



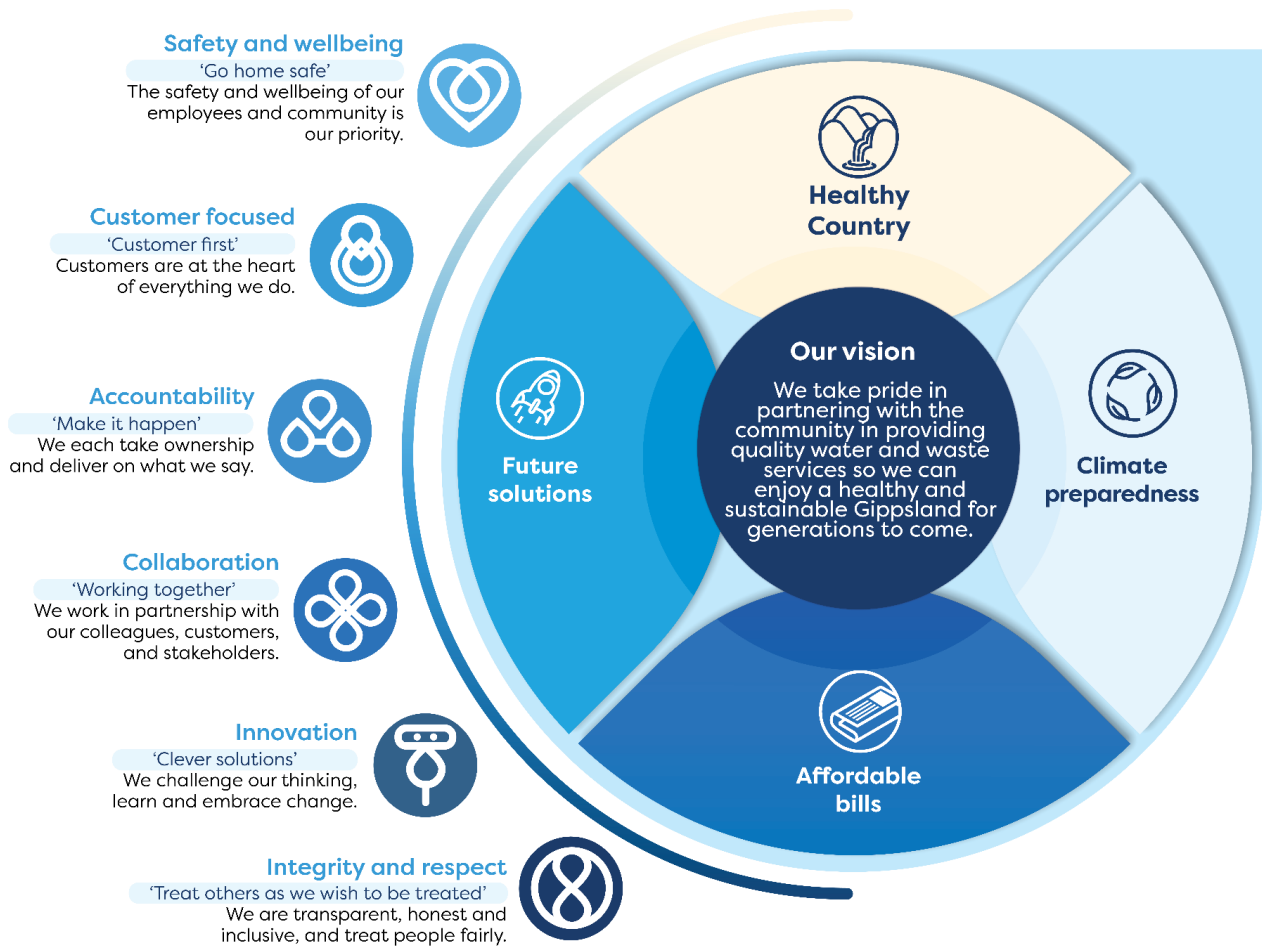
96K
CUSTOMERS
in a population
of 164,000+

Service to our community

We supply high quality drinking water that meets stringent regulations. Our 15 water treatment plants serve more than 77,100 properties through over 2,200 kilometres of water mains. 'Raw' water is obtained from diverse sources – aquifers (ground water), rivers, creeks, and reservoirs – and undergoes various forms of treatment based on the source. Our largest storage is Moondarra Reservoir, south of Erica. We also take water from storages managed by Southern Rural Water (Blue Rock Dam and Lake Glenmaggie) and Melbourne Water (Tarago Reservoir). Sewage and trade waste is collected from all major towns and industries, then treated in accordance with EPA requirements.



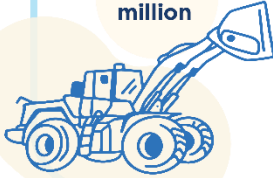
Our strategic framework



Part 1: Key initiatives and projects

Key initiatives and projects

\$8.5
million



Warragul north-east sewer augmentation

The Warragul north-east sewer augmentation is a **new larger pipeline** to provide sufficient hydraulic capacity to support the future growth expected in the north east of Warragul. Construction commenced early in 2024, following

completion of the detailed design of the pipeline along with easement acquisitions and statutory approvals.

The new pipe is now being commissioned and is operating.

Regional Outfall System renewal program stage 2

The Regional Outfall System (ROS) was commissioned in 1957 comprising 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. The ROS renewal program sets out how we will replace high-risk sections of the pipeline.

Stage 1 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.

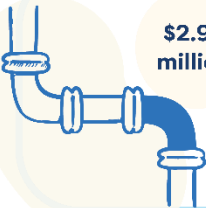
Stage 2 commenced in February 2024, which involved replacing 590m of pipeline from Tyers Road to the Wirilda Crescent and Cross's Road intersection in Traralgon.

The new pipe was constructed and put into service in October 2024.

\$2.67
million



\$2.95
million



Water main replacements and sewer main relining

We replaced 3km of reticulated water mains of varying pipe sizes across our service area, **providing 130 customers with connections to new sections of pipe.**

An additional 127 sections (5.6km) of sewer pipe have been relined throughout our region, **renewing the connection for 337 customers.**

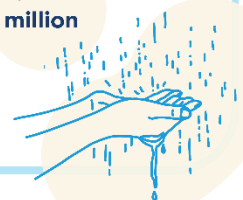
Water basin cover and liner replacements

The Sale number 2 basin is a 12.49ML storage within the Sale water supply system and is supplied directly from the Sale water treatment plant. It supplies treated water to almost 8,500 residential and major customers in the Sale and Wurruk region.

The Coongulla clear water storage basin is a 2.37ML storage and supplies water to the Coongulla and Glenmaggie townships with almost 400 connections.

The Sale number 2 basin and Coongulla basin have been returned to service.

\$1.35
million



\$10.6
million



Clarkes Road Storage Basin Traralgon

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.

In the near future, the Traralgon water treatment plant won't be able to meet peak

day demand, so adding another storage will also provide a buffer without the need to upgrade the water treatment plant.

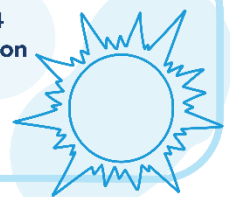
Detailed design of the additional 50ML clear water storage basin was completed in 2024, with **construction commenced in 2025.**

Warragul and Neerim South UV treatment upgrades at water treatment plants

We're installing UV disinfection across **both treatment plants.** This is an additional treatment process to ensure customers

supplied with water from the Tarago Reservoir continue to receive safe drinking water once the reservoir is open for public recreation.

\$4
million



\$8
million



Gippsland Water Factory anaerobic covers renewals

The anaerobic lagoon covers at the Gippsland Water Factory were at end of life and **required urgent replacement.** The covers are essential to the safe operation of the lagoons and containment of highly noxious biogas produced by the wastewater treatment process.

To ensure a safe replacement of the covers during operations, the lagoons were shut down one at a time.

Planning and design occurred in 2023/24, with the **covers safely replaced and commissioned in May 2025.**

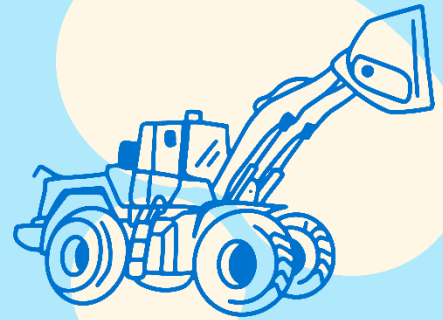
Future initiatives and projects

Factory Road Yarragon sewage pump station and rising main upgrade

The Factory Road Yarragon sewage pump station and rising main are being upgraded.

This upgrade will cater for the additional connections expected with proposed growth in Yarragon, and to reduce the likelihood of spills during significant wet weather events.

In 2024/25, planning and detailed design continued along with easement acquisition with statutory approvals to be obtained in 2025/26.



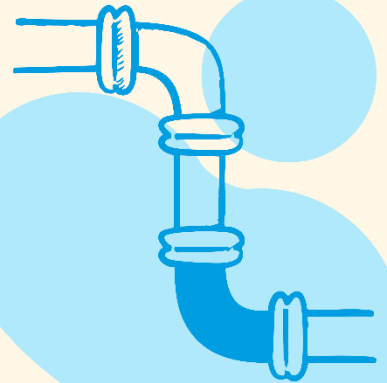
Drouin West water main extension

We're planning to construct a new 375mm water main to ensure adequate water pressure for existing customers while continuing to service Drouin's residential growth.

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 north-western growth corridor or customers that live in higher areas of the corridor.

In 2024/25, planning and detailed design progressed in preparation for statutory approvals on the project.



Traralgon Tyers Interconnect water pipeline

This project will connect the Tyers water supply system to the larger Traralgon water supply system.

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 carted to maintain supply.

Several options were investigated, including upgrade of the Tyers water treatment plant and pipeline. The preferred option was to construct a pipeline between Traralgon and Glengarry which removes three quarters of the customers from the Tyers water treatment plant, reducing pressure on this plant.

In 2024/25, the detailed design and statutory approvals progressed. Construction is expected to commence in 2026.



Saline Wastewater Outfall Pipeline (SWOP)

The SWOP is an integral asset used by Latrobe Valley power generators and needs upgrading.

It conveys up to 34 ML/d of saline water to the ocean outfall at McGaurans Beach. A risk assessment was completed on the SWOP identifying critical sections with a high likelihood and consequence of failure.

In 2024/25, the design and statutory approvals progressed, including seeking recognition for the project to be approved via the State Project approval pathway within the Victorian Planning Provisions. Construction is expected to commence in 2026.

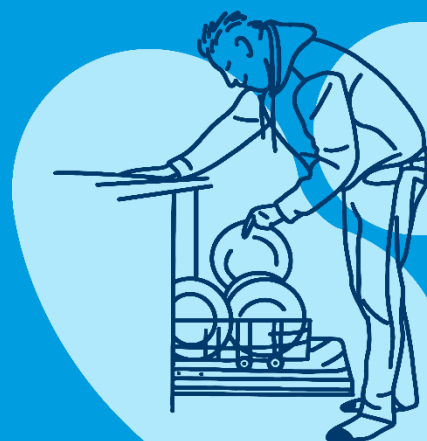


Warragul wastewater treatment plant upgrade – Stage 1

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. The preferred strategy is to invest in upgrades at the site of the current plant.

Along with capacity expansion in the short to medium term, we're also investigating long-term investment requirements.

In 2024, we progressed planning for stage one upgrades of the existing bioreactors and dewatering plant. These will increase the treatment capability and delay significant capital expenditure. We're procuring major items of plant for this upgrade and have started early site works in preparation for the main construction works. These works will commence in 2025/26.



Traralgon Western Distribution Main (TWDM)

The Traralgon Western Distribution Main (TWDM) project is the first stage in an overall long-term strategy to support growth and meet our water supply needs in the Traralgon and Morwell water systems for the next 50 years.

The 5.3km main will address the lack of redundancy in the existing distribution main in the Traralgon system. It will connect the Traralgon water treatment plant to the Clarkes Road water storage basin.

In 2024/25, we finalised the design and progressed the statutory approvals. Construction is expected to commence in 2025/26.

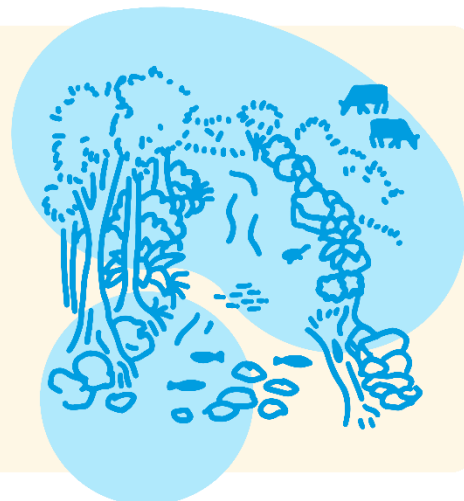


Tarago River Raw Water Transmission Main Crossing Replacement

A 70m span of pipe that traverses the river crossing is ageing and needs to be replaced minimising the risk of a network water supply outage in the future.

Constructed in 1955, the Tarago River raw water transmission main provides raw water to the Warragul water treatment plant from Pederson Weir.

In 2024/25, we commenced functional design of the pipeline, with detailed design and statutory approvals planned in 2025/26.

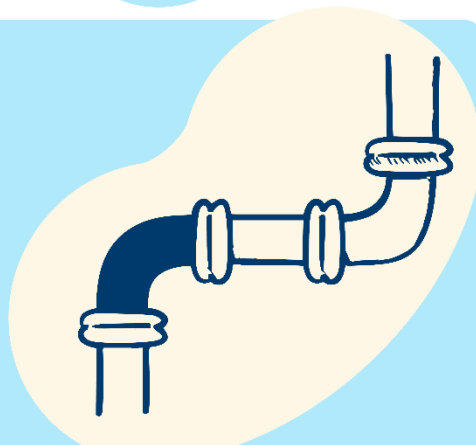


Yallourn North Sewer Rising Main Replacement

Due to the poor condition of the pipe, sections of the sewer rising main will be replaced from the sewage pump station in Yallourn North to the Gippsland Water Factory.

The Yallourn North sewer rising main is 11.05km long. Two sections of the rising main were replaced in 2016 with the remainder planned to be replaced in stages.

In 2024/25, alignment selection and early planning studies were undertaken. The remaining sections of the sewer rising main will be replaced in stages over the next eight years.



Part 2: Delivering on our expectations

Customer and community outcomes

We invest in our communities through education, engagement, sponsorship, drinking fountains and initiatives that enhance communities and the environment.

Education

Our community and schools-based education programs provide valuable resources for our communities.

Our school-based 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. Teachers praised our important and age-appropriate messages that supports learning linked to the Victorian curriculum.

Our sessions for students included topics on the natural and urban water cycle, water and wastewater treatment, water efficient behaviours and water for health, with a strong emphasis on sustainability. Key messages from our 'Drink Gippy Tap', 'Reduce Your Use' and 'Caretakers for Tomorrow' campaigns were integrated into these sessions.

Hundreds of local students entered our annual National Water Week poster competition, which ran from April to September 2024.

We conducted site tours of our facilities and presentations for industry and community groups including AWA Vic Youth Water Professionals, Westernport Water and the Ladder Foundation.

Campaigns

Our educational campaigns are now well-integrated into our student education program and cyclical calendar of community education and engagement. This year, we ran five educational campaigns:

1. **Reduce Your Use – encouraging water conservation.**

We installed 27 new 'Save water, every



**Face-to-face
educational sessions
were held with**

2,210 from **40**
students schools and
kindergartens.

**We also hosted site
tours for secondary,
TAFE and university
students with a total
of 95 participants.**



drop counts' signs at the entrances to towns across our service area. We attended the Wellington Sustainability Expo in March. Our quiz and water-saving giveaways proved a success with lots of great conversations and positive feedback received.

2. Drink Gippy Tap – promoting health and wellbeing.

We promoted the benefits of drinking tap water at community events, including an Australian Boomers basketball game in February where we gave out reusable drink bottles.

We also donated drawstring backpacks to a Boomers basketball clinic, which was attended by 200 local kids.

We launched Drink Gippy Tap active prize packs for local sporting clubs to award their participants. The packs include a drawstring backpack, drink bottle and stickers



3. Caretakers for Tomorrow – promoting Healthy Country and sustainability

We shared with the community the work we're doing to recycle waste, invest in renewable energy, encourage biodiversity and protect local flora and fauna. We ran activities at community events and an online quiz, with sustainable prize giveaways. The environmental content, especially the conservation work, was very popular with our customers and young families at events.



4. Planning for the future – promoting the work we do to plan for growth and the changing climate.

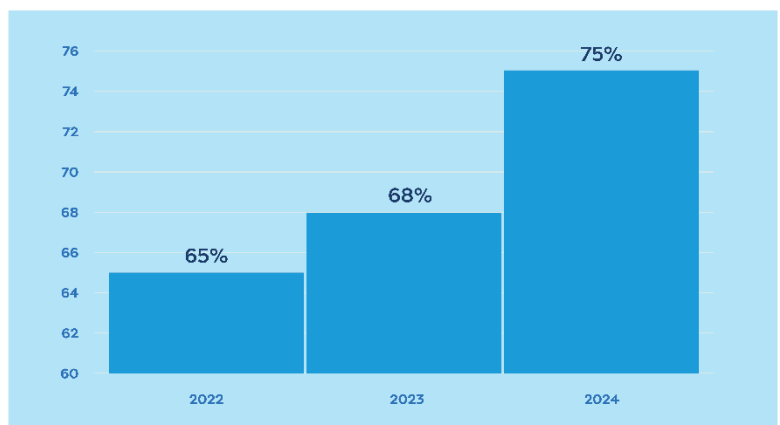
We upgraded the outage map on our website, to include major projects alongside outages and planned works.

We attended farmers markets to talk about the major projects we're completing in local areas. In Warragul, we shared information about our projects to meet the growing population's future wastewater needs. In Traralgon, we shared information with customers about major infrastructure projects we're doing to secure the water supply for Traralgon, Morwell, Glengarry, Toongabbie, Rosedale and Tyers into the future.

5. Customer Care – promoting the support available for people to pay their bills.

Now in its third year, our Customer Care campaign has had continued success. We held drop-in opportunities in towns across our service area, so customers could receive on-the-spot and in-person support from our Customer Care team. We used multi-channel advertising to increase awareness of the support available. Awareness of our customer care offering in our customer satisfaction survey was 75 percent - a significant increase since we started the campaign.

Customer care program awareness (percent of customers)





Engagement and customer input

Customer Reference Group

Our Customer Reference Group is made up of six to twelve diverse members from our community. Each member of the group contributes their insight and experience to help inform and enhance our decision-making and planning for the future.

Our Customer Reference Group (CRG) met quarterly, either online or in person. The group continued to provide input into our engagement activities and received updates on the delivery of initiatives in our 2023 Price Submission which they helped shape.

In addition to the CRG meetings, members also attended the event to celebrate the Aboriginal artwork applied to the Stratford water tower and a presentation on insights from our annual Customer Satisfaction Survey.

Summaries of our CRG meetings are published at www.gippswater.com.au/CRG.

Customer Sounding Board

Our Customer Sounding Board is a group of 457 customers and community members who share their views to help guide our decision-making.

Members of the sounding board receive invitations to participate in engagement activities, such as focus groups and surveys.

In the last year, members of our Customer Sounding Board gave valuable input on: upgrades to the outage map on our website water taste, to inform potential future investment into water treatment their priorities relating to our service.

Ongoing customer input

Through our Customer Outcomes survey, we receive feedback from our customers twice a year to monitor their priorities relating to our services and identify any emerging issues. The surveys showed that 'Do your job well' is the outcome of the highest importance to our customers and that affordability and cost is an ongoing concern.

We also heard from our customers through our annual customer satisfaction survey. Our customers' perceptions of us in relation to trust, value for money, overall satisfaction and reputation continued to improve. We achieved our best-ever or equal best result in each of these areas.

Communication

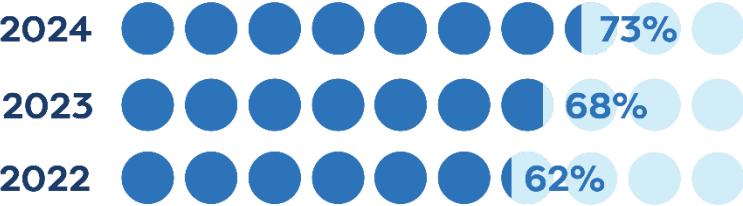
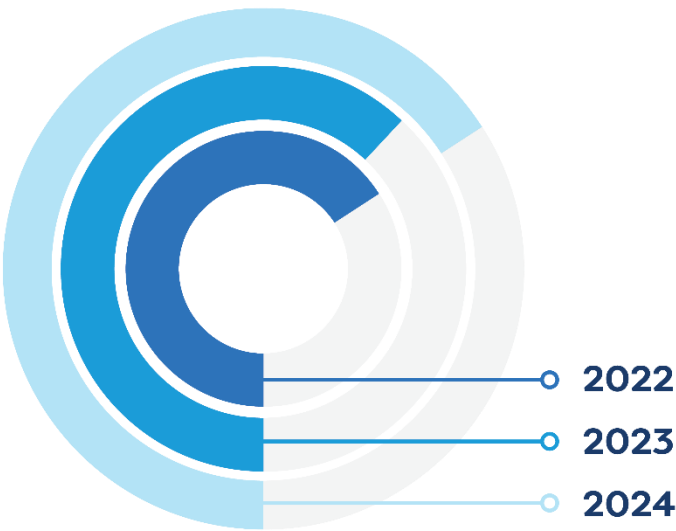
The subscribers continued to increase for our community newsletter, which is an opt-in update, sent monthly via email. It contains updates on our projects and activities, useful tips, and opportunities to provide feedback.

Since our website was updated in 2023, its use has grown. It's become a central point of truth for information about our organisation. Our audience has also expanded on our social media channels, especially on LinkedIn, Facebook and Instagram, where we engage and share information with our community and stakeholders.

We continued to highlight key information with our customers through an attachment sent with every customer bill. Information about the help that's available for those having trouble paying their bills, how to switch to digital billing, how to register for SMS notifications, and updates on our major projects were included.

In 2024 **two thirds** of the service area population* valued Gippsland Water as a member of the community

*Calculated via aggregated responses to our annual survey

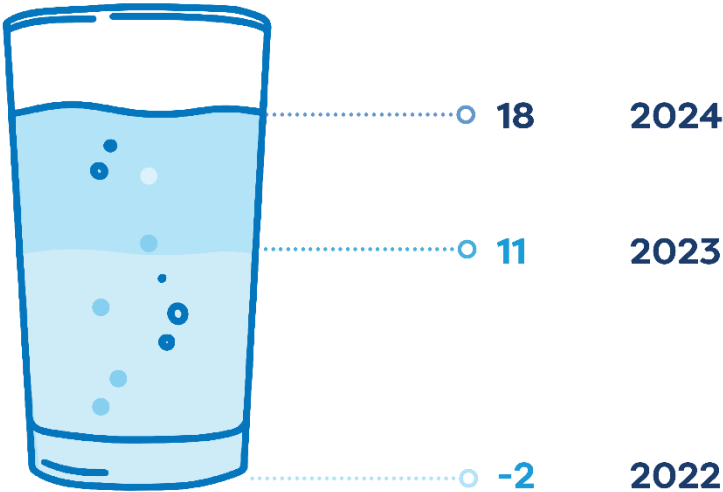


% of responses that agree Gippsland Water delivers value for money



According to the 2024 survey results **we deliver better value for money now** than any time in the last 10 years.

We have rapidly built **trust** over the past 2 years from -2 to an **all time high** of 18



Sponsorship

We invested in our local communities through in-kind and financial sponsorships.

A priority of our sponsorship program involved partnering with local councils to install drinking water fountains to increase access to tap water in public locations across our service area. This year, we donated ten drinking water fountains to be installed in Drouin, Warragul, Trafalgar, Churchill, Traralgon, Morwell, Briagolong, and Sale. We also contributed to six drinking water fountains for Churchill and Tyers as part of Latrobe City Council's Tiny Towns project.

We launched our Drink Gippy Tap active prize packs in-kind sponsorship offering in February 2025. These packs are linked to our Drink Gippy Tap campaign and aim at encouraging kids to choose tap water when playing sport.

Each pack consists of a reusable drink bottle, sports bag and sticker sheet. Sporting clubs in our service area were invited to apply for packs to give to their junior participants as encouragement awards.

Our water trailer and portable water fountains were well-used by community groups for events including the Sale Music Festival, Boolarra Folk Festival, Treaty Day Out, Outdoor Living Expo, Sale Show, Warragul Show, Traralgon Christmas Carols, Monster Trucks X, Maffra Triathlon and Mid-Gippsland Football Netball League finals.

We provided in-kind support through water bottles to community groups for their events and initiatives, including Mirboo North Secondary College, Monash Soccer Club, Ladder Program, Rotary Club of Moe, Sale

We provided

240 to **26**
packs sporting clubs.

We're thrilled with the positive response from the community to this initiative.

Due to its popularity and success, we plan to continue this initiative next year.



Little Athletics, Playgroup Victoria, Kurnai College Churchill, MND Support Group and Goodstart Morwell.

Financial sponsorship was provided to Morwell Neighbourhood House, Gippsland United Football Club, Baw Baw Latrobe Local Learning and Employment Network (LLEN), Maffra Family Mardi Gras (Rotary Club of Maffra), Warragul Community House, Traralgon Tennis Association and the Thorpdale Potato Festival.

Water quality complaints and billing issues

Please see 'Financial performance report for the year ended 30 June 2025' (page 84) for details.

Water for Aboriginal cultural, spiritual and economic values

Water for Traditional Owners

We acknowledge that Traditional Owners have managed water and waterways for thousands of years. Reconnecting Traditional Owners with water management and ownership is an important step towards reconciliation and self-determination.

Our Aboriginal Inclusion Plan reflects our partnership with the Gunaikurnai Land and Water Aboriginal Corporation (GLaWAC) and ongoing work with Bunurong Land Council Aboriginal Corporation. Our connections with the broader First Nations community continued to broaden with the support of Ramuyuck District Aboriginal Corporation and Federation University's Aboriginal Education Centre, amongst others.

GLaWAC's Water is Life submission identified its aspirations to become part of the water economy. We're committed to supporting GLaWAC in realising their objectives as part of the Merriman Creek bulk water entitlement review identified in the Central and Gippsland Region Sustainable Water Strategy. Additional detailed assessments are now in progress to satisfy the requirements of broader stakeholders and partner agencies.

We continue to actively uphold our commitment to the Gippsland Environmental Agencies partnership agreement with GLaWAC, working collaboratively to achieve our mutual goals.

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

We continued to engage with Traditional Owners to identify opportunities to make land we manage available for cultural and broader Aboriginal community benefit. This included providing access to closed areas of our Moondarra catchment for Aboriginal

members of our community to support their cultural recognition activities and story-telling.

We engaged with GLaWAC to provide cultural values assessments of land we manage to better understand and prioritise access to culturally significant sites.

In late 2024, we engaged Bunurong Land Council Aboriginal Corporation to complete a cultural values assessment of Shillinglaw Creek in Drouin. This was undertaken to ensure our operations and return of recycled water from our Drouin wastewater treatment plant were sensitive to cultural and spiritual values of the waterway. Recommendations are being incorporated into our broader delivery of essential services at the site.

Cultural awareness training

93% of our employees and Board members have completed First Nations cultural awareness training, as part of our commitment to providing a culturally safe environment. New employees complete 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 training 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.

More advanced cultural awareness training was also provided to employees on a tiered delivery basis and focused on whose work involves greater interaction with Traditional Owner Groups. This one-day training workshop was hosted by GLaWAC and delivered a mix of on-country experiences and a visit to the GLaWAC office in Kalimna West.

Aboriginal employment and business

Our website contained an Expression of Interest for Aboriginal and Torres Strait Islander peoples to find pathways for employment within our organisation and we appointed several employees through this process.

We partnered with the Head Start program and Kurnai College to help shape tomorrow's workforce by giving a local Aboriginal high

school student an opportunity to get a head start on their career through the school-based apprenticeship/traineeship program. This allows the student to gain hands-on experience while completing their secondary studies and working towards a Certificate III in Conservation and Ecosystem Management.

Our tender advertisements promoted Aboriginal enterprise engagement to encourage the employment of Victorian Aboriginal people. Aboriginal inclusion clauses are embedded in our documentation, including a social commitment proposal section in our tender response templates, as defined in our Social Procurement Plan. We continued to benefit from participation in the Kinaway Chamber of Commerce Victoria Ltd events and through services that connected us with Victorian Aboriginal and Torres Strait Islander businesses. We maintained our relationships with Yarn Marketplace, and engaged additional businesses including Yilay, by MHJ, Bush Tucker Bites Catering, Ramahyuck District Aboriginal Corporation and Pearce Cameron.



We engaged GLaWAC and BLCAC to provide Cultural Values assessments for land we manage and to provide services at cultural events including the launch of the Stratford water tower artwork and our NAIDOC week celebrations.



We supported The Torch Project who provide art, cultural and industry support to Aboriginal and Torres Strait Islander people currently in, or recently released, from Victorian prisons. It aims to reduce the rate of reoffending by encouraging the exploration of identity and culture through art. Our support included sponsorship for the publication of their latest art catalogue, *Confined 16*.

Opportunity for comment

GLaWAC and BLCAC were provided with the opportunity to review this section of the Annual Report. Feedback and input were provided by BLCAC for content that includes specific reference to cultural, spiritual and economic values.

Resilient and liveable cities and towns

Housing

We continued to play our part of the critical process for growth of our communities. We enabled the delivery of 863 new water connected accounts, 821 new sewer connected accounts, and 1,150 new lots created. We played a significant role in enabling and facilitating guidance for the design and installation of water and sewer infrastructure and the connection of new dwellings and buildings to these services.

We were also involved in responding to planning permit applications, management and engagement in developer works and arranging for connection of water and sewer service for new houses, units, and commercial/industrial developments.

We managed, tracked, and adhered to statutory timeframes in our statutory planning responses which we always aim to meet or exceed. We worked closely with local councils, applicants, and developers to ensure our planning conditions were practical, well understood, achievable and suitable. We also met with local councils on a regular basis to review and ensure our goals and outcomes were aligned to ensure good community outcomes.

Through our developer works team, we engaged directly with design consultants and developers to ensure the assets required for new housing were delivered efficiently and in a fair and reasonable manner. We engaged

directly on numerous development projects seeking beneficial community outcomes through aiming for the most efficient infrastructure. This has included engaging with all stakeholders in these projects, including council, other authorities, landowners affected and facilitating roundtable discussions with developers to achieve catchment solutions above other less efficient outcomes.

When new housing was ready for connection, we ensured our work to supply water and sewer services was completed in a timely and reliable fashion to support the new owners. We actively engaged with residential building companies, plumbers, councils and future homeowners to ensure these processes were achieved as efficiently and timely as possible.

We recognise that new connections are a critical component of our business model and worked actively to support connections being tracked and managed. We focused on residential land and we're taking opportunities where they arose to support development where impediments may be holding back the delivery of land to the market. This included active support to local council on seeking grant funding to unlock new residential growth fronts as well as working on separate commercial residential growth projects that achieve a positive outcome for our business model.

We invested in a Developer Portal to support connection applications for residential housing. This portal automated the application process, improving its efficiency by validating the information provided to ensure its correct and includes a self-serve payment option. By streamlining these steps, the portal allows our team to focus on



assessing applications. We continue to aim to speed-up connection times and help deliver residential housing connections more efficiently.

Central and Gippsland Region Sustainable Water Strategy

The Central and Gippsland Region Sustainable Water Strategy (SWS), released by the Victorian Government in 2022, identified the region's current and emerging water challenges and set a vast range of policies and actions to share water resources fairly and equitably. It considered water availability and how that may change into the future.

The SWS specifically addresses water related themes including water security for towns, cities and agriculture and the need for sufficient water to support the health of the environment and rivers. It also ensures Traditional Owners have a greater role in water management and access to a fairer share of water resources for cultural and economic needs.

The SWS enabled us to secure Warragul and Drouin's water supply well into the next decade through the purchase of a water entitlement in the Melbourne water supply system (Tarago Reservoir) in 2023. It also facilitated a role for us as part of the South Central Reforms. These reforms will restructure the water entitlement framework for Melbourne and connected regional water corporations, providing greater certainty around access to both reservoir and desalinated water now and into the future.

Working in partnership with Gunaikurnai Land and Waters Aboriginal Corporation, West Gippsland Catchment Management Authority, Southern Rural Water and the Department of Energy, Environment and Climate Action we progressed work on the Vision and Plan for Latrobe Water. The Latrobe Valley's broader water supply system was developed with a focus on providing large volumes of high reliability water for coal fired electricity generation. It is not ideally configured to meet the range of future demands identified in the SWS.

We've made significant progress on developing and documenting a shared understanding of the social, cultural, environmental and economic values of the Latrobe River basin, and the key water resource management challenges and compromises we face.

Urban Water Strategy

Our Urban Water Strategy is our plan for ensuring we'll have access to water resources into the future to meet customer demand and provide acceptable supply reliability. It also sets out our plans for ensuring our wastewater treatment systems have the capacity to safely handle sewerage flows into the future and the protection of human and environmental health.

The strategy is guided by the policies set out in the SWS. Our strategy was released in 2022 and set 18 actions across our service region. This year we've made great progress on many of these actions with achievements including:

- Completion of the construction of a new production bore at Briagolong, with further work planned for next year to upgrade our water treatment infrastructure to best treat this new water resource to ensure safe and high-quality potable water.
- Ongoing progress on the Warragul wastewater treatment plant upgrade planning including engineering design and environmental studies.
- Progress on exploring alternative flow sharing rules for our Merriman Creek bulk entitlement at Seaspray with the completion of an alternative water resource options study and development of an approach to ecological values assessment in partnership with West Gippsland Catchment Management Authority.

Progress on several other Urban Water Strategy actions is detailed in the following sections on Integrated Water Management and Water Efficiency.

Integrated Water Management

Integrated Water Management (IWM) is a collaborative approach to managing the whole water cycle. While a range of organisations have specific responsibilities for managing the various parts, better overall outcomes can be achieved by working together.

Through the Gippsland IWM Forum, we have a formal structure for working collaboratively with West Gippsland Catchment Management Authority, Southern Rural Water, Traditional Owner groups and local government, to identify and deliver better liveability and environmental outcomes for our community and region.

We've continued to play a lead role in the Gippsland IWM Forum, including hosting the Forum's IWM Coordinator. A major achievement this year has been the engagement of a new Chair, who commenced in February 2025 and has been working closely with the IWM Coordinator including meeting individually with each member organisation's executive representative in the first three months.

We are confident this groundwork in understanding each partner's objectives and challenges will lead to a reinvigorated IWM Forum at the executive level in 2025-26, providing better direction for the practitioner group to deliver outcomes for the region.

At the project level, progress has been made on a range of IWM initiatives, including:

- Willow Grove stormwater quality management.
- South Gippsland Shire Council IWM Municipal Plan.
- Mount Baw Baw IWM Plan.
- Gippsland IWM Forum region stormwater offset scheme feasibility study.
- Preparation of guidelines for effective use of the planning scheme to deliver IWM more broadly in greenfield development where it is most cost effective.

Water efficiency

In our Urban Water Strategy, we committed to several initiatives aimed at improving water efficiency, both in our networks and at customers' premises. Our water efficiency activities align with the policies set out in the Sustainable Water Strategy.

One of the initiatives we've progressed this year was our leak detection program which uses best practice technologies to locate leaks. In the latter part of 2024 we entered into a service agreement with a specialist leak detection company. This contract includes a trial program of whole of town acoustic leak detection as well as a responsive service to rapidly identify difficult to locate leaks as they arise.

We've already located several leaks in Drouin and Mirboo North for repair, with the program moving through Warragul for the remainder of 2025.

To support customers with improving water efficiency, we have:

- Recruited 27 schools in our service area into the Victorian Government's Schools Water Efficiency Program and have actively worked to increase this number in line with ambitious SWS targets.
- Actively promoted the Victorian Government's Water Smart water efficiency program for non- residential customers with 68 customer premises subscribed across the local government and emergency services sectors.
- Continued our work in community education through the Target Your Water Use program and our water conservation campaign 'Reduce Your Use'. Our campaign includes events, social media posts, media releases, website content, features in our newsletters and bill inserts, an interactive quiz, updated education resources, new roadside signage, as well as face-to-face education sessions on water efficiency.



Payment management and Customer Support program

Customers who required additional support were encouraged to join our customer support program, so that we could review and engage with them on a regular basis. This ensured that the financial assistance options offered continued to meet the customer's ongoing requirements.

Our Customer Care team reached out early to customers who had outstanding accounts or where we identified indicators that they may be experiencing payment difficulties. This allowed us to discuss financial support options that were available, including flexible payment plans, and to tailor a solution that best suited 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 2,949 being registered compared to 2,564 in the previous year. We have increased our in-house customer care resources to ensure we remain well placed to support our entire customer base.

Our Customer Care team focused on promoting flexible payment plans. The overall number of customers paying through instalment has increased since the previous year. We have helped more customers apply for Utility Relief Grants with 2,221 applications approved totalling \$767,435 compared to 1,589 applications totalling \$522,817 last year.

	30 June 2025	30 June 2024
Customers on instalment plan (excluding hardship)	7,420	7,077
Hardship customers on payment plans	1,258	1,093
Total payment plans	8,678	8,170
Percentage of customers on payment plans	11.34%	10.80%
Hardship customers	2,949	2,564
Percentage of hardship customers on payment plans	42.66%	42.62%

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 69 households with \$32,752 of free plumbing works through the Community Rebate Program.

Our water bills

Please see our 'Year in review' (page 73).

Recognising recreational values

We've connected recreational and Traditional Owner values to maximise the community benefit.

We redeveloped and enhanced the recreational space at our Moondarra reservoir picnic area. The existing amenities have been complemented with a yarning circle, featuring a firepit which is surrounded by indigenous flora. Interactive signage explains the development of the land and acknowledges the Traditional Owners' connection to Moondarra. We engaged an indigenous landscaping business, Pearce Cameron, to design a viewing platform depicting the connection between local Traditional Owners and Country.

We partnered with local Gunai artist, Alice Pepper to complete a major art installation on the Stratford water tower, titled *Cultural Flow*.

The artwork is a visual celebration of our ongoing commitment to work in partnership with the Traditional Owners, to ensure the waterways are cared for, preserved and protected for future generations. It reflects our pride and respect for our Aboriginal communities and provides a cultural learning opportunity for our employees and customers. The Stratford water tower was chosen following recommendation from GLaWAC due to the area's many culturally significant sites for the Gunaikurnai people.

Leadership and culture

People matter survey

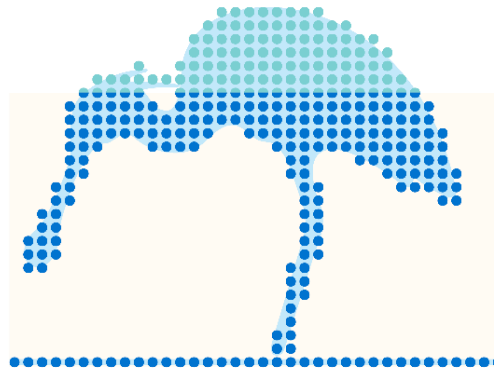
The Victorian public sector's independent employee opinion survey, People Matter, was conducted in the first half of 2025, with 74 percent of employees completing the survey.

The results continued to provide valuable insights into our organisational culture, employee experience and employee wellbeing. They also enabled benchmarking against other water sector organisations, supported our reporting obligations under the *Gender Equality Act* and demonstrated the progress of our Belonging Plan.

This year's results affirmed the positive impact of the actions taken in response to previous surveys. Feedback from employees indicated a strong sense of purpose and alignment with organisational goals, with many reporting they felt empowered to apply their skills and knowledge in their roles.

There is a continued theme of meaningful work, with employees recognising the value their contribution brings to our customers and the broader community.

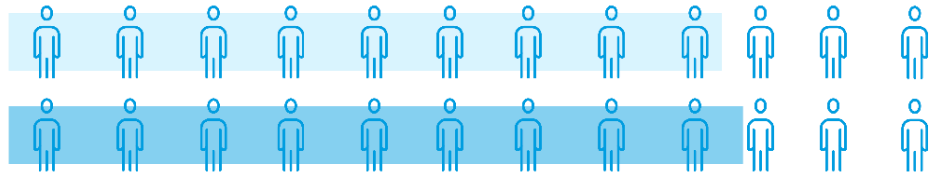
People Matter Survey 2025



We had **excellent** engagement with a
74%
response rate.

The 2025 People Matter Survey results reflect a largely stable organisational climate with clear strengths and some important areas for attention.

The Engagement Index remains steady at 69, slightly below the public sector benchmark of 71.



EMPLOYEES REPORTED:



strong support from their direct managers



confidence in how their work contributes to broader goals



high levels of teamwork and respect

Satisfaction has improved across several domains



Overall job satisfaction, **now at 74%**

Inclusion continues to be a strong feature of the culture, with **83% of staff** reporting positive experiences of **respect, safety, and being themselves** at work.

The results reflect our ongoing commitment to creating a safe, inclusive and high performing workplace where people feel connected, capable, and supported. These insights will continue to shape our workforce

initiatives and reinforce the strategic importance of employee engagement and wellbeing.

Leadership programs

Our people leaders continued to play a vital role in driving Gippsland Water's success and guiding teams through change. We invested in a range of leadership development initiatives aligned with our organisational culture, strategic priorities, and community needs.

We successfully launched our Dedicated Leadership Program in partnership with DeakinCo – a workplace learning and development provider, operating as a division of Deakin University. This program was developed using key insights from our organisational culture surveys, performance development analysis, and strategic workforce planning, and was designed to be practical, relevant, and future focused. It encourages leaders to challenge themselves, grow their capabilities, and build strong peer networks that support leadership excellence.

In addition, we invested in leaders at all levels through a series of scalable leadership modules focused on fundamental leadership areas, including critical thinking and self actualisation. These sessions equipped leaders with essential skills to analyse complex challenges, make informed decisions, and confidently navigate uncertainty. We also supported our frontline leaders, with dedicated opportunities and development programs.

We delivered an introductory leadership program to complement our programs and provide our people with a consistent employee experience. This focused on ensuring all our people leaders were aligned with our approach to developing a constructive culture, we engaged all new people leaders in a targeted leadership onboarding workshop which explored our leadership blueprint, values, and strategic priorities.

Our mentoring program is also well established and is tailored to support our commitment to developing our internal talent, in particular the development of self and leadership skills. Additionally, it allowed us to

provide targeted development opportunities from a gender equality perspective.

Graduate development program

Our graduate development program continued to grow, offering professional pathways across the organisation and supporting our workforce planning needs.

With annual intakes, graduates have been employed across engineering, environmental and corporate services disciplines, with appointments also drawn from internal transitions from our summer internship program, showcasing the strength of our intern to graduate pathway.

The program provides a supportive environment to assist our graduates to develop into their careers. The program not only includes dedicated mentoring and targeted learning and development opportunities but also has imbedded exposure to various areas of the business via a strategically planned rotation arrangement, providing 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 and have acquired meaningful hands-on experience to set their career up for success.

Equal opportunity

We remain strongly committed to providing a safe, respectful, and inclusive workplace for all employees, underpinned by actively working 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)*.

This commitment continues to be reflected in our People Matter Survey results, where employees have reported high levels of understanding of how the Charter applies to their work and confidence in the organisation's commitment to equity and inclusion.



We continued to refresh and promote key policies and procedures to reinforce the prevention of harassment, discrimination and bullying. Our Respectful Workplace Procedure remained a central tool in embedding behavioural expectations across the employee lifecycle and was shared with all employees as part of their onboarding experience.

All employees completed regular training programs designed to increase awareness of equal opportunity obligations, and the roles individuals play in fostering a safe and inclusive environment.

We continued to implement initiatives that enhance employee awareness and provide accessible support mechanisms. These include a calendar of activities under our Diversity & Inclusion Plan, the Peer Connect program offering peer-based support across the organisation, and our Employee Assistance Program, which continued to provide confidential support for mental health and wellbeing.

Our Gender Equality Action Plan 2022–25 remained a key driver of progress in gender equality and inclusive practice. The plan outlines our strategic actions, measures and priority areas for advancing gender equality and continues to inform policy, planning and development across the organisation.

Employment and development opportunities

We proudly fostered local employment and development pathways that support our community and build a strong future workforce.

Our traineeship program continued to provide valuable opportunities for early career development across diverse areas including water treatment, agriculture, communications, and customer service. Many trainees come through our work experience initiatives, which offer local students meaningful exposure to the water industry. These experiences showcase how early engagement and hands

on learning create pathways to rewarding careers.

Each year, our summer internship program welcomes a group of tertiary students who gain practical experience across a wide range of functions. The program provides a supportive and inclusive environment, with interns concluding their placement by sharing their insights and achievements, strengthening connections and fostering a culture of continuous learning.

We're also committed to increasing cultural representation within our workforce. To support local Aboriginal and Torres Strait Islander students, we developed a dedicated workplace learning brochure, which has been shared with schools across our region to inspire and guide students toward careers in the water industry and have engaged our first school-based apprentice.

Our active involvement with local education networks, including the Baw Baw and Latrobe Local Learning and Employment Networks (LLEN), helped us connect with young people through events like the Living Library, job skills development workshops, and career expos. These initiatives create important links between students and industry, helping to inspire the next generation of employees.

Our partnership with Federation University remains strong, with scholarships awarded to talented students from our region pursuing studies in engineering and science. These scholarships not only provide \$3000 per year in financial support but also offer recipients hands on industry experience, helping to nurture the skills and knowledge needed to thrive in their future careers. This year we offered three scholarships, with two being awarded to two Gippsland-based women studying engineering or science. The third was awarded to a local Aboriginal student to support their engineering studies.

Through these programs and partnerships, we continue to build a diverse and capable workforce that reflects and serves our community today and into the future.



Diversity and inclusion

We remained steadfast in our commitment to fostering a diverse and inclusive workplace where all employees felt safe, valued, and empowered to perform, grow and thrive. We believe that a workforce reflective of the community we serve drives better outcomes for our customers and strengthens our organisational culture.

Building on our commitment to diversity and inclusion, we continued to embed actions from our Belonging Plan 2024–26. This plan provides a clear framework to remove barriers and promote active, equal participation and opportunities for all employees across Gippsland Water. The plan, developed collaboratively with our Diversity & Inclusion Committee, reflects the vision behind the slogan 'Everyone Belongs', which continues to shape the language, culture, and initiatives within the organisation.

We have refreshed our focus areas, including a strengthened community pillar titled 'Who We Are', and rebranded our engagement activities under the banner of 'Gather events' to foster ongoing inclusion and connection.

The Belonging Plan remains closely aligned with our Gender Equality Action Plan 2022–25 and Aboriginal Inclusion Plan – Managing Country Together 2022–25, ensuring a coordinated and sustained approach to equity and inclusion. Our diversity targets continue to be informed by VicWater industry benchmarks alongside the latest regional demographic data, enabling us to better represent the communities we serve.

A range of diversity and inclusion events were coordinated across the period, designed to raise awareness, celebrate difference, and build cultural capability. These included participating in NAIDOC Week, Pride Month, Wear it Purple Day, International Women's Day, and Harmony Day, alongside recognition of other significant cultural dates. These initiatives have helped foster an environment where employees increasingly feel culturally safe, supported, and free to express their true identities.

Our People Matter Survey results affirm this progress, with positive increases in the number of employees reporting that they feel respected and included, and confident that Gippsland Water is a workplace where everyone belongs.

The following table outlines the diversity of our current workforce.

Diversity and inclusion data	% Target	% Actual progress 2024-25	% Actual progress 2023-24	% Actual progress 2022-23	% Actual progress 2021-22
Women in senior leadership – (Managing Director and General Managers)	40	29	14	29	28
Women in senior leadership – (Board, Managing Director and General Managers)	40	44	44	50	50
Disability, including neurodiversity	6	6	3	3	2
First Nations	1.20	1.26	1	1	1
Culturally and Linguistically Diverse	8	7	6	6	10
Caring responsibilities	35	28	36	36	42
Lesbian Gay Bisexual Transgender Intersex Queer (LGBTIQ+)	7	5	5	5	3
Workforce flexibility (formal arrangements)	30	25.98	26.19	22.7	23.3

Workforce data

The following table outlines our gender spread across the organisation.

Gender	30 June 2025						
	All employees		Ongoing			Fixed term & casual	
	Number (Headcount)	FTE	Number (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Women	146	126.23	84	36	107.08	26	19.15
Men	250	243.25	200	1	200.74	49	42.51
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.

	2024-25	2023-24	2022-23	2021-22
Executive employees (including Managing Director)	7	7	7	7
Women	2	1	2	2
% Women	29%	14%	29%	29%
Men	5	6	5	5
% Men	71%	86%	71%	71%
Senior managers	26	25	22	19
Women	5	5	4	3
% Women	19%	20%	18%	16%
Men	21	20	18	16
% Men	81%	80%	82%	84%

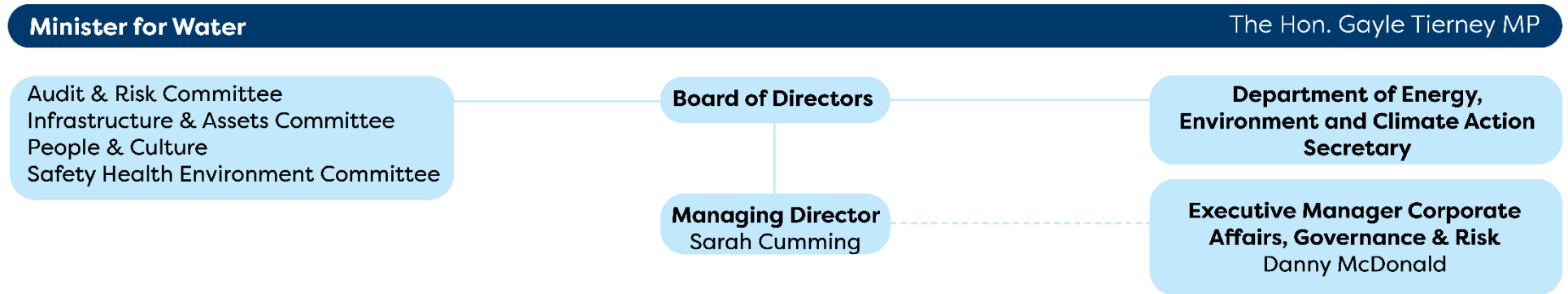
Comparative workforce data *continued*

	2024-25	2023-24	2022-23	2021-22
Full time	284	263	253	228
Part time	37	45	39	34
Casual/fixed term	75	67	40	56
Total employees	396	375	332	318
FTE [^]	369	344	315	290
Executive	5	7	6	5
Assets	53	50	41	42
Commercial Business	56	54	52	45
Corporate Affairs, Governance & Risk	15	4	2	N/A
Finance	24	31	25	23
People and Customer	49	46	46	44
Business Transformation	55	45	40	38
Operations	139	138	120	121
Total employees	396	375	332	318
Women	146	133	120	106
% Women	37%	35%	38%	33%
Men	250	242	212	212
% Men	63%	65%	64%	67%

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

Who we are

Our organisational structure as at 30 June 2025



Gippsland Water is organised into five departments



Health and safety

The health, safety and wellbeing of our people, contractors and community remained our top priority. In 2024–25, we made significant progress in strengthening our safety culture, improving systems and controls, and ensuring our practices continue to reflect industry-leading standards.

This year, we completed a major milestone under Pillar 1 of our Health, Safety and Wellbeing Strategic Roadmap, finalising which critical safety risks apply to us. These were documented through collaborative bowtie analyses and formalised in procedures and policies through ongoing training.

We initiated a comprehensive review of our Safe Systems of Work processes, with particular focus on confined space entry and isolation of hazardous energies. Led by a cross-functional working party, this work benchmarked best practice within the water sector and improves how we assess and manage high-risk activities.

Our October Health & Safety Month campaign, themed My Safety, Your Safety, Our Safety, engaged employees across all parts of the business through four weeks of targeted activities. The campaign promoted individual responsibility, team accountability, and a culture of shared safety. It culminated in the launch of the new annual Board Chair Health and Safety Award – a direct response

to feedback from our 2023 Safety Culture Survey. This award formally recognises outstanding leadership and innovation in health, safety and wellbeing and reinforces our commitment to reward and recognition as a driver of cultural change.



Pictured: Board Chair Health and Safety Award recipients 2024

As part of our broader enterprise systems uplift, we commenced early design work on a new Safety Management System that will modernise how we manage safety. This new system will integrate seamlessly with our core platforms, including HR, asset management, and contractor systems, ensuring safety is embedded into everyday operations. This foundational work will enable a more connected, data-driven and user-friendly approach to safety, with staged implementation to commence from late 2025.

Through these actions, we continue to build a safer, healthier Gippsland Water – where everyone goes home safe, every day.

Occupational Health and Safety management measures

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

Measure	KPI	2024-25	2023-24	2022-23	2021-22	2020-21
Incidents	Rate per 100 FTE (excl. contractors)	86.88	106.46	119.21	167.35	214.6
Claims	Rate per 100 FTE	0.27	0.00	0.00	0.69	0.34
Claim costs	Average cost per standard claim	\$8,956.00	\$126,152.36	\$130,162.00	\$76,395.00	\$10,777.67

Measure	KPI	2024-25	2023-24	2022-23	2021-22	2020-21
Incidents	No. of safety reports (excl. contractors)	321	366	376	487	623
	No. of safety reports (incl. contractors)	360	408	407	525	690
	Rate per 100 FTE (excl. contractors)	86.88	106.46	119.21	167.35	214.6
Claims	No. of standard claims	2	0	0	2	3
	FTE	369.47	343.78	315.4	290.19	290.31
	Rate per 100 FTE	0.54	0.00	0.00	0.69	1.03
	No. of lost time claims	1	0	0	2	1
	Rate per 100 FTE	0.27	0.00	0.00	0.69	0.34
	No. of claims exceeding 13 weeks	0	0	0	2	1
	Rate per 100 FTE	0.00	0.00	0.00	0.69	0.34
Fatalities	Fatality claims	0	0	0	0	0
Claim costs	Average cost per standard claim	\$8,956.00	\$126,152.36	\$130,162.00	\$76,395.00	\$10,777.67

Financial sustainability

Please see 'Financial sustainability' section (page 77).

Part 3: Our environment and community

Environmental sustainability

Biodiversity and natural asset management

We have several meaningful long-term projects and initiatives supporting the natural assets we manage to enhance biodiversity across our region. Our involvement includes provision of access to land, historical data, supporting research on threatened species and partnering with other organisations to achieve landscape-scale outcomes.

In November 2024, annual amphibian surveys at Dutson Downs yielded the highest number of vulnerable Green and Golden Bell-frogs ever recorded at the site. The survey also recorded the first example of a hybrid Growling Grass Frog and Green and Golden Bell Frog (*Litoria raniformis* x *Litoria aurea*) at the site.

Site surveys completed following a successful ecological burn at Dutson Downs in March 2024, observed significant re-establishment of the vulnerable Wellington Mint-bush. Prior to the fire, there were just 12 plants remaining in this population, whereas we have now recorded up to 100 new, healthy seedlings. We continued a partnership with the University of New England and Royal Botanic Gardens Victoria to conduct genetic and ecological research for the species across its surviving range. While this research is yet to be completed, preliminary results have confirmed that the two populations remaining at Dutson Downs are significant for the conservation of the species as a whole.

Detections of two species of deer (Chital and Rusa) near Dutson Downs that had not previously been recorded in the region were reported to us by partner organisations in March 2025. Following this report, we engaged a range of control techniques, minimising the opportunity for new populations of this pest species to establish. Camera monitoring and tissue samples collected from controlled animals have been

sent to researchers at the Arthur Rylah Institute for Environmental Research for analysis. It is intended DNA analyses results will provide information on the size and origin of the animals to assist in planning future control measures and prevent the establishment of the species within Victoria.

We also contributed to the development of the renewed Lake Wellington Pest Management Strategy, the Zoos Victoria Pookila Conservation Breeding Program, and the Ramsar Site Coordinating Committee led by the East Gippsland Catchment Management Authority.

Sustainable water and biosolids reuse

We continued our practice of reusing 100 percent of biosolids produced by our wastewater treatment plants in partnership with Gippsland Regional Organics. Within the past 12 months, 21,373 tonnes of biosolids have been combined with green waste and other organic materials to produce a high-quality compost meeting Australian standards.

Beneficial wastewater reuse summary

We increased the overall volume of wastewater reused in 2024-25 due to dry autumn conditions over much of our region, allowing irrigation to be undertaken over a longer period of time. However, our overall reuse figure has reduced with our Morwell wastewater treatment plant's discharges no longer considered to be reusable. This was due to Department of Energy, Environment and Climate Action reclassifying what they consider to be recycled water. The result of this change is a 13 percent reduction on what would have previously been recognised as reuse.

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)	
		2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Drouin	Irrigation to pasture and sporting / playing field or discharge to Shillinglaw Creek	1,005	1,182	237	85	768	1097
Heyfield	Irrigation to pasture	111	107	111	107	0	0
Maffra	Irrigation to pasture	263	240	264	159	0	81
Mirboo North	Irrigation to pasture and sporting / playing field	52	75	52	75	0	0
Morwell	Discharge to Morwell River Northern Wetlands	646	701	0	701	646	0
Seaspray	Irrigation to pasture	8	13	8	13	0	0
Stratford	Irrigation to pasture	175	57	175	57	0	0
Willow Grove	Irrigation to pasture	10	18	10	18	0	0
Neerim South	Discharge to Red Hill Creek	59	62	0	0	59	62
Rawson	Discharge to Coopers Creek	23	29	0	0	23	29
Warragul	Discharge to Hazel Creek	1,826	2,013	0	0	1,826	2,013
Moe	Discharge to Moe River	2,122	2,469	0	0	2,122	2,469
Sale	Irrigation to pasture and crops	1,098	1,017	1,098	1,017	0	0
Total water available for reuse		7,399	7,983	1,955	2,232	5,444	5,751
% of water available for reuse				26%	28%	74%	72%

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

Sustainable and resilient water services systems

Please see sections 'Customer and community outcomes' (page 11), 'Resilient and liveable cities and towns' (page 18) and 'Managing our water resources' (page 49). For Sustainable Water Strategies, please see section 'Managing our water resources' (page 49).

Total groundwater

The following table outlines the total groundwater data.

Raw water taken (ML)	2024-25	2023-24	2022-23	2021-22
Briagolong	76	72	65	64
Sale	1,865	1,863	1,952	1,808
Dutson	103	94	61	78
Loch Sport	2	2	0	0
Total	2,045	2,031	2,078	1,949

Other statutory obligations

Department of Health compliance obligation (Water Quality)

Our commitment is to provide our customers with safe drinking water. Our water quality risk management system includes a site-specific, risk-based compliance monitoring, sampling and testing program. This is undertaken to meet the Safe Drinking Water Regulations (SDWR) 2015 under section 56 of the *Safe Drinking Water Act (SDWA) 2003* (Vic).

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

During 2024-25, there were two incidents notified to the Department of Health under section 18 or 22 of the SDWA.

- In February 2025, our customers within the Heyfield and Coongulla water supply systems experienced taste and odour issues due to the presence of elevated levels of a naturally occurring Geosmin compound within water treatment return water processing system. Our response included thorough cleaning of the processing system, treatment of the raw water storage to remove Geosmin,

optimisation of the treatment process as well as implementing a flushing program across the reticulation system and increasing water quality monitoring.

- In March 2025, a water quality sample collected at the Warragul water treatment plant returned a Manganese result above the Australian Drinking Water Guideline health-based value of 0.5 mg/L. Previous results and the result from a sample collected immediately after notification were well below the guideline value. The one-off exceedance is believed to be an anomaly caused by a disturbance in the sample manifold that may have caused resuspension of previously settled oxidised manganese particles. Therefore, the test result is not representative of the water quality supplied to customers.

We've made five submissions to the Department of Health under the Fluoride Code of Practice 2019 for an interruption to fluoride dosing. Fluoride dosing was interrupted at the Sale, Maffra and Moe water treatment plants due to either chemical supply issue, or equipment faults necessitating repairs.

In 2024-25, further improvements to our systems were made to ensure our customers' water quality was maintained, including:

- Upgrade and relocation of the Stratford (Avon River) disinfection site

- Replacement of the disinfection site located at Billy's Creek pump station (Jumbuk)
- Detailed integrity inspections of numerous drinking water storages using drone technology
- Purchase and commissioning of new advanced instrumentation at the water treatment plants to optimise treatment processes and replace ageing or redundant equipment
- Planned water reticulation renewals with an annual spend of \$1.2M to improve reliability of pipeline infrastructure and reduce breaks
- Cleaning of the drinking water storage floating covers at Newborough, Tyers, Sale, Morwell (Ridge Reservoir), Traralgon
- Drinking water storage tank maintenance and repairs including:
 - McAdam St tanks 1 & 2 (Maffra)
 - Morwell high level tower
 - Jeeralang North tanks
 - Jumbuk tanks
- Installation of automated flushing devices across the reticulation networks to assist in maintaining water quality
- Replacement of the liner at the Coongulla drinking water storage basin
- Replacement of the drinking water storage liner and cover at the Sale water treatment plant (Basin No. 2)
- Mains cleaning (air scouring) of the Heyfield and Erica reticulation systems

West Gippsland Regional Catchment Strategy and West Gippsland Waterway Strategy

We've been active participants in the review and revision of the West Gippsland Regional Catchment and Waterways Strategies, in partnership with the West Gippsland Catchment Management Authority and other industry partners. Our contribution supported security and protection of potable water supplies in our region through the implementation of these strategies.

Our partnership with Monash and Melbourne universities continued to support catchment-wide research assessing nutrient inputs to the Gippsland Lakes. This collaboration enhanced our understanding of catchment-scale nutrient dynamics and reinforced the importance of integrated catchment management.

We've deepened our partnership with the West Gippsland Catchment Management Authority over the past year, jointly developing a funding proposal under the Gippsland Lakes program to support riparian revegetation across key catchments.

We implemented the Tanjil River riparian revegetation project, establishing almost one kilometre of vegetated buffer directly upstream of the offtake. This work included livestock exclusion fencing and indigenous plantings to stabilise banks and reduce nutrient run-off.

A major overhaul of our catchment sanitary survey methodology and tools has been completed. The updated approach aligns with our Environmental Management System and the Australian Drinking Water Guidelines, incorporating geospatial analysis of land use, topography and soil types to support the critical assessment of risk in our potable water supply catchments.

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	2024-25 \$	2023-24 \$	2022-23 \$	2021-22 \$	2020-21 \$	2019-20 \$
Provision of concessions to pensioners	6,983,713	6,628,481	6,572,684	6,384,618	6,361,899	6,029,345
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme	268,681	271,955	272,950	291,499	278,762	284,503
Utility Relief Grant Scheme* payments	767,435	522,818	410,953	358,363	216,394	414,948
Water concession on life support machines – Haemodialysis #	853	909	751	719	848	670

* 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 focused on listening to our customers and using our complaint data and the quality analytics to identify and implement improvements.

This year we had a reduction in complaints on the previous year of 12 percent. This decline in complaints shows that our proactive approach and customer engagement has been positively received by our customers.

We are committed to resolving our customers' issues in a timely manner. For the reporting period we resolved 93.08 percent of complaints within four business days.

Energy and Water Ombudsman Victoria

This year, the Energy and Water Ombudsman Victoria (EWOV) handled 37 cases on behalf of our customers. These cases consisted of 6 enquiries, 27 referrals and 4 investigations.

Part 4: Our environmental impact

Climate change

Our Climate Change Strategy details priority actions for emissions mitigation and adaptation. The implementation is overseen by stakeholders from across the organisation through our Climate Change Steering Committee.

Several strategy actions focus on the mitigation of Scope 1 emissions. Current priorities included the delivery of our Energy Management Strategy and ongoing development of our Electrify Everything Plan to identify and substitute fossil fuel combustion at our facilities with electric alternatives.

Revision of our Vehicle Fleet Policy resulted in a marked uptake of electric and plug-in hybrid electric options for pool and private use vehicles.

Our fleet includes

6

electric vehicles

34

hybrid vehicles

24%

of our total fleet
now being electric
or hybrid vehicles

a net increase of **26**
low-or-no-emissions vehicles
on the 2022-23 financial year.

We've progressed investigations into low emissions options for goods and vehicles with the intention of establishing targets for the progressive phase-out of internal combustion engines.

From 1 July 2025, 100 percent of our

electricity will be procured from renewable sources in line with the Whole of Victorian

Government Climate Change Pledge and Statement of Obligations (Emissions Reduction) 2022. This represents a significant step towards our 2030 net zero target, reducing our total reportable emissions by approximately two-thirds from 2025-26 onwards.

The mitigation of wastewater treatment emissions remains a long-term goal but presents significant challenges due to the decentralised and diverse nature of systems we operate. However, we are further building our carbon offset portfolio to secure local and high integrity offsets.

Greenhouse gas emissions

Our combined Scope 1 and Scope 2 emissions for the 2024-25 financial year were consistent with our 2023-24 result and total 29,551 tCO₂-e.

A minor year on year increase of 570 tCO₂-e (or 2%) from 2023-24 is attributable to contractors' emissions in successfully delivery of significant projects, namely the harvest of forestry plantations and the expansion of the Gippsland Regional Organics facility. We also reported an increase in emissions associated consumption of grid-sourced electricity, due to an increase in total electricity usage and reduced on-site renewable generation.

Despite this modest year-on-year increase, this is the second consecutive year we have bettered our 2024-25 commitment of 32,080 tCO₂-e. This is a significant milestone on the path to our 2030 and a reflection of the organisation-wide efforts to reduce our carbon footprint since the commitment was established in 2018.

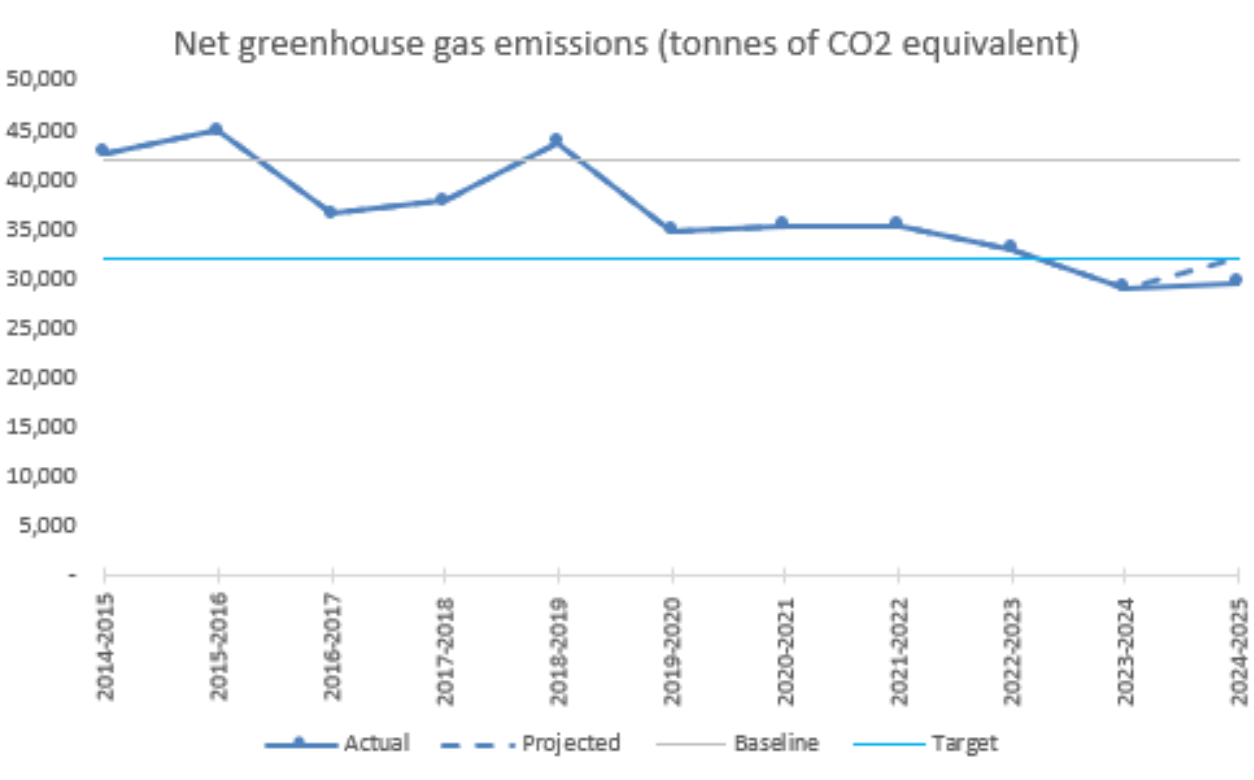
We now shift focus to delivering on our 2030 net zero commitment, which we are striving to

achieve through planned emissions reduction and carbon offsetting initiatives. We have established downward trends in emissions related to fuel combustion at our facilities and our vehicle fleet, which we expect to continue as we progress the transition to more efficient

and lower-emissions technologies. Our 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 illustrates our greenhouse gas emission trends relative to our projected, baseline, and committed target under the Statement of Obligations (Emissions Reduction) 2022.



The following table outlines greenhouse gas emissions results. We did not retire any eligible Carbon offset units to reduce scope 1 emissions.

Performance Indicator	2023-24 Total Scope 1 and 2 emissions	Emissions in tonnes CO ₂ -e 2024-25 result			Variance %
		Scope 1* emissions	Scope 2** emissions	Total emissions	
Water treatment and supply	6,660 (was 6,716)	6	7,234	7,240	9%
Sewerage collection, treatment and recycling	18,773	5,860	11,726	17,569	-6%
Transport	1,226	1,122	32	1,154	-6%
Other (e.g. offices, depots, etc)	2,322	2,855	715	3,570	54%
Total net emissions (a)	28,981	9,844	19,707	29,532	2%
Carbon offsets (self-generated) retired (b)	0	0	0	0	0
NET EMISSIONS (a-b)	28,981 (was 29,037)*	9,844	19,707	29,551	2%

*Metering and manual data entry errors were present in our 2023-24 total electricity consumption for our sewerage treatment and self-sourced activities and have now been corrected.

Scope 1 emissions

Scope 1 emissions are direct greenhouse gas emissions from sources owned or controlled by our organisation, such as fuel combustion in vehicles, plant or equipment.

The following table provides a full breakdown of scope 1 emissions by greenhouse gas. Our direct emissions consist of methane and nitrous oxide generated through wastewater treatment and carbon dioxide produced by fuel combustion.

Service Delivery Category	Scope 1 Emissions by greenhouse gas (source greenhouse gas reported in t CO ₂ -e)			
	Carbon dioxide (CO ₂)	Methane (CH ₄)	Nitrous oxide (N ₂ O)	Other
	t CO ₂ -e	t CO ₂ -e	t CO ₂ -e	t CO ₂ -e
Water treatment and supply	6	0	0	0
Sewerage collection, treatment and recycling	69	4,117	1,674	0
Transport	1,115	0	7	0
Other (offices, depots, etc)	2,838	2	15	0
Total	4,028	4,120	1,696	0

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

Scope 2 emissions

Scope 2 emissions are indirect greenhouse gas emissions from the generation of purchased electricity we consume.

These emissions for 2024-25 were 19,707 tCO₂-e, representing a 1.7 percent increase on 2023-24. This was due to an increase in our grid-sourced electricity consumption of 4.3 percent. Our increased grid usage reflects both an increase in our total electricity usage and a reduction in self-sourced renewable electricity consumption.

Further detail regarding the sources and end uses of electricity are provided in the following sections.

Overall electricity consumption

Environmental factors like the weather has increased our electricity consumption by 1.9 percent, driven by increased demand in our water supply systems which is only partially offset by reduction in demand in our wastewater treatment systems.

Sewerage collection, treatment, and recycling remains our largest electricity demand, representing approximately two thirds of our total consumption.

Most of our electricity is purchased directly through a retailer, complemented by on-site solar, hydroelectric and biogas generation across several facilities.

This is the first year we have reported the consumption of electricity not directly purchased but sourced from outside the organisation, representing the charging of our electric and hybrid fleet vehicles at external sites.

The following table summarises our total electricity consumption segmented by service delivery category.

Service delivery category	2024-25 Total Electricity Consumption (MWh)	2023-24 Total Electricity Consumption (MWh)
Water treatment and supply	9,944	8,908 (was 8,980)*
Sewerage collection, treatment, and recycling	18,645	19,256 (was 18,596)*
Other (office, workshops, depots etc)	1,227	1,080
Total (by service delivery category)	29,816	29,244 (was 28,656)*

**Metering and manual data entry errors were present in our 2023-24 total electricity consumption for our sewerage treatment and self-sourced activities and have now been corrected.*

The following table outlines electricity consumed by source

Electricity source	2024-25 Total Electricity Consumption (MWh)	2023-24 Total Electricity Consumption (MWh)
Purchased directly through an electricity retailer	25,590	24,532 (was 24,603)*
Not directly purchased but sourced from outside the organisation	4	-
Corporation led/self-sourced activities and initiatives	4,222	4,712 (was 4,053)*
Total (by service delivery category)	29,816	29,244 (was 28,656)*

*Metering and manual data entry errors were present in our 2023-24 total electricity consumption for our sewerage treatment and self-sourced activities and have now been corrected.

Renewable electricity generation and consumption

The following tables detail our renewable electricity consumption.

Renewable electricity consumption categories	2023-24 renewable electricity consumption (MWh)	2024-25 renewable electricity consumption (MWh)	2024-25 renewable electricity consumption (% of total consumption)	Variance (%) between current and previous year
Total renewable electricity consumption from grid-sourced electricity Corporation reported because of the Commonwealth Government's Large-scale Renewable Energy Target.				
Total grid-sourced: Mandatory	4,592	4,656	15.6%	1.4%
Total renewable electricity consumption from Corporation led/self-sourced activities and initiatives				
Biogas	616 (was 618)*	167	0.6%	-72.9%
Hydroelectric	886 (was 228)*	467	1.6%	-47.3%
Solar	3,210 (was 4,053)*	3,407	11.4%	6.1%
Wind	0	0	0.0%	0.0%
Other renewable	0	0	0.0%	0.0%
Total renewable electricity consumption)	9,304	8,696	29.2%	-6.5%

*Metering and manual data entry errors were present in our 2023-24 total electricity consumption for our sewerage treatment and self-sourced activities and have now been corrected.

Renewable electricity source	2024-25 Total on-site renewable electricity generation capacity (MW)	2024-25 Total on-site renewable electricity generated (MWh)			2024-25 Total generated (By source)
		Consumed on-site	Exported	Other purposes	
Biogas	0.660	166.7	0.4	0.0	167.1
Hydroelectric	0.385	466.6	4.2	0.0	470.7
Solar	2.675	3,407.0	319.4	0.0	3,726.4
Wind	0.000	0.0	0.0	0.0	0.0
Other renewable	0.000	0.0	0.0	0.0	0.0
Total (renewable)	3.720	4,040.3	324.0	0.0	4,364.2

Other electricity generation and consumption

The following table outlines our non-renewable electricity generation capacity and annual output.

Non-renewable electricity source	2024-25 Total on-site non-renewable electricity generation capacity (MW)	2024-25 Total on-site electricity generated (MWh)			2024-25 Total generated (by source)
		Consumed on-site	Exported	Other purposes	
Diesel	6.1	181.8	58.6	0.0	240.5
Total (non-renewable)	6.1	181.8	58.6	0.0	240.5

Energy consumption

Electricity represents most of our energy consumption, with approximately 29 percent sourced from renewable generation. This will increase to 100 percent from 1 July 2025 in line with the whole-of-Victorian Government emissions reduction pledge.

Biogas recovered from the anaerobic reactors at our Gippsland Water Factory for the cogeneration of electricity and process heat is our sole renewable fuel source.

Diesel fuel consumption continued to be our largest stationary emissions source, with the identification of electrification opportunities for diesel-driven processes constituting a core element of our future emissions reduction efforts.

The following tables outline total energy usage from fuels and electricity segregated by energy source

Total energy usage	Renewable (in GJ)	Non-renewable (in GJ)	TOTAL (in GJ)
From fuels	2,867	58,453	61,320
From electricity	31,307	76,030	107,336
Total	34,174	134,483	168,657

Total stationary fuel use in buildings and machinery

Fuel type	Total stationary fuel use (buildings and machinery)	
	Energy Content (GJ)	GHG emissions (t CO ₂ -e)
Fossil gas	1,566	81
Biogas	2,867	18
Diesel	39,976	2,811
LPG	189	11
Petrol	402	27
Other	255	3
Total	45,254	2,952

The following table details total energy usage intensity by service delivery category. This is the first year we have reported these intensity indicators.

Service delivery category	Intensity metric	Indicator value	Total energy usage (fuels and electricity) in GJ	Energy usage (GJ) per indicator unit
Water treatment and supply	GJ/ML sourced	61,649.10 ML	35,888.72	0.58
Sewage collection, treatment, and recycling	GJ/ML treated	24,434.03 ML	70,979.59	2.90
Other (e.g. offices, depots, etc.)	GJ/FTE	369.47 FTE	61,788.48	167.24

Vehicle fleet energy consumption and emissions

Our fleet emissions remained relatively steady year-on-year, despite an 18 percent increase in reported kilometres travelled. The improved efficiency of our fleet was primarily attributable to our strategic procurement of Battery Electric Vehicles (BEVs) and Plug-in Hybrid Electric Vehicles (PHEVs), replacing traditional petrol and diesel Internal Combustion Engine (ICE) vehicles.

As we continue to transition from fossil-fuelled vehicles to PHEV and BEV alternatives, electricity consumption for fleet charging is expected to rise. Vehicle electrification provides the dual benefit of reducing both the fuel costs and operating emissions of our fleet.

Transportation vehicle category	Transportation vehicle engine/fuel type							
	Petrol	Diesel	LPG	Petrol Hybrid	Diesel Hybrid	Battery Electric (BEV)	Petrol Plug-in Hybrid (PHEV)	Diesel Plug-in Hybrid (PHEV)
Passenger vehicles	2	3	0	1	0	4	38	0
Goods vehicles	0	120	0	0	0	0	0	0
Category Total (Number)	2	123	0	1	0	4	38	0

The following table summarises total energy use and greenhouse gas emissions of transportation vehicles segmented by engine/fuel type and vehicle category.

Transportation vehicle category	Petrol	Diesel	Electricity - Gippsland Water sites*	Electricity - External sites	Total energy use (GJ)	Scope 1 emissions (t CO ₂ -e)	Scope 2 emissions (t CO ₂ -e)	Total emissions (t CO ₂ -e)
Passenger vehicles	2,431	564	135	14	3144	204	32	236
Goods vehicles	0	12,980	0	0	12980	914	0	914
Total energy use (GJ)	2,431	13,543	135	14				
Total emissions (t CO₂-e)	164	954	29	3				

*All on site-charging conservatively assumed to be powered by grid-sourced electricity.

Scope 3 emissions

Scope 3 emissions are all other indirect greenhouse gas emissions that occur in our value chain, including flights undertaken by our employees. Our indirect emissions attributable to commercial domestic and international flights taken by our employees decreased by 85 percent from 9.6 tCO₂-e in 2023-24 to 1.5 tCO₂-e in 2024-25. This decrease is a result of lower passenger kilometres travelled as there were no international flights occurring in the past year.

Climate adaptation

Further and deeper integration of climate risk assessment and adaptation into our operations and strategic decision making was an ongoing process underpinned by specific actions within our Climate Change Strategy 2024.

We continued to engage with the Victorian Government and water sector to assimilate the latest climate science and approaches to ensure that adaptive solutions were fit for purpose. We worked to continue minimising impacts on existing infrastructure, addressing future capacity constraints, protect natural resources and cultural values in our care from the effects of climate change.

A recent example of targeted capital investment to enhance climate resilience was the enhancement of our backup electrical generation capacity at treatment facilities. Permanent generators have been installed at critical sites at risk of long-duration supply interruptions attributable to more frequent and severe storm events across our service region.

We conducted a Climate Threat Assessment to better understand and adapt our operations and assets to the impacts of climate change. It also identified critical assets vulnerable to climate-driven hazards including rainfall intensification, bushfire, and soil movement. We are now working to prioritise future capital upgrades to increase the resilience of service delivery in our most vulnerable networks.

Part 5: Supporting our local economy

Major customer consumption

The following table outlines the number of customers who consume more than 50ML annually.

Volumetric range – ML per year	No. of customers
Equal to or greater than 50ML and less than 100ML	2
Equal to or greater than 100ML and less than 200ML	2
Equal to or greater than 200ML and less than 300ML	0
Equal to or greater than 300ML and less than 400ML	2
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	2
Greater than 1,000ML	2
Total no. of customers	10

Major customers and their participation in water efficiency programs

Customer	Participation in water efficiency programs (Y/N)	Water Management Plan Developed (Y/N)
AGL Loy Yang Pty Ltd (Traralgon)	Yes	Yes
Alinta Loy Yang B (Traralgon)	Yes	Yes
Opal Paper Australia Pty Ltd (Maryvale)	No response from the customer for 2025.	
Energy Australia Yallourn Pty Ltd	Yes	No
ENGIE Australia (Hazelwood) *Ceased operations	No	No
Darnum Park Dairy - Fonterra	Yes	No
GEO Group (Fulham)	Yes	Yes
Bega – Dairy and Drinks Pty Ltd (Morwell)	No	No
PureHarvest (Drouin)	Yes	Yes
Department of Defence (Sale)	Yes	No

Major customer impacts

Our major customers are of state and national significance, including the state's largest industrial water consumers and wastewater producers. We remain in a period of major transition and in coming years it's anticipated more of our major customers may close or reduce their level of activity. Our long-term planning is informed by known and anticipated changes to industry across our service area. We continued to engage closely with these businesses, and state and local Government stakeholders, to manage the impacts of traditional natural resource-based sectors transitioning out or reducing operations.

We've already invested in additional resourcing to help plan for and offset forecast revenue fluctuation by proactively pursuing and establishing new services to existing major customers, attracting new customers, and enabling investment in our region. We'll continue to explore new industries and businesses who are looking to establish themselves in the region.

While major customers are critically important to our region and our business, it's important that fees and charges are fairly attributed across our entire customer population. During 2024-25 we commenced negotiations on expiring contracts so that they can better reflect the commercial cost of the service we deliver to our major customers as per our customer mandate.

Social procurement strategy

Our approach to procurement encompasses a drive to grow the local industries and associated businesses, and to support social initiatives within the communities we serve. We draw from the Victorian Government's Social Procurement Framework, our known and expected procurement needs and our informed understanding of the communities we operate within and support. In doing so, we aim to incorporate social and sustainable outcomes through our planned procurements.

Through our Social Procurement Strategy we incorporate social value as a criterion into our market approaches, targeting key objectives such as procurement from Aboriginal businesses, promoting environmentally sustainable outputs and practices, supporting gender equality and safety for women, local jobs growth, facilitating opportunities for disadvantaged Victorians and promoting the economic sustainability of our region.

Our social procurement agenda also includes a focus on climate change, ensuring that we contribute positively to our environment to preserve it for generations to come. We're committed to working collaboratively with our partners and stakeholders to forge new opportunities, to innovate and to achieve sustainable, long-term benefit for our shared community.

Social Procurement achievements

During 2024-25, we:

- Through indirect social procurement continued two contracts where the mainstream suppliers:
 - engaged Gunaikurnai Land and Waters Aboriginal Corporation in the delivery of carbon offset plantings. In addition, the above objectives are represented in the way this supplier welcomes applications from job seekers from these diverse groups.
 - Met their target of employing Disadvantaged Victorians, Victorian Aboriginal People, Victorian people with a disability and engaging Victorian Social Enterprises and Australian Disability Enterprises
- Purchased custom limited release corporate workwear from Yilay valued at \$19,600
- Engaged Gunaikurnai Land and Waters Aboriginal Corporation for various services valued to \$50,350



During 2024-25, we also implemented the following initiatives to support our Social Procurement Strategy which included:

- Providing training and education on our Social Procurement Framework with the Contracts and Procurement team.
- Imbedding of the Social Procurement Framework into updated Procurement Policies and Strategies.

Local Jobs First projects 2024-25

Throughout 2024-25 we commenced or continued to progress 21 contracts that align with the provisions of the Local Jobs First Act 2003. The combined value over the life of the respective contracts amounts to over \$110 million supporting many local small and medium enterprises.

Strategic projects

No projects exceeded the \$50 million budget threshold, and no projects designated as strategic by the Minister for Water were started or completed during the financial year 2024-25.

Major Project Skills Guarantee

There were no Major Project Skills Guarantee projects in progress or undertaken during 2024-25.

Standard projects

Throughout the financial year 2024-25, we have commenced or continued to progress 22 standard projects. With over \$110 million stemming from these contracts over their respective lifecycles, a powerful stimulus is provided to our local economy, supporting job creation and enhancing the competitive capacity of our communities.

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): - Environmental program implemented. - Metering program not required as no diversions are taking place.
CGRWA - Blue Rock ²	Tanjil River	20,000	3,819 (7,874)	- Location and volume of water taken pursuant to clause 10: None. - Implementation of programs under sub-clause 12.3 (Metering): Implemented. - The Bulk Entitlement for Blue Rock is extracted from 3 points. 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): 2024-25 Total = 5641 ML; 3 yr rolling avg.: = 1912.3 ML. - Specified point B - Tanjil River Pump Station: 2024-25 Total = 2,233.0 ML; 3 yr rolling avg.: = 1,906.6 ML. - Specified point C - Latrobe River Pump Station: 2024-25 Total = 0.0 ML; 3 yr rolling avg.: = 0.0 ML.
Erica-Rawson	Trigger Creek	340	76	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): - Environmental program implemented. - Metering program implemented.
Greater Yarra System – Thomson River Pool	Tarago Reservoir	3,330	551	- Carryover at 1 July 2024 = 2,616.4 ML. - Net carryover at 1 July 2025 = 3,509.8 ML. - Approval, amendment and implementation of metering program: Approved.
Mirboo North	Little Morwell River (North Arm)	270	208	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): - Environmental program implemented. - Metering program implemented.

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	2,269	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): - Environmental program implemented. - Metering program implemented. Applications under clause 8 (Making Allowances): Nil.
Moondarra ³	Tyers River	62,000	45,993 (43,309)	Diversion at Tyers River pump station for 2024-25 = 0.0 ML. Approval, amendment and implementation of programs under clauses 12 (Environmental Program) & 13 (Metering Program): - Environmental program implemented. - Metering program implemented.
Noojee ⁴	Deep Creek / Loch River	73	0	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): - Environmental program implemented. - Metering program not required as no diversions are taking place.
Seaspray	Merriman Creek	133	35	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): - Environmental program implemented. - Metering program implemented.
Tarago	Tarago River	4,825	4,198	Approval, amendment and implementation of programs under clauses 11 (Environmental Program) & 13 (Metering Program): - Environmental program implemented. - Metering program implemented. - Pederson Weir/Westernport Pipeline diversions 2024-25: 3,979.1 ML of 4,070 ML entitlement. - Labertouche Creek diversions 2024-25: 0 ML of 480 ML entitlement. - Tarago Reservoir (Neerim Sth) diversions 2024-25: 218.9 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	1,082	- 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: 778.8 ML. - Extraction at Thomson River at Heyfield: 302.9 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: 1/7/2024 - 30/6/2025: 100% allocation.
Thorpdale ⁵	Easterbrook Creek	80	0	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): - Environmental program implemented. - Metering no longer required from September 2015 as supply not being used.

¹Boolarra Bulk Entitlement not currently used

²Bulk Entitlement volume calculated as three year rolling average (figure in brackets is volume for 2024-25)

³Bulk Entitlement volume calculated as two year rolling average (figure in brackets is volume for 2024-25)

⁴Noojee Bulk Entitlement not currently used

⁵Thorpdale Bulk Entitlement not currently used

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 2024-25 a total of 150 ML was transferred.
Temporary or permanent transfers of licences or entitlements to authority	Nil
Amendments to bulk entitlements and licences	Nil
New bulk entitlements and licences	Nil
Failure by authority to comply with provisions of bulk entitlements	Nil
Difficulties experienced in complying with entitlement and remedial actions	Nil

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 2024-25	L/person/day 2023-24	L/person/day 2022-23	L/person/day 2021-22	L/person/day 2020-21
July	200	193	201	192	207
August	152	142	147	147	153
September	172	171	170	173	185
October	130	144	136	140	150
November	220	213	211	197	216
December	145	143	132	158	170
January	210	175	186	191	215
February	212	174	191	185	220
March	267	232	243	249	240
April	222	200	196	197	208
May	198	200	191	186	200
June	153	168	167	155	171
Annual Average	190	180	181	181	197

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	379	50.2	23	3.1	0.0	0.0	21.6	74.9	65.9	14%
Erica-Rawson	319	40.1	46	13.0	0.0	0.0	18.0	71.1	64.9	9%
Heyfield – Coongulla	1,406	178.6	113	53.2	0.0	0.8	63.5	296.1	256.1	16%
Maffra	3,660	572.9	317	75.7	12.3	4.9	83.7	749.5	915.7	-18%
Mirboo North	776	115.5	86	30.9	0.0	0.0	57.3	203.7	176.4	15%
Moe¹	12,412	1,819.5	978	356.9	1,404.6	17.1	852.0	4,450.1	4,279.2	4%
Moondarra²	27,580	4,719.9	2,547	841.7	40,428.6	2.0	2886.7	48,878.9	46,206.4	6%
Neerim South	815	166.7	65	30.4	0.0	0.0	17.5	214.5	194.5	10%
Sale	7,636	1,155.3	909	282.4	192.5	9.5	201.0	1,840.7	1,830.6	1%
Seaspray	373	21.0	10	5.9	0.0	0.0	2.8	29.7	33.4	-11%
Warragul³	17,453	2,739.7	1,333	475.1	476.2	149.0	570.1	4,410.1	4,085.5	8%
Willow Grove	184	40.1	12	2.7	0.0	0.5	26.1	69.4	50.0	39%
Total	72,993	11,619.4	6,439	2,171.0	42,514.2	183.8	4,800.4	61,288.7	58,158.6	5%

¹ Supplies Moe, Newborough, Trafalgar, Yarragon, Darnum, Yallourn, Yallourn North, and Thorpdale (carting).

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

³ Supplies Buln Buln, Drouin, Nilma, Rokeby, Warragul.

⁴ Number of assessments includes both connected and non-connected customers.

⁵ Includes untreated water supplied to major customers from the Moondarra system.

⁶ Treated water only.

⁷ Includes raw water losses in the Moondarra System.

Essential Services Commission (ESC) non-revenue water summary

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

Non-revenue water (ML) total	2,379.5
Infrastructure Leakage Index (ILI)	1.24
Real water losses (kL/connection/day)	0.079
Real water losses (kL/km/day)	3.2
Result:	13.9%

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).

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	100.2	Agriculture
	0.0	Recreation
Heyfield	110.7	Agriculture
Maffra	263.4	Agriculture
Maryvale	0.0	Industry
Mirboo North	8.9	Agriculture
	43.6	Recreation
Morwell	646.0	Wetlands Irrigation
Sale	1098.4	Agriculture
Seaspray	8.3	Agriculture
Stratford	174.8	Agriculture
Willow Grove	9.8	Agriculture
Total	2464.1	

Our drought response

The past 12 months were very different to the preceding four years, with drought emerging across parts of Gippsland. This was most notable in south and west Gippsland, while the east of our region experienced closer to average conditions. Warmer and drier weather during summer and into early autumn also led to increased demand across our water systems. We were fortunate to start the year with good storage levels and allocations but as the year progressed we saw storage levels and streamflows in some of our systems decline to levels not seen since the last period of particularly dry conditions around 2018 and 2019.

The most significant impacts of the dry conditions were observed in the Tarago River, Narracan Creek and Little Morwell River, servicing towns from Drouin to Moe and south to Mirboo North. Supply to these towns remained secure, with back up supplies from our share of Blue Rock

Reservoir and our 2023 investment in a Melbourne system water entitlement playing a crucial role in maintaining reliability. We also made the largest transfer of water from Blue Rock Reservoir to Moondarra Reservoir since 2016 to ensure ongoing supply to Latrobe Valley households, businesses and major industry.

Overall, our water systems proved resilient to the testing conditions, with no need to put in place any measures from our Drought Response Plan, a testament to our ongoing investment in reliable water resources and infrastructure.

Corporate water consumption

During 2024-25 our water consumption at the Traralgon head office at 55 Hazelwood Road was 2,010kL.

Corporate Water	Total full-time equivalent (FTE) employees	Office space (m²)	Water consumption (kL)	kL/FTE	Water consumption by office space (kL/m²)
2024-25	261.68	3,335	2,010*	7.68	0.60
2023-24	235.66	3,335	2,440	10.35	0.73
2022-23	254.00	3,335	2,161	8.51	0.65
2021-22	226.00	3,335	1,231#	5.45	0.37

* Two RPZD backflow prevention devices were replaced in July 2024 to rectify the devices identified as leaking in the previous year.
Consumption impacted by work from home model during pandemic period.

Part 7: Governance

Our Board

Tom Mollenkopf, AO (Chair)

B Juris, LL.B, MBA,
FAICD



Appointed October 2023
Current term expires
September 2027

Tom Mollenkopf is an experienced Chair and Non-Executive Director with an extensive governance, corporate strategy and legal background. Over recent years he has advised government, NGO and private sector clients in Australia and globally. He is passionate about sound evidence-based decision making, and the role of informed and respectful conversations in good policy.

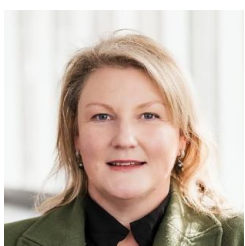
Tom's professional background is in law, first in private legal practice, then as corporate counsel - including Head of Legal at Australian Airlines (until its merger with Qantas) - before undertaking a series of executive and CEO roles in the water and environment sector. He was CEO of the Peter Cullen Water and Environment Trust until 2021, and between 2007 and 2013 was CEO of the Australian Water Association.

He is a Board Member (and Immediate Past President) of the International Water Association, Member of the Victorian Sustainability Fund Committee, Board Director of Peninsula Leisure, and Adjunct/Professional Associate at the University of Canberra.

In January 2023, Tom was made an Officer in the Order of Australia (AO) for his distinguished service to business, particularly through the essential services industry, and to the community.

Sarah Cumming (Managing Director)

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



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

Sarah has extensive experience in successfully leading transformational change and implementing large scale technology solutions across multiple tiers of government. Her expertise is in governance, strategic leadership, complex problem solving, business transformation and creating enabling cultures to drive sustainable futures.

An experienced litigation lawyer and business leader, Sarah also holds a Director role and is former President of the Institute of Water Administration (IWA), is an Executive of the Intelligent Water Networks (IWN), and is an Independent Trustee of a private charitable trust.

Sarah lives in Gippsland and is passionate about driving change that will build a sustainable future for her region, and State.

Sarah has a Bachelor of Arts (ANU), Bachelor of Law (Honours) (ANU), and a Master of Business Administration (Executive) (Mt Eliza/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 Kennedy School of Government.

Jo Benvenuti

HDipTeach (Secondary),
GDipPubPolicy



Appointed October 2015.
Current term expires
September 2025.

Jo has extensive experience in energy and water policy.

She has particular expertise in consumer interests and stakeholder engagement, having worked with many vulnerable communities and their representative agencies, government, regulators and industry, across many roles, including as the previous Chair of the Consumers' Federation of Australia.

As Executive Officer of the Consumer Utilities Advocacy Centre, Jo led research including an examination of how utilities could better assist those experiencing family violence. This important report led to five recommendations being put to and adopted by the Royal Commission into Family Violence and subsequently rolled out as regulatory protections across the water and energy industries.

Jo has a deep understanding of legislation, regulation, and corporate governance with experience across various roles including at the Office of the Regulator-General (now Essential Services Commission) and seven years as second-in-charge to the Energy and Water Ombudsman (Victoria).

She has recently chaired two energy related panels advising the Victorian government and in May 2024 was appointed as a non-executive director to the State Electricity Commission's independent Board.

Christopher Badger

BEng, CPIEA, GADP
(LBS UK), LC&OR
(Stanford USA), FAICD
and 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 Dulverton Waste Management Group and Gippsland Ports, and formerly NED with Gippsland Waste and Resource Recovery Group, 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 Audit and Risk Committee, and previously Chair of South Gippsland Shire Council A&RC, and member East Gippsland Shire Council's A&RC.

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



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 boards of Bendigo Kangan Institute and VicTrack. She has worked as a corporate lawyer and is a graduate of the Australian Institute of Company Directors.

Appointed October 2019.
Current term expires
September 2027.

Felix Ohle

Bec, BBA, GAICD



Felix has over 25 years experience working in commercial, strategic and operational roles across Europe, the US and Australia where he gained deep experience in strategy development and delivery. With a strong background in the petrochemical industry, working for organisations such as BP and Shell, Felix spent many years developing and managing infrastructure and assets.

During his time leading large scale operational businesses in high-risk environments, Felix's passion has been in safety and delivering step changes in performance through culture change.

Felix is currently the Integrated Business Planning Manager for FUCHS Australasia, the largest global independent lubricants manufacturer and marketer. He is also the President of the German Saturday School in Melbourne.

Felix has an Executive Education from Melbourne Business School, and a Bachelor in Economics and Business Administration from the Academy of Economics, Hamburg, Germany. He is also a graduate from the Australian Institute of Company Directors.

Appointed October 2021.
Current term expires
September 2025.

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, GAICD



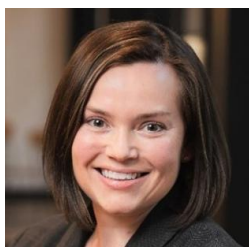
Appointed October 2021.
Current term expires
September 2025.

Shara has an extensive background in industrial relations and law and is the Chief of Staff to the National Secretary at the United Workers Union. She also currently serves as a Non-Executive Director on the Board of the Victorian Interpreting and Translation Services (VITS) LanguageLoop.

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

Jenny Selway

GAICD, EMBA, FIEAust
CPEng, GCCCPol, BEng
(Civil and
Environmental)(Hons),
BSc



Appointed October 2023
Current term expires
September 2027

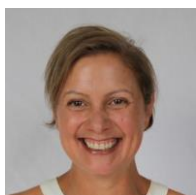
Jenny has over 20 years' experience as an Engineer and Non-Executive Director, and a passion for decarbonisation and the energy transition. Jenny is currently the CEO of HILT CRC, a Co-Operative Research Centre that brings industry, universities and government organisations together to identify and de-risk decarbonisation pathways for Heavy Industry. Prior to this, Jenny worked across the energy industry at AEMO, the Australian Energy Market Operator where she focused on increasing renewable penetration in the Victorian transmission network, and at ExxonMobil, specialising in international joint venture and asset management.

Formerly a NED of HILT CRC before taking on the CEO role, Jenny was previously an Alternate State Director at Agribio, a \$288M Agricultural research facility and joint venture between the Victorian State Government and Latrobe University.

Originally graduating from the University of Adelaide with a Bachelor of Engineering (Hons) & Bachelor of Science, Jenny is a graduate of the Australian Institute of Company Directors (AICD), a Fellow of the Engineers Australia, and has completed an Executive MBA from Melbourne Business School and postgraduate studies into Climate Change Policy at the Australian National University.

Katie Wyatt (From 1 October 2023)

BCom, GAICD



Appointed October 2023
Current term expires
September 2027

Katie brings over two decades of leadership and business expertise across diverse sectors, championing the role of business as a force for social change. Her career spans technical, strategic, and multi-sector domains, with a focus on people and organizational development that drives sustainable growth and meaningful performance.

A proud Noongar Yamatje woman from Whadjuk Noongar Country, Katie lives and works on Wurundjeri Country (Naarm), where she continues to advocate for culturally grounded leadership and inclusive workplaces. Her lived experience and professional insight uniquely position her to lead transformative change in corporate culture.

As Global Head of Diversity, Equity & Inclusion at BHP, Katie leads the integration of inclusive practices across global operations, ensuring that every site fosters a culture where people feel seen, heard, and valued.

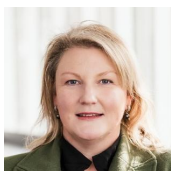
Beyond her executive role, Katie serves as a Director on the boards of Supply Nation and Aboriginal Hostels Limited (AHL), and actively mentors emerging board directors from diverse backgrounds—building the next generation of inclusive leadership.

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

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

Chris is passionate for the management and leadership of the organisation's operational areas from catchment to environment from 30 years' experience in both the private and public sector extending across the water, power and technical services, environmental and public health fields.



Chris is responsible for all operational service delivery from bulk water and waste transfer systems, water and wastewater treatment, potable water distribution, sewer reticulation, service contract and operational capital delivery, environment and healthy country to ensure reliable, efficient and effective outcomes for our customers, community, and the environment.

His commitment and passion to safety, innovation, and employee development fosters positive experiences for our customers and community.

Michael Crane, General Manager People and Customer

B.Bus, MAICD



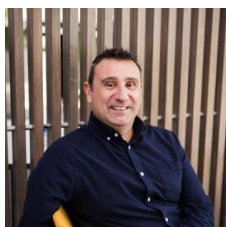
Michael is a seasoned leader with a passion for enhancing the employee and customer experience. He is responsible for organisational development, safety, customer service and communications and engagement. With a diverse background spanning leadership roles in public and private sectors, Michael has a proven track record of delivering transformational change and inspiring performance.

Renowned for his ability to transform organisational culture, Michael fosters a positive and constructive culture that promotes collaboration, accountability, and innovation – inspiring teams to embrace change and work together towards a shared vision. He is passionate about developing capability and empowering leaders to reach their full potential. He places the highest priority on safety, recognising that all injuries can be prevented and fostering a culture of safety in the workplace.

Michael champions a customer-centric approach to enterprise leadership, which builds and maintains customer trust through transparent communication, meaningful engagement, genuine customer care and responsiveness to customer feedback.

Simon Aquilina, General Manager Commercial Business

(MAICD), 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 streams. The focus is to achieve the required safety, financial, business and environmental outcomes, whilst enhancing the customer experiences, meeting their product expectations, and enabling and supporting regional growth.

Simon has a broad background with experience in both the private and public sector, which has focused on product quality, operational efficiency, economic viability and customer satisfaction. His experiences range from the power industry, laboratory, chemical manufacture, and for the past 16 years, in the water industry.

Nic Moss, General Manager Assets

B.Eng. (with Honours)
(Mechanical)



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. Nic has experiences 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.

Leanne Williams, Chief Financial Officer (from 5 May 2025)

CA, B.B.Com
(Accounting), GAICD



Leanne leads the Finance, Corporate Services, Technology and Strategy teams, focusing on empowerment and a human-centred culture to enable people to thrive.

Leanne is an experienced C-Suite Executive, Non-Executive Director and Chartered Accountant. Prior to joining Gippsland Water, Leanne was the CEO of a for-purpose charity and led its significant transformation. This included transitioning from a statutory body of Local Government to a not-for-profit, undertaking a significant merger, system transformation, growth strategy and being named as one of Australia's Best Places to Work in 2024.

Leanne has over 20 years' experience in finance including as an Auditor in private sector and Finance Manager within Local Government. Leanne is an experienced Audit and Risk Committee Chairperson and has been a Non-Executive Director for over 12 years.

Leanne was named in the Victorian Top 50 Public Sector Women in 2019, was the winner of a national Public Leader Award in 2020 and was a semi-finalist in Leadership Innovation for the Regional Victoria Community Achievement Awards in 2021. Leanne is a Graduate of the Institute of Company Directors (AICD) and a Graduate of Melbourne Business School's Leading Transformational Change.

Executives who served during the year

Wilco Seinen, Chief Financial Officer (until 2 April 2025)

MSc (Business Administration), EMFC, CPA



Wilco is responsible for financial sustainability, corporate governance, procurement, risk management and legal and economic regulatory compliance.

His 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.

Tanya O'Shea, Chief Technology and Strategy Officer (8 July 2024 until 11 June 2025)

Phd, MPolSci, LLB, App Sci.



Tanya led our Business Transformation department, which included Technology and Corporate Strategy and Planning.

She previously led the Victorian Government's digital services division as Director of Strategy and Portfolio Delivery, Enterprise, as well as digital and regulatory departments of Health, Justice, Transport, and held senior roles at EPA Victoria.

Safety, Health and Environment Committee

Our Safety, Health and Environment Committee assists the Board to discharge its responsibilities in Occupational Health and Safety, Public Health (drinking water quality, wastewater treatment plant compliance with EPA licence objectives), and Environment (environmental and sustainability aspects and compliance).

This year, the Safety, Health and Environment Committee met three times, and its members were:

- Felix Ohle (Chair)
- Jo Benvenuti
- Shara Teo – from 1 July 2024 to 5 December 2024
- Katie Wyatt
- Katrina Lai – from 6 December 2024 to 30 June 2025

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)
- Tom Mollenkopf AO
- Christopher Badger
- Jenny Selway - from 1 July 2024 to 5 December 2024
- Shara Teo - from 6 December 2024 to 30 June 2025

People and Culture Committee

The role of the People and Culture 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
- Diversity and Inclusion and Gender equality
- Aboriginal engagement portfolio, and
- Emerging issues and opportunities.

This year, the People and Culture Committee met twice and its members were:

- Penelope Hutchinson (Chair)
- Tom Mollenkopf AO
- Jo Benvenuti
- Shara Teo
- Katie Wyatt

Infrastructure and Assets Committee

The Infrastructure and Assets Committee oversees, 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:

- Christopher Badger (Chair) – Appointed as Chair from 6 December 2024 to 30 June 2025
- Penelope Hutchinson – Former Chair from 1 July 2024 to 5 December 2024
- Katrina Lai – from 1 July 2024 to 5 December 2024
- Felix Ohle
- Jenny Selway

Director attendance at Board and Committee meetings

	Board Meetings ¹		Safety Health and Environment Committee		Audit and Risk Committee ²		People and Culture Committee		Infrastructure and Assets Committee	
Director	Eligible*	Attendance	Eligible*	Attendance	Eligible*	Attendance	Eligible*	Attendance	Eligible*	Attendance
Tom Mollenkopf	7	7	0	1	5	5	2	2	0	3
Christopher Badger	7	7	0	0	5	5	0	0	3	3
Jo Benvenuti	7	7	3	2	0	1	2	2	0	0
Sarah Cumming	7	7	0	3	0	5	0	2	0	3
Penelope Hutchinson	7	7	0	0	0	1	2	2	3	3
Katrina Lai	7	7	1	1	5	5	0	0	1	1
Felix Ohle	7	7	3	3	0	1	0	0	3	3
Jenny Selway	7	7	0	0	3	3	0	0	3	3
Shara Teo	7	6	2	2	2	2	2	2	0	0
Katie Wyatt	7	5	3	2	0	1	2	2	0	0

	Board Meetings ¹		Safety Health and Environment Committee		Audit and Risk Committee ²		People and Culture Committee		Infrastructure and Assets Committee	
Aboriginal Delegate	Invited	Attendance	Invited	Attendance	Invited	Attendance	Invited	Attendance	Invited	Attendance
Glenn Pellegrin	0	6	0	0	0	1	0	0	0	1
Laurie Marks	0	0	0	3	0	0	0	0	0	1

¹ Includes special meeting held in January 2025

² Includes special meeting held in October 2024

* Eligible to vote

Consultant services

In 2024-25, there were 27 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2024-25 in relation to these consultancies was \$2,201,178.96 (excl. GST). In 2024-25, there were 37 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2024-25 in relation to these consultancies was \$105,899.99 (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 2024-45	Future Expenditure
DXC TECHNOLOGY AUSTRALIA PTY LIMITED	Enterprise system technology upgrade	1/07/2024	30/06/2025	661.93	661.93	-
ARINCO (VIC) PTY LTD	Internet of Things central implementation	1/07/2024	30/06/2025	235.68	235.68	-
RUSSELL KENNEDY SOLICITORS - (TRUST ACCOUNT)	ESP sampling and ocean outfall Carian program	1/07/2024	30/06/2025	204.45	204.45	-
THE SOCO PTY LTD	Intranet Upgrade - Discovery and design	1/07/2024	30/06/2025	149.24	149.24	-
UTILITIES REGULATION ADVISORY	Sustainable investment and major customer pricing model	1/07/2024	30/06/2025	137.88	137.88	-
BUSINESS ASPECT GROUP PTY LTD	Cyber Security Framework project	1/07/2024	30/06/2025	98.00	98.00	-
GHD PTY LTD	Gippsland Regional Organics anaerobic digester, cogeneration, feasibility and consultancy	1/07/2024	30/06/2025	76.14	76.14	-
ENVIRONMENTAL RESOURCES MANAGEMENT AUSTRALIA PTY LTD	Permitting & Environmental Due Diligence report	1/07/2024	30/06/2025	72.98	72.98	-
CDM SMITH AUSTRALIA PTY LTD	Environmental monitoring and investigations	1/07/2024	30/06/2025	63.53	63.53	-
MIKE RITCHIE AND ASSOCIATES PTY LTD	Gippsland Regional Organics state of the market assessment	1/07/2024	30/06/2025	54.36	54.36	-
INFOR GLOBAL SOLUTIONS	Customer application project	1/07/2024	30/06/2025	48.46	48.46	-
KPMG	Cyber Security Framework operationalisation and engagement	1/07/2024	30/06/2025	41.12	41.12	-
RSM BIRD CAMERON	Tax Consultants	1/07/2024	30/06/2025	40.55	40.55	-

Consultant	Purpose of Consultancy	Start Date	End Date	\$ thousand		
				Total Approved	Expenditure 2024-45	Future Expenditure
THE TRUSTEE FOR ASTER ADVISORY TRUST T/A ASTER ADVISORY PTY LTD	Corporate Enterprise System Project	1/07/2024	30/06/2025	39.79	39.79	-
SAPERRE RESEARCH GROUP LIMITED	Raw water pricing consultancy	1/07/2024	30/06/2025	37.06	37.06	-
ETHEL STREET PTY LTD	Procurement policy and framework development project	1/07/2024	30/06/2025	34.85	34.85	-
MEMBRANE WORKS PTY LTD	Site survey and industrial ultrafiltration membrane autopsy	1/07/2024	30/06/2025	26.60	26.60	-
WORLEY CONSULTING (FORMERLY ADVISIAN PTY LTD)	Lithium Tracer expenses and disbursements	1/07/2024	30/06/2025	23.58	23.58	-
DUPONT MEMCOR (AUSTRALIA) PTY	Gippsland Water Factory membrane support and audit	1/07/2024	30/06/2025	23.20	23.20	-
WATER SERVICES ASSOCIATION OF AUSTRALIA	Water Services Association of Australia TOTEX benchmarking	1/07/2024	30/06/2025	21.50	21.50	-
MOTT MACDONALD AUSTRALIA PTY LTD	Gippsland Water Factory hydrogen sulfide risk assessment	1/07/2024	30/06/2025	21.00	21.00	-
IXOM OPERATIONS PTY LTD	Chemical installation assessment	1/07/2024	30/06/2025	20.99	20.99	-
EMPOWER ANALYTICS PTY LTD	Business Data analytics	1/07/2024	30/06/2025	20.00	20.00	-
AITHER PTY LTD	Water access and supply security model and business review	1/07/2024	30/06/2025	14.16	14.16	-
CONVERGE INTERNATIONAL PTY LTD	Employee Assistance Program	1/07/2024	30/06/2025	12.64	12.64	-
INSCON PTY. LIMITED	Insurance Consultants	1/07/2024	30/06/2025	11.26	11.26	-
INDEPENDENT FORESTER PTY LTD	Appraisal of tree crop value	1/07/2024	30/06/2025	10.24	10.24	-

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

Reviews and Studies expenditure

In 2024-25, there were three reviews and studies undertaken which were not commercially sensitive with the total cost of \$133,700. Details of individual reviews and studies are outlined in the table below.

\$ thousand						
Name of the review-	Reasons for review/study	Terms of reference/scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	Publicly Available (Y/N)
Gippsland Water AMAF Attestation	Compliance with standing directions	Complete audit against Asset Management Accountability Framework	More informed decision making on asset management activities	45.5	45.5	N
Gippsland Water Rawson AMP Capacity Assessment	To meet future demand and growth	Update capacity assessment for Rawson Wastewater Treatment Plant Asset Management Plan	More informed decision making of future asset investments	5.2	5.2	N
Modelling support for Yallourn, Moondarra and Seaspray	To meet future demand and growth water requirements	Investigate bulk water entitlement to meet future requirements	Secure bulk water entitlement	83.0	83.0	N

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
2024-25	10.6	4.1	2.6	1.5
2023-24	13.8	0.1	0.0	0.1
2022-23	10.1	0.0	0.0	0.0
2021-22	9.3	0.0	0.0	0.0

Note: BAU = Business as usual.

Disclosure of major contracts

No contracts were executed that met the major projects benchmark threshold of \$10 million or more, as identified in Financial Reporting Direction 12.

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 we insourced several roles and the separated the maintenance works into three distinct market tested contracts. These contracts were outsourced in 2023 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 an initial three years plus two options for additional one extension (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 incorporate social employment, economic and environmental government objectives, whilst maintaining service outcomes and safety.

Disclosure of Emergency Procurement

In the reporting period there were no incidents with emergency procurement beyond the disclosure threshold.

Disclosure of Procurement Complaints

During the reporting period we didn't receive any formal complaints through our procurement complaints management system.

Government advertising expenditure

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

Freedom of Information Act 1982 (Vic)

The *Freedom of Information Act 1982 (Vic)* allows the public a right of access to documents held by our organisation. This comprises documents both created by or supplied to our organisation by an external organisation or individual, and may 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

Further information about the type of material produced by our organisation is available on our website under our Part II Information Statement.

FOI requests are made in writing, with a request form available for download from our website. A request can be sent via email to: foi@gippswater.com.au or mailed to us at:

Freedom of Information Officer
Gippsland Water
55 Hazelwood Road
Traralgon VIC 3844

When making an FOI request, applicants should ensure requests are in writing, clearly identify what types of material/documents are being sought and be accompanied by the application fee to be a valid request. An application fee of \$33.60 applies (as of 1 July 2025), although the fee may be waived with proof of hardship.

If an applicant is not satisfied by a decision made by us, under section 49A of the Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

During 2024-25, Gippsland Water:

- Received four requests to access documents from members of the general public, three of which were valid.
- The first valid request decision was made within the statutory time period, and it
 - granted access to five documents in full and 10 documents in part.
 - denied access to 235 documents in full.
- The second valid request decision was made within the statutory time period, and it

- denied access to the one document in full
- The statutory time period for the third valid request had not passed before the end of financial year.
- No requests were subject to a complaint/internal review by OVIC or progressed to the Victorian Civil and Administrative Tribunal (VCAT).

Further information regarding the operation and scope of FOI can be found at the OVIC website <https://ovic.vic.gov.au/>.

Public Interest Disclosure Act 2012

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

Our organisation does not tolerate improper conduct (including corrupt conduct) by employees, nor the taking of reprisals against those who come forward to disclose such conduct. We are committed to ensuring transparency and accountability in our administrative and management practices and we support the making of disclosures that reveal corrupt conduct such as the taking or offering of bribes, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to the health and safety of a person or to the environment.

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 an 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. You can access our procedure on our website: [Public Interest Disclosure | Gippsland Water](#)

Disclosures may be made directly to the Independent Broad-based Anti-corruption Commission:
Online form:
<https://www.ibac.vic.gov.au/complaint-form-downloads>
Mail: GPO Box 24234 Melbourne VIC 3001
Phone: 1300 735 135
Internet: www.ibac.vic.gov.au

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) established the Victorian Public Sector Commission (VPSC). The VPSC's role is to strengthen public sector efficiency, effectiveness and capability, and advocate for public sector professionalism and integrity.

Our organisation has policies and practices that are consistent with the VPSC's employment standards which provide for fair treatment, career opportunities and the early resolution of workplace issues. We have advised our employees on how to avoid conflicts of interest, how to respond to offers of gifts and how we deal with misconduct.

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.

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 of completion of declarations of pecuniary interests 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 and time lost through industrial accidents and disputes within Gippsland Water.
- A list of our major committees, 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

Danny McDonald, Executive Manager Corporate Affairs, Governance & Risk – England – 2-4 June 2025.

The Managing Director approved for the Executive Manager Corporate Affairs, Governance & Risk to study Integrating Risk into Strategic Decision-Making at the Cambridge Judge Business School in the UK from 2-4 June. Course costs and accommodation while studying were paid for by the organisation and flights were paid for by the employee.

Asset Management Accountability Framework (AMAF) maturity assessment

Maturity assessment

An independent review of our compliance with the Asset Management Accountability Framework and progress in implementing the 2020 – 2025 asset management strategy was undertaken this year.

We have satisfactorily met the attestation requirements of the Asset Management Accountability Framework for the Victoria Public Sector. Overall, conformance has been met with all mandatory requirements. We continue to make progress with the improvement actions from our Asset

Management Strategy and are working towards aspirational maturity targets which go beyond conformance with mandatory requirements.

Our target maturity rating for 2025 is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Leadership and accountability (requirements 1 - 19)

We have met our target maturity level for all requirements in this category.

Planning (requirements 20 - 23)

We have met our target maturity level for all requirements in this category.

Acquisition (requirements 24 and 25)

We have met our target maturity level for all requirements in this category.

Operation (requirements 26 - 40)

We have met our target maturity level for all requirements in this category.

Disposal (requirement 41)

We have met our target maturity level in this category.

Part 8: Year in review

Financial overview

Summary of Financial Results	2024-25 \$'M	2023-24 \$'M	2022-23 \$'M	2021-22 \$'M	2020-21 \$'M
Service Charges	100.4	96.1	91.3	87.0	86.6
Usage Charges	49.7	46.5	44.4	41.4	40.0
Developer Contributions	24.5	10.9	13.7	11.7	18.5
Other Revenue	23.8	18.3	15.6	17.5	15.6
Total Revenue	198.5	171.8	165.0	157.6	160.7
Operations, Maintenance & Administration	109.7	99.4	88.4	85.0	82.8
Depreciation Expenses	66.8	64.7	55.1	52.2	47.4
Environmental Contribution	6.9	6.0	6.0	6.0	6.0
Finance Expenses	14.9	13.5	11.9	11.6	12.0
Total Expenditure	198.4	183.5	161.4	154.8	148.3
Net gain/(loss) on disposal of non-financial assets	(2.2)	(3.5)	(0.7)	(1.9)	(1.3)
Net Result Before Tax	(2.1)	(15.3)	2.9	1.0	11.1
Current Assets	44.8	40.0	46.7	43.0	38.8
Non-Current Assets	1,754.3	1,747.8	1,745.6	1,548.4	1,542.4
Total Assets	1,799.1	1,787.9	1,792.4	1,591.4	1,581.2
Current Liabilities	94.1	53.7	47.9	39.2	47.9
Non-Current Liabilities	574.6	601.6	607.7	555.7	536.3
Total Liabilities	668.7	655.3	655.6	594.4	584.1
Net assets	1,130.4	1,132.3	1,136.8	997.0	997.1
Net Cash Flow from Operations	53.2	50.7	43.7	43.7	40.3
Payments for Capital Works	69.5	56.1	45.0	45.0	55.7

Financial indicators

Key Performance Indicator	2024-25 Result	2023-24 Result	2022-23 Result	2021-22 Result	2020-21 Result
Cash Interest Cover (Times)	4.70	4.93	5.48	4.75	4.37
Gearing Ratio	19.97%	18.93%	18.38%	20.70%	20.59%
Internal Financing Ratio	75.25%	75.32%	100.27%	97.00%	72.26%
Current Ratio	53.23%	74.53%	98.00%	110%	92.00%
Return on Assets	0.69%	(0.07%)	0.90%	0.91%	1.57%
Return on Equity	(0.13%)	(0.94%)	0.19%	0.07%	0.85%
EBITDA Margin	41.50%	38.38%	42.61%	42.26%	43.89%

Total residential bill

YEAR	AVERAGE CONSUMPTION		200KL CONSUMPTION	
	Total bill	Customer bill	Total bill	Customer bill
2024-25	\$1,461.28	\$1,461.28	\$1,549.04	\$1,549.04
2023-24	\$1,419.12	\$1,419.12	\$1,497.80	\$1,497.80
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

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

Discussion of key results for the financial year

The loss before tax was \$2.1 million for the 12 months ending 30 June 2025; a \$13.2 million increase compared to the net result of the last financial year. This is attributed to an increase in developer contributions of \$13.6 million during the year.

Total revenue has increased by \$26.7 million to \$198.5 million in comparison to last financial year. Service Charges have increased by \$4.3 million and Usage Charges have increased by \$3.1 million, this was due to increased customer numbers and increased water volumes used across major clients. There has been a \$5.5 million increase in Other Revenue and an increase of \$13.6 million in revenue from Developer Contributions.

Expenditure for the year is \$198.4 million, an increase of \$14.9 million compared to the prior financial year. The increase in expenditure is caused by an increase in Depreciation of \$2.9 million and in Operations, Maintenance and Administration of \$9.5 million. Within Operations, Maintenance and Administration all subcategories showed increased expenditure. Direct operating costs increased by \$2.2 million, Employee Benefits increased by \$5.1 million with further increases totaling \$2.1 million across repairs and maintenance and other expenses.

Total assets for 2024-25 was \$1,799.1 million, a \$11.2 million increase from 2023-24. This was due to a \$4.7 million increase in current assets, including a \$5.3 million increase in Cash and deposits. An increase in non-current assets of \$6.5 million was due to an \$18.4 million increase in wastewater infrastructure that has offset the \$10.5 million decrease in net deferred tax assets.

Infrastructure, property, plant and equipment had a closing balance of \$1,720.1 million, including \$68.8 million of Capital works in progress. The movement of Infrastructure, property, plant and equipment included \$22.3 million of additions to water and wastewater infrastructure, additions of capital works in progress and developer contributed assets of \$65.3 million; offset by \$68.8 million decrease which is a combination accumulated depreciation and disposal of assets.

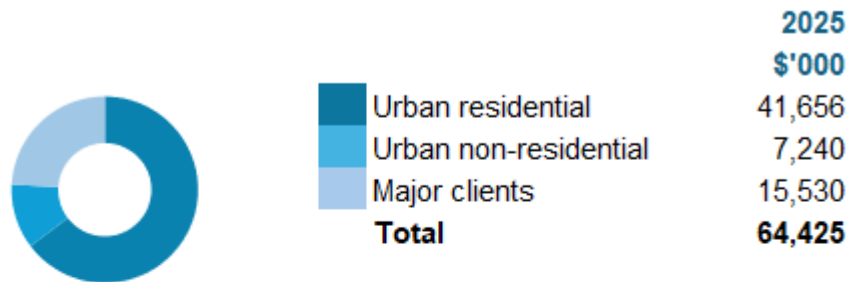
Capital works in progress opening balance was \$59.3 million, 2024-25 additional expenditure was \$65.3 million and capitalisations of \$55.8 million, resulting in Capital works in progress having a closing balance of \$68.8 million.

Total liabilities at 30 June 2025 were \$668.7 million. A \$21 million increase in Interest bearing liabilities was partially offset by a \$11.2 million decrease in Net deferred tax liabilities. Trade and other payables increased by \$0.4 million and other provisions have seen an increase of \$3.8 million.

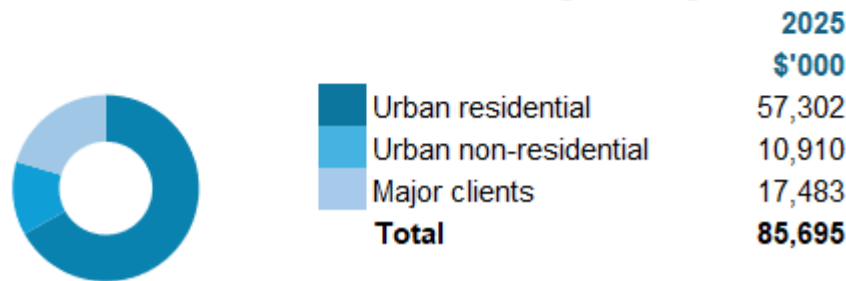
Net cashflows from operations increased by \$2.5 million to \$53.2 million for the year ending 30 June 2025. Total receipts increased by \$19.1 million with increases in Revenue from contracts with customers of \$5.6 million and \$11.8 million across all other revenue. Total payments increased by \$2.5 million, payments to suppliers increased by \$12.6 million, payments to employees increased by \$1.1 million and interest and other finance costs increased by \$2.7 million. These increases in total payments have been offset by the increase in total receipts.

Financial Performance and Business Indicators as at 30 June 2025

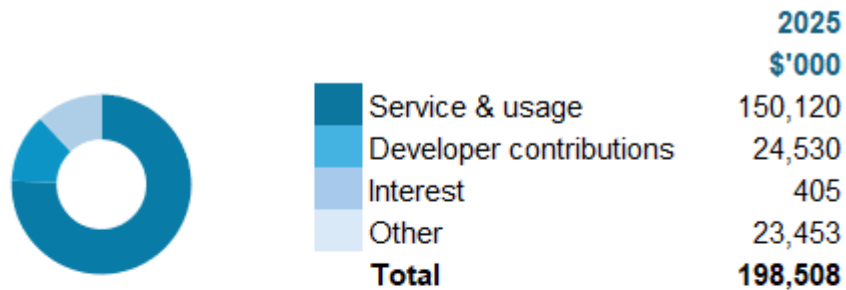
Water income from service & usage charges



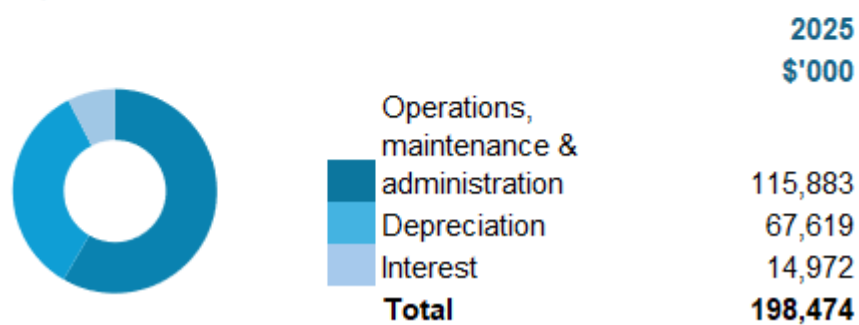
Wastewater income from service & usage charges



Total income from all sources

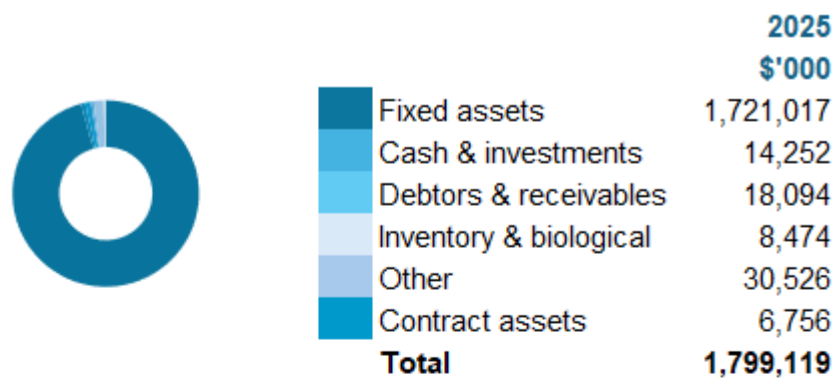


Total expenses

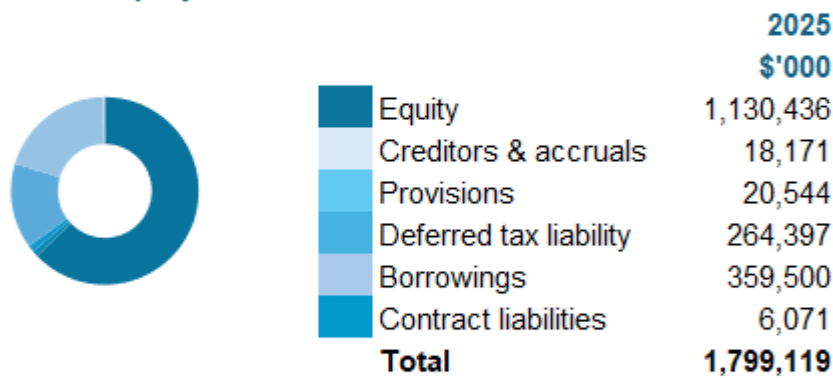


Financial Performance and Business Indicators as at 30 June 2025

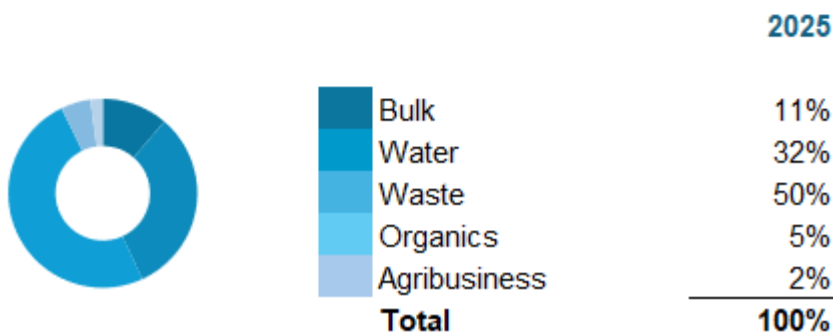
Total assets



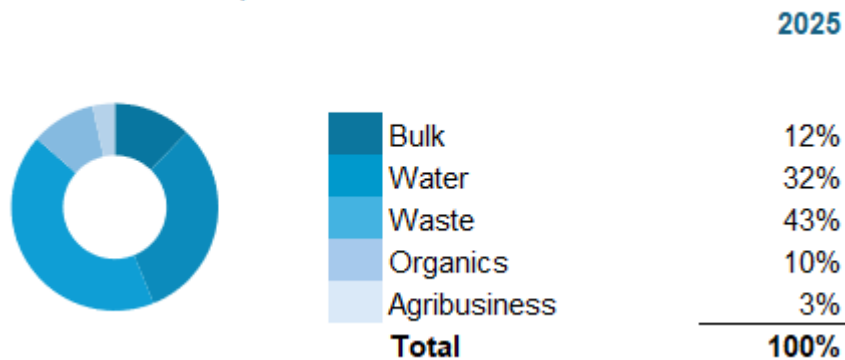
Liabilities & equity



Business stream revenue



Business stream expenses



Part 9: Performance Report

Financial performance and business indicators as at 30 June 2025

Financial Performance Indicators

KPI Number	Key Performance Indicator	2023-24 Result	2024-25 Result	2024-25 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	4.93	4.70	4.43	-4.71%		6.04%	
F2	Gearing Ratio Total Debt (including finance leases) / total assets * 100	18.93%	19.97%	20.10%	5.49%		-0.65%	
F3	Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure * 100	75.32%	75.25%	69.90%	-0.09%		7.65%	
F4	Current Ratio Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	74.53%	53.23%	91.40%	-24.55%	1a	-38.48%	1b
F5	Return on Assets Earnings before net interest and tax / average assets * 100	-0.07%	0.69%	0.72%	1091.05%	2a	-3.65%	
F6	Return on Equity Net profit after tax / average total equity * 100	-0.94%	-0.13%	-0.16%	86.03%	3a	17.91%	3b
F7	EBITDA Margin Earnings Before Interest, Tax, Depreciation and Amortisation / total revenue * 100	38.38%	41.50%	41.90%	8.14%		-0.94%	

Notes

- 1a The current ratio is unfavourable to the prior year due to a larger percentage of our borrowings being treated as a current liability in the current financial year to take advantage of favourable short term interest rates
- 1b The current ratio is unfavourable to target due to a larger percentage of our borrowings being treated as a current liability in the current financial year to take advantage of favourable short term interest rates
- 2a Return on assets is favourable to the prior year due to higher earnings before net interest and tax compared with the previous financial year this is attributable to increased government grants and developer contributions
- 3a Return on equity is favourable to the prior year due to a reduction in the overall loss for the current financial year this reduction is attributable to increased government grants and developer contributions
- 3b Return on equity is favourable to the target due to a reduction in the overall loss for the current financial year this reduction is attributable to increase government grants and developer contributions

Water and Sewerage Service Performance Indicators

KPI Number	Key Performance Indicator	2023-24 Result	2024-25 Result	2024-25 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	243	231	240	-4.94		-3.75%	
REW 5	Unplanned water supply interruptions Percentage of customers receiving more than 5 unplanned interruptions in the year	0.48%	0.00%	0.00%	-100.00%	4a	0.00%	
RES 1	Sewer Blockages Number of sewer blockages reported per 100 kilometres of sewer main	8.43	6.21	13.01	-26.33%	5a	-52.27%	5b
RES 6	Sewer spills Number of sewer spills reported per 100 kilometres of sewer main	4.65	3.46	3.47	-25.59%	6a	-0.29%	
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	99.00%	100.00%	98.00%	1.01%		2.04%	

Notes

- 4a Unplanned water supply interruptions is favourable to the prior year due to there being no customers with more than 5 unplanned interruptions during the current year
- 5a Sewer blockages is favourable to prior year as there has been a reduction in the number of sewer blockages linked to the drier weather conditions in the current financial year.
- 5b Sewer blockages is favourable to target and can be attributed to our sewer maintenance cleaning and relining program
- 6a Less sewer spills than prior year due to drier conditions in the current year

Customer responsiveness performance indicators

KPI Number	Key Performance Indicator	2023-24 Result	2024-25 Result	2024-25 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CR1	Typical household bill – Owner (i)	1498	1549	n/a	3.41%			
	Typical household bill – Tenant (i)	464	481	n/a	3.56%			
CRS4	Customers responsiveness - Water quality (No.) No. of complaints per 100 customers	0.37	0.27	0.24	-27.03%	7a	12.50%	7b
CRS7	Customers responsiveness - Number of payment issue complaints (No.) No. of complaints per 100 customers	0.06	0.08	.25	33.33%	8a	-68.00%	8b
CRS3	Customer responsiveness - Total Complaints (No.) No. of complaints per 100 customers	0.75	0.66	1.00	-12.00%	9a	-34.00	9b
UPP 1	Water bills - customers on flexible payment plans (No.) No. of customers with instalment plans	8170	8332	n/a	1.98%			
UPP 6	Water bills - customers awarded hardship grants (No.) No. of customers awarded hardship grants	346	667	n/a	92.77%	10a		

Notes

- 7a Customer responsiveness regarding water quality has decreased compared with the prior year despite there being three main events relating to water quality which were two instances of resuspended accumulated sediments and one instance of bacteria being present
- 7b Customer responsiveness regarding water quality is unfavourable compared with the target and can be attributed to three main events relating to two instances of resuspended accumulated sediments and one instance of bacteria being present
- 8a Unfavourable as there was a higher number of customer complaints relating to payments compared with the prior year due to customers experiencing higher cost of living pressures and we have recommenced debt recovery actions.
- 8b Customer complaints are favourable to the target as there has been less customer complaints regarding payment issues compared to the target
- 9a Customer responsiveness – total complaints is favourable to prior year as there has been less customer complaints as there were a high level of complaints in the prior year particularly regarding water quality issues.
- 9b Customer responsiveness – total complaints is favourable to the target as there has been increased customer engagement through initiatives to support customers and provide financial assistance.
- 10a Favourable to prior year as there has been more customers which have been awarded hardship grants to assist with their water bills

Environmental performance indicators

KPI Number	Key Performance Indicator	2023-24 Result	2024-25 Result	2024-25 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	29.01%	26.00%	25.00%	-10.4%	11a	4.0%	

Notes

11a Unfavourable to prior year due to the removal of the Morwell wastewater treatment plant from our reuse calculations due to a change in government policy

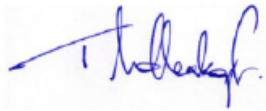
Central Gippsland Region Water Corporation

Certification of Performance Report for 2024-25

We certify that the accompanying Performance Report of Central Gippsland Region Water Corporation in respect of the 2024-25 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 2024-25 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.



Tom Mollenkopf
Board Chair
Central Gippsland Region Water Corporation



Sarah Cumming
Managing Director
Central Gippsland Region Water Corporation



Leanne Williams
Chief Financial Officer
Central Gippsland Region Water Corporation

Dated: 19 September 2025

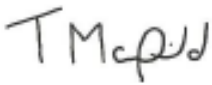
Independent Auditor's Report

To the Board of Central Gippsland Region Water Corporation

Opinion	I have audited the performance report of Central Gippsland Region Water Corporation (the corporation) for the year ended 30 June 2025, which comprises the: • financial performance indicators • water and sewerage service performance indicators • customer responsiveness performance indicators • environmental performance indicator • notes to the performance report • certification of the performance report for 2024-25. In my opinion, the performance report of corporation for the year ended 30 June 2025 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.
Basis for opinion	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. 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 <i>APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</i> (the Code) that are relevant to my audit of the performance report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the performance report	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.

Auditor's responsibilities for the audit of the performance report	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 aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report. As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control • evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying events and results in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
--	--

MELBOURNE
24 September 2025


Timothy Maxfield
as delegate for the Auditor-General of Victoria

Part 10: Financial performance report

Financial report for the year ended 30 June 2025

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Central Gippsland Regional Water Corporation
Comprehensive operating statement for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	198,101	171,285
Total revenue and income from transactions		198,101	171,285
Expenses from transactions			
Employee benefits	3.1.1	47,775	42,700
Direct operating expenses	3.2	31,049	28,889
Depreciation	4.1.1	66,810	64,091
Amortisation	4.2	809	628
Environmental contribution		6,957	5,953
Repairs and maintenance	3.3	19,393	18,261
Other operating expenses	3.4	10,708	9,554
Total expenses from transactions		183,501	170,076
Finance income		405	509
Finance expense		(14,971)	(13,469)
Net finance costs	3.5	(14,566)	(12,960)
Net result from transactions (net operating balance)		34	(11,751)
Other economic flows included in net result			
Net gain/(loss) on disposal of non-current non-financial assets	4.1.6	(2,154)	(3,540)
Total other economic flow included in net result		(2,154)	(3,540)
Net result before income tax		(2,120)	(15,291)
Income tax expense	8.1.1	(634)	(4,587)
Net result		(1,486)	(10,704)
Other economic flows - other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation reserve		-	8,745
Deferred tax relating to components of other comprehensive income	8.1.1	-	(2,548)
Total other economic flows - other comprehensive income		-	6,197
Comprehensive result		(1,486)	(4,507)

The accompanying notes form part of these financial statements.

Central Gippsland Regional Water Corporation

Balance sheet as at 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Assets			
Current assets			
Cash and deposits	6.2	13,252	7,944
Receivables	5.1	17,531	17,773
Contract assets	5.2	6,756	6,976
Inventories	5.5	4,259	4,140
Biological assets	5.8	1,550	1,530
Other financial assets		(1)	4
Other non-financial assets	5.6	1,449	1,666
Total current assets		44,796	40,033
Non-current assets			
Receivables	5.1	563	608
Other financial assets		1,000	1,000
Infrastructure, property, plant and equipment	4.1.1	1,720,157	1,702,412
Biological assets	5.8	2,666	2,985
Intangibles	4.2	17,952	18,273
Net deferred tax assets	8.1.2	11,985	22,582
Total non-current assets		1,754,323	1,747,860
Total assets		1,799,119	1,787,893
Liabilities			
Current liabilities			
Trade and other payables	5.3	18,170	18,196
Contract liabilities	5.4	6,071	6,703
Employee expense provision	3.1.2	9,266	9,377
Other provisions	5.7	1,096	937
Interest bearing liabilities	6.1	59,500	18,500
Total current liabilities		94,103	53,713
Non-current liabilities			
Employee expense provision	3.1.2	1,121	1,151
Other provisions	5.7	9,062	5,085
Interest bearing liabilities	6.1	300,000	320,000
Net deferred tax liabilities	8.1.2	264,397	275,629
Total non-current liabilities		574,580	601,865
Total liabilities		668,683	655,578
Net assets		1,130,436	1,132,315
Equity			
Contributed capital		255,578	255,971
Physical asset revaluation reserve		554,547	554,547
Accumulated surplus / deficit		320,311	321,797
Total equity		1,130,436	1,132,315

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation

Cash flow statement for the year ended 30 June 2025

	Notes	2025 \$'000	2024 \$'000
Cash flows from operating activities			
Receipts			
Revenue from contracts with customers		152,178	146,511
Interest received		405	509
Developer contribution fees		2,474	808
Goods and Services Tax received from the ATO		11,895	5,764
Other customer receipts		23,478	17,774
Total receipts		190,430	171,366
Payments			
Payments to suppliers		(69,318)	(56,668)
Payments to employees		(44,796)	(43,632)
Interest and other cost of finance paid		(14,802)	(13,491)
Goods and Services Tax paid to the ATO		(1,323)	(904)
Environmental contribution levy paid		(6,957)	(5,953)
Total payments		(137,196)	(120,648)
Net cash flows from/(used in) operating activities		53,234	50,718
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(69,558)	(56,068)
Proceeds from sale of infrastructure, property, plant & equipment	4.1.6	914	850
Proceeds/payments from/of intangible assets	4.2	110	(11,361)
Net cash flows from/(used in) investing activities		(68,534)	(66,579)
Cash flows from financing activities			
Proceeds from borrowings		21,000	9,000
Capital Contributions by owners		500	-
Equity Transfers to other Government Agencies		(892)	-
Net cash flows from/(used in) financing activities		20,608	9,000
Net increase/(decrease) in cash and deposits		5,308	(6,861)
Cash and deposits at the beginning of the financial year		7,944	14,805
Cash and deposits at the end of the financial year	6.2	13,252	7,944

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 2025

	Notes	Contribute d capital \$'000	Physical asset revaluation reserve \$'000	Accumulated surplus / (deficit) \$'000	Total equity \$'000
Balance at 1 July 2023		255,971	548,350	332,501	1,136,822
Net result for the year		-	-	(10,704)	(10,704)
Other comprehensive income		-	6,197	-	6,197
Total comprehensive income		-	6,197	(10,704)	(4,507)
Balance at 30 June 2024		255,971	554,547	321,797	1,132,315
Balance at 1 July 2024		255,971	554,547	321,797	1,132,315
Net result for the year		-	-	(1,486)	(1,486)
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	(1,486)	(1,486)
Transactions with the State in its capacity as owner:					
Equity Transfer to Other Government Agencies		(893)	-	-	(893)
Capital Contributions by owners		500	-	-	500
Balance at 30 June 2025		255,578	554,547	320,311	1,130,436

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 2025

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 Pty Ltd
Bankers	Westpac Banking Corporation
Internal Auditors	Aster Advisory 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 19 September 2023.

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2025

Note 1 ABOUT THIS REPORT

Basis of preparation

These financial statements are Tier 2 general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

Gippsland Water is a Tier 2 entity in accordance with FRD 101. These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. Gippsland Water's prior year financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards (Tier 1). As Gippsland Water is not a 'significant entity' as defined in FRD 101, it was required to change from Tier 1 to Tier 2 reporting effective from 1 July 2024.

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements.

The accrual basis of accounting has been applied in preparing 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.

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of Gippsland Water.

Capital grants which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of distributions to, or contributions by owners, have also been designated as contributions by owners.

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 recognised 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 (AASs) that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover Gippsland Water as an individual reporting entity and include all the controlled activities of Gippsland Water. There is no entity consolidated into Gippsland Water.

All amounts in the financial statements have been rounded to the nearest \$1,000 unless otherwise stated.



Compliance Information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies selected and applied in these financial statements ensure 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.

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2025

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 77,415 households and businesses as well as wastewater services to 69,975 households and businesses, across 43 towns servicing an estimated population base of 165,704. 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.

While most of our activities are regulated water and waste services, 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 prescribed and non-prescribed Waste charges (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.

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2.1 Revenue from contracts with customers

The Corporation derives revenue from the transfer of goods and/or services in the following revenue streams.

	Notes	2025 \$'000	2024 \$'000
Revenue from service, usage and trade waste charges	2.1.1	150,110	142,624
Developer contributions	2.1.2	24,513	10,881
Other revenue	2.1.3	23,478	17,780
Total revenue from contracts with customers		198,101	171,285

2.1.1 Revenue from service, usage and trade waste charges

	2025 \$'000	2024 \$'000
<i>Service charges</i>		
Water	24,912	23,861
Wastewater	75,046	71,921
Trade waste	473	346
Total service charges	100,431	96,128

<i>Usage charges</i>		
Water	40,946	37,956
Wastewater	8,733	8,540
Total usage charges	49,679	46,496

Total revenue from service and usage charges	150,110	142,624
---	----------------	----------------

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
Water, Wastewater & Trade waste service charges	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 (significant judgement). 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
Water and Wastewater 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 (significant estimate). This is calculated by determining the level of billable service provided multiplied by the cost of each service.	Revenue is recognised over time as service is provided.

At balance date, any portion of service charges that is billed in advance and the performance obligation is not satisfied, is recognised as contract liabilities (refer Note 5.2). The charges for fully satisfied performance obligations that are unbilled at year end that are estimated, and contract assets are recognised (refer Note 5.1).

2.1.2 Developer contributions

	2025 \$'000	2024 \$'000
Developer contributed assets ⁽ⁱ⁾	22,084	10,121
Assets funded by developers and contributions received	362	760
New customer contributions	2,067	-
Total developer contributions	24,513	10,881

Notes:

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

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	Developer contributed assets arise when developers pay for the cost of construction of new infrastructure assets and subsequently transfer these assets to the Corporation to maintain in perpetuity. Depending on the type of developer application, this can result in the performance obligation being satisfied: - 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. Revenue is recognised at fair value and is based on the costs provided by the developer with additions for consultants.	Revenue is recognised at a point in time.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
New customer contributions	New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property and connect to the Corporation's water supply and sewerage infrastructure network. The charges contribute towards the cost of augmenting the Corporation's water supply distribution systems and sewerage disposal systems. Revenue is recognised at the point in time when the Corporation satisfies its performance obligation. This will vary depending on the type of application submitted by the customer. As a result, a performance obligation can be satisfied when: - the Statement of Compliance is issued to the customer; or - the customer is connected to the Corporation's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued; or - the customer receives consent from the Corporation to proceed with their application. The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission.	Revenue is recognised at a point in time

2.1.3 Other revenue

	2025 \$'000	2024 \$'000
Waste charges (prescribed and non-prescribed)	6,793	6,635
Agricultural pursuits	4,121	3,027
Operating fees (i)	9,626	4,935
Rechargeable works	1,400	953
Miscellaneous fees	748	1,601
Salary sacrifice contributions (ii)	323	405
Workcover refunds received	-	3
Diesel fuel rebate	111	77
Liquidated damages	219	29
External service provision	102	88
Water trading revenue	35	27
Total other revenue	23,478	17,780

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.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
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 (i), workcover refunds received, diesel fuel rebate, liquated 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.
Water trading revenue	Water trading revenue is recognised at a point in time when the trade occurs. This is when the performance obligation is satisfied. The charges are payable within 30 days.	Revenue is recognised at a point in time.

Notes:

(i) Operating fees also includes income generated from government contributions of \$6,398,000 in 2025 and \$2,456,000 in 2024.

(ii) 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		Assets funded by developers and contributions received		Other revenue		Total revenue from contracts with customers \$'000
	Water \$'000	Wastewater \$'000	Trade waste \$'000	Water \$'000	Wastewater \$'000	Developer contributed assets \$'000		New customer contributions \$'000	Other Revenue \$'000			
2025												
At a point in time	-	-	-	-	-	22,084	362	2,067	23,478			47,991
Over time	24,912	75,046	473	40,946	8,733	-	-	-	-			150,110
Total	24,912	75,046	473	40,946	8,733	22,084	362	2,067	23,478			198,101
2024												
At a point in time	-	-	-	-	-	10,121	760	-	17,780			28,661
Over time	23,861	71,921	346	37,956	8,540	-	-	-	-			142,624
Total	23,861	71,921	346	37,956	8,540	10,121	760	-	17,780			171,285



Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2025

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.

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3.1 Employee benefits

3.1.1 Employee benefits in the comprehensive operating statement

Employee benefits include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and Workcover premiums. They are expensed in the period in which they are incurred.

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.

The defined benefit plan(s) provides benefits based on years of service and final average salary. The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans. Gippsland Water does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, Gippsland Water accounts for contributions to these plans as if they were defined contribution plans under AASB 119 *Employee Benefits*. the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when Gippsland Water 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.

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.

	2025 \$'000	2024 \$'000
Current provisions:		
Employee benefits	312	281
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	2,878	2,922
Unconditional and expected to settle after 12 months	489	487
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	479	534
Unconditional and expected to settle after 12 months	3,853	3,946
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	623	568
Unconditional and expected to settle after 12 months	632	639
Total current provisions for employee benefits	9,266	9,377
Non-current provisions:		
Employee benefits	963	991
On-costs	158	160
Total non-current provisions for employee benefits	1,121	1,151
Total provisions for employee benefits	10,387	10,528

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.

3.2 Direct operating expenses

	2025 \$'000	2024 \$'000
Chemicals	5,120	5,314
Agricultural costs	3,105	3,860
Energy	4,737	3,783
Rehabilitation costs	4,587	2,783
Water purchases and cartage	2,543	2,430
GRO costs	1,612	1,901
Sampling and testing	2,089	1,898
Operational overhead costs	1,748	1,625
Sludge removal and transport	1,523	1,410
Fleet	1,342	1,341
Other operational costs	748	670
Consultants' fees	464	536
Meter reading services	542	501
Modelling, investigation and decision making tools	394	474
EPA licence fee	495	363
Total direct operating expenses	31,049	28,889

Direct operating expenses generally represent the day-to-day running costs incurred in normal operations.

3.3 Repairs and maintenance

	2025 \$'000	2024 \$'000
Major maintenance	3,301	3,719
Mechanical and electrical corrective maintenance	1,978	1,566
Building, land and site maintenance	2,344	2,086
Other contract works	2,796	2,685
Mechanical and electrical preventative maintenance	1,228	1,238
Other sewer maintenance	1,517	1,418
Maintenance agreements and contractor payments	3,474	3,573
Other repairs and maintenance	952	490
Other water maintenance	1,604	1,278
Corrective maintenance	199	208
Total repairs and maintenance	19,393	18,261

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 (\$1,000), those costs are capitalised and depreciated.

3.4 Other operating expenses

	2025 \$'000	2024 \$'000
Maintenance agreements and contractor payments	714	985
Licence fees	2,521	2,088
Billing and revenue collection costs	949	904
Other repairs and maintenance	463	470
Land and building maintenance costs	187	412
Utilities, rates and other services	619	597
Other administration costs	955	698
Insurance premiums and claims	953	858
Legal fees	272	44
Auditors' remuneration	328	377
Consultants' fees	1,843	1,089
Fleet	179	140
Membership fees	170	153
Environmental offsets	237	239
Community engagement and development costs	253	288
Expected credit loss on receivables	8	207
Low-value lease expenses	56	5
Total other expenses	10,707	9,554

Other operating expenses generally represent the day-to-day running costs incurred in normal operations

3.5 Net finance costs

	2025 \$'000	2024 \$'000
Interest on bank deposits	304	422
Interest from Westpac (TCV 2019) investments	45	45
Interest from tariff/private scheme	-	3
Other miscellaneous interest income	56	39
Interest from debt securities	-	-
Interest on loans from Treasury Corporation of Victoria (TCV)	(10,780)	(9,364)
Financial accommodation levy	(4,191)	(4,105)
Other interest expense	-	-
Net finance costs recognised in comprehensive operating statement	(14,566)	(12,960)

Finance income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets.

Finance income is recognised using the effective interest method which reflects the actual return on the investment and finance costs are recognised as expenses in the period in which they are incurred.

Finance costs include costs incurred in connection with the borrowing of funds including interest on bank overdrafts, short term and long-term borrowings, financial liabilities recognised for service concession arrangements, amortisation of discounts or premiums relating to borrowings and lease charges.

Financial accommodation levy is a levy applied to the Corporation to remove the market advantage that government entities may experience in borrowings as a result of being guaranteed by the State



of Victoria. The financial accommodation levy is a commercial rate charged for new borrowings based on the Corporation's underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the Financial Management Act 1994 in respect of financial accommodation provided to the Corporation by the State Government of Victoria

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2025

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 2025									
Balance at 1 July 2024									
Gross carrying amount	68,573	16,632	-	650,443	949,569	31,025	10,098	59,357	1,785,697
Accumulated depreciation	-	(771)	-	(22,798)	(38,927)	(16,363)	(4,426)	-	(83,285)
Opening net book amount - 1 July 2024	68,573	15,861	-	627,645	910,642	14,662	5,672	59,357	1,702,412
Additions ⁽ⁱ⁾	-	-	-	3,838	18,552	-	-	65,320	87,710
Disposals	-	-	-	(457)	(1,778)	(45)	(789)	-	(3,069)
Transfer between asset classes	111	1,013	-	18,153	17,227	15,922	3,357	(55,869)	(86)
Revaluation ⁽ⁱⁱ⁾	-	-	-	-	-	-	-	-	-
Impairment of assets	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(826)	-	(22,910)	(38,922)	(2,826)	(1,326)	-	(66,810)
Closing net book amount	68,684	16,048	-	626,269	905,721	27,713	6,914	68,808	1,720,157
Total as at 30 June 2025 represented by:									
Gross book value	68,684	17,646	-	671,883	983,210	46,598	11,135	68,808	1,867,964
Accumulated depreciation	-	(1,598)	-	(45,614)	(77,489)	(18,885)	(4,221)	-	(147,807)
Net book value as at 30 June 2025	68,684	16,048	-	626,269	905,721	27,713	6,914	68,808	1,720,157

Notes:

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

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).

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.

4.1.3 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. The review conducted at 30 June 2024 determined that a revaluation of our land was required. The review conducted at 30 June 2025 determined that a revaluation was not required for the 2025 financial year.

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 were impacted by the uncertainty that the coronavirus (COVID-19) outbreak caused. The valuer has advised that the current market environment, impacted by coronavirus (COVID-19), created significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

4.1.4 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 5.6.

4.1.5 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 the current 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

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and 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, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

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.

4.1.6 Net gain/loss on disposal of non-current non-financial assets

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

	2025 \$'000	2024 \$'000
Proceeds from disposal of assets	914	850
Written down value (WDV) of assets disposed	(3,068)	(4,390)
Net gain/(loss) on disposal	(2,154)	(3,540)

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 2024					
Opening net book amount - 1 July 2023	4,500	1,971	234	60	6,765
Additions	9,990	-	-	1,998	11,988
Disposals	-	-	-	-	-
Transfer between asset classes	-	1,721	-	(1,721)	-
Gain/(loss) on LGC spot price movement ⁽ⁱ⁾	-	-	147	-	147
Amortisation	-	(628)	-	-	(628)
Closing net book amount	14,490	3,064	381	338	18,273
Total as at 30 June 2024 represented by:					
Cost	14,490	7,200	381	338	22,409
Accumulated amortisation	-	(4,136)	-	-	(4,136)
Net book value as at 30 June 2024	14,490	3,064	381	338	18,273
Year ended 30 June 2025					
Balance at 1 July 2024					
Cost at fair value	14,490	7,200	381	338	22,409
Accumulated amortisation	-	(4,136)	-	-	(4,136)
Opening net book amount - 1 July 2024	14,490	3,064	381	338	18,273
Additions	-	-	-	823	823
Disposals	-	-	-	-	-
Transfer between asset classes	-	179	-	(303)	(124)
Gain/(loss) on LGC spot price movement ⁽ⁱ⁾	-	-	(211)	-	(211)
Amortisation	-	(809)	-	-	(809)
Other movements	-	-	-	-	-
Closing net book amount	14,490	2,434	170	858	17,952
Total as at 30 June 2025 represented by:					
Cost	14,490	7,378	170	858	22,896
Accumulated amortisation	-	(4,944)	-	-	(4,944)
Net book value as at 30 June 2025	14,490	2,434	170	858	17,952

Notes:

- (i) Large Generation Certificate's (LGCs) 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.

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

Permanent water entitlements

Permanent water entitlements (Bulk water entitlement in Blue Rock Lake and Greater Yarra system – Thomson River Pool) 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.

Computer software

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 generation certificates

Large 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 2025

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

	2025 \$'000	2024 \$'000
Current		
<i>Contractual</i>		
Private schemes unmatured capital	91	91
Services and usage charges	17,170	17,398
Allowance for expected credit losses	(990)	(982)
Contract assets	6,756	6,976
<i>Statutory</i>		
GST input tax credit recoverable	1,260	1,266
Total current receivables	24,287	24,749
Non-current		
<i>Contractual</i>		
Private schemes unmatured capital	563	608
Total non-current receivables	563	608
Total receivables	24,850	25,357

Contractual receivables are classified as financial assets at amortised cost. They are initially recognised at fair value plus any directly attributable transaction cost. The Corporation holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measures them at amortised cost using the effective interest method, less any impairment.

Statutory receivables are not classified as financial instruments as they do not arise from contracts. They are recognised and measured similar to contractual receivables except for impairment.

Contract assets relate to the Corporation's right to consideration in exchange for services transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. This usually occurs when the Corporation issues an invoice to the customer. The balance of the contract assets at 30 June 2025 was impacted by timing of the works completed by contractors and is not billable at this stage. The works are expected to be completed and recovered early next year.

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

5.1.1 Impairment of contractual receivables

Contractual receivables at amortised cost

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.

Credit loss allowance is classified as other economic flows in the net result. 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.

Statutory receivables at amortised cost

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised in the current year.

5.2 Contract assets

	2025 \$'000	2024 \$'000
Service and usage charges	5,858	5,517
Developer contributions	-	306
Other	898	1,153
Total contract assets	6,756	6,976
<i>Represented by</i>		
Current contract assets	6,756	6,976
Non-current contract assets	-	-

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.

5.3 Trade and other payables

	2025 \$'000	2024 \$'000
Current		
<i>Contractual</i>		
Trade creditors	39	248
Accrued expenses	15,142	15,587
<i>Other</i>		
Security deposits	1,919	1,430
Retentions	750	700
Unclaimed monies	-	27
Other	37	(53)
Total	17,887	17,939
<i>Statutory</i>		
GST payable	162	146
Other government payables	121	111
Total	283	257
Total current payables	18,170	18,196
Non-current		
<i>Contractual</i>		
Contract liabilities	-	-
Total non-current payables	-	-
Total trade and other payables	18,170	18,196

The contract liabilities primarily relate to (developer contributions and other) consideration received in advance of the Corporation performing its contract obligations and will be recognised as revenue when the services are performed. Refer to Note 2.1 for further details of the performance obligation.

Contractual payables are classified as financial instruments and measured at amortised cost and represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid.

Statutory payables are recognised and measured similarly to contractual payables but are not classified as a financial instrument because they do not arise from a contract.

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

5.4 Contract liabilities

	2025 \$'000	2024 \$'000
Customers paid in advance	6,071	6,703
Unearned income	-	-
Total contract liabilities	6,071	6,703
<i>Represented by</i>		
Current contract liabilities	6,071	6,703
Non-current contract liabilities	-	-

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

	2025 \$'000	2024 \$'000
Current		
<i>Stores and consumables - at cost</i>		
Raw materials	4,259	4,140
Total current inventories	4,259	4,140
Total inventories	4,259	4,140

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.

5.6 Other non-financial assets

	2025 \$'000	2024 \$'000
Current		
Prepayments	1,449	1,666
Total current other non-financial assets	1,449	1,666
Non-current		
Other	-	-
Total non-current other non-financial assets	-	-
Total other non-financial assets	1,449	1,666

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.

5.7 Other provisions

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 subsequent years. Additional investigation and data gathering works have been undertaken during the 2024-25 year, and the provision was increased to \$9.45m for 30 June 2025. The provision will continue to be reviewed on an annual basis in light of the data obtained from ongoing investigation works.

Landfill site rehabilitation

The Corporation operates an EPA licenced 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 (2029-30). 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 required to be developed and will be approved by an EPA appointed auditor.

5.7.1 Reconciliation of movement in other provisions

	Bioremediati on pond rehabilitatio n \$'000	Landfill site rehabilitati on \$'000	Total \$'000
Opening balance as at 1 July 2023	2,594	748	3,342
Additional provisions recognised	2,680	-	2,680
Carrying amount as at 30 June 2024	5,274	748	6,022
Opening balance as at 1 July 2024	5,274	748	6,022
Additional provisions recognised	4,182	(46)	4,136
Carrying amount as at 30 June 2025	9,456	702	10,158

5.8 Biological Assets

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

	2025 \$'000	2024 \$'000
Total current biological assets		
Crops and fodder (CA1) and livestock (CA2)	1,550	1,530
Total non-current biological assets		
Plantations (NCA1) and livestock (NCA2)	2,666	2,985

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.

Recognition

Biological assets are measured at fair value less costs to sell, with any changes recognised in the comprehensive operating statement – other economic flows. 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 2025 and previously at 30 June 2024.

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.

Independent Forester, Certified Practicing Valuers completed an independent valuation of the plantations at 30 June 2024 and 30 June 2025.

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.

5.8.1 Crops and plantations

Biological asset	Measurement basis	Quantities		Carrying amount	
		2025	2024	2025 \$'000	2024 \$'000
Consumable assets					
Mature assets					
Fodder					
Silage	Bales	304	380	61	30
Cereal and legume silage	Tonnes	4,100	8,596	205	430
Hay	Bales	482	753	92	63
Crops					
Feed mixed grain	Tonnes	45	-	15	-
Feed corn - winter crops	Tonnes	-	340	-	48
Total consumable assets (CA1)		4,931	10,069	373	571
Non-bearer assets					
Immature assets (plantation)					
Softwood pinus radiata	Hectares	446	471	774	951
Total non-bearer assets (NCA1)		446	471	774	951

5.8.2 Livestock

Biological asset	Measurement basis	Quantities		Carrying amount	
		2025	2024	2025 \$'000	2024 \$'000
Consumable assets					
<i>Immature assets</i>					
Mixed sex calves and weaners	Headcount	849	941	1,025	959
<i>Mature assets</i>					
Bullocks/steers	Headcount	117	-	152	-
Total consumable assets (CA2)		966	941	1,177	959
Bearer assets					
<i>Immature assets</i>					
Heifers	Headcount	140	156	280	328
<i>Mature assets</i>					
Cows and bulls	Headcount	769	826	1,612	1,706
Total bearer assets (NCA2)		909	982	1,892	2,034

5.8.3 Reconciliation of movement in carrying amounts

	2025 \$'000	2024 \$'000
Opening net book amount	4,515	5,945
<i>Increases due to:</i>		
Purchases	-	-
Natural increase	1,213	1,077
Movement in crops	-	225
Fair value increase - livestock and plantations	30	-
<i>Decreases attributable to:</i>		
Sales	(1,109)	(1,439)
Deaths	(58)	(53)
Movement in crops	(198)	-
Fair value decrease - livestock and plantations	(177)	(1,240)
Closing net book amount	4,216	4,515

5.8.4 Cost of biological assets sold

	2025 \$'000	2024 \$'000
Cost of biological assets sold - livestock	1,109	1,439
Total cost of biological assets sold	1,109	1,439

	2025 \$'000	2024 \$'000
Current		
Bioremediation pond rehabilitation	1,081	937
Landfill site rehabilitation	15	-
Total current other provisions	1,096	937

	2025 \$'000	2024 \$'000
Non-current		
Bioremediation pond rehabilitation	8,375	4,337
Landfill site rehabilitation	687	748
Total non-current other provisions	9,062	5,085

Total other provisions	10,158	6,022
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Central Gippsland Regional Water Corporation
Notes to and forming part of the Financial Report for the year ended 30 June 2025

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

	2025 \$'000	2024 \$'000
Current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV) ⁽ⁱ⁾	59,500	18,500
Total current interest-bearing liabilities	59,500	18,500
Non-current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV) ⁽ⁱ⁾	300,000	320,000
Total non-current interest-bearing liabilities	300,000	320,000
Total interest-bearing liabilities	359,500	338,500

Notes:

(i) Loans are sourced from the Treasury Corporation of Victoria (TCV) and secured by the Treasurer in the form of a government guarantee. They are classified as a financial instrument and 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 (\$40,000,000) 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 of borrowings

	Carrying amount	Nominal amount	Less than 1 month	Maturity dates		1 - 5 years	5+ years
	\$'000	\$'000	\$'000	1 - 3 months	3 months - 1 year	\$'000	\$'000
30 June 2025							
Loans from TCV	359,500	-	59,500	-	40,000	160,000	100,000
Total	359,500	-	59,500	-	40,000	160,000	100,000
30 June 2024							
Loans from TCV	338,500	319,974	18,500	-	30,000	150,000	140,000
Total	338,500	319,974	18,500	-	30,000	150,000	140,000

6.2 Cash flow information and balances

Cash and deposits, including cash equivalents, comprises of 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.

	2025 \$'000	2024 \$'000
Cash at bank	13,252	7,944
Balance as per cash flow statement	13,252	7,944

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 2025				
Capital expenditure commitments payable	11,302	-	-	11,302
Environmental contribution levy commitments	6,957	13,913	-	20,870
Short-term and low value lease payments	65	325	260	650
Other operating commitments payable	2,198	-	-	2,198
Total commitments (inclusive of GST)	20,522	14,238	260	35,020
Less GST recoverable	1,027	-	-	1,027
Total commitments (exclusive of GST)	19,495	14,238	260	33,993

Nominal Amounts 2024

Service concession arrangement	-	-	-	-
Capital expenditure commitments payable	18,290	-	-	18,290
Environmental contribution levy commitments	6,957	20,870	-	27,827
Short-term and low value lease payments	63	315	189	567
Total commitments (inclusive of GST)	25,310	21,185	189	46,684
Less GST recoverable	1,663	-	-	1,663
Total commitments (exclusive of GST)	23,647	21,185	189	45,021

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2025

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
Cash and deposits Receivables: • Service and usage charges • other receivables	Payables: • contractual payables (e.g. trade creditors, accrued expenses, and other expenses) Interest bearing liabilities: • 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: • 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: • the asset is held within a business model whose objective is to collect the contractual cash flows, and • the contractual terms give rise to cash flows that are solely payments of principal and interest
Financial liabilities at amortised cost		
Financial liabilities include: • payables (excluding statutory payables); 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.

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
2025					
Contractual financial assets					
Cash and deposits	6.2	13,252	-	-	13,252
Receivables⁽ⁱ⁾					
Private schemes unmatured capital	5.1	-	654	-	654
Services and usage charges	5.1	-	16,180	-	16,180
Contract assets	5.1	-	6,756	-	6,756
Investments and other contractual financial assets					
Westpac investment deposit - environmental bond		-	1,000	-	1,000
Other		-	(1)	-	(1)
Total contractual financial assets		13,252	24,589	-	37,841

Contractual financial liabilities

Payables

Trade creditors	5.3	-	-	39	39
Accrued expenses	5.3	-	-	16,236	16,236
Contract liabilities	5.4	-	-	6,071	6,071
Other	5.3	-	-	2,706	2,706

Borrowings

Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	359,500	359,500
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Total contractual financial liabilities		-	-	384,552	384,552
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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
2024					
Contractual financial assets					
Cash and deposits	6.2	7,944	-	-	7,944
Receivables⁽ⁱ⁾					
Private schemes unmatured capital	5.1	-	699	-	699
Services and usage charges	5.1	-	16,416	-	16,416
Contract assets	5.1	-	6,976	-	6,976
Investments and other contractual financial assets					
Westpac investment deposit - environmental bond		-	1,000	-	1,000
Other		-	4	-	4
Total contractual financial assets		7,944	25,095	-	33,039

Contractual financial liabilities

Payables

Trade creditors	5.3	-	-	248	248
Accrued expenses	5.3	-	-	15,587	15,587
Other	5.3	-	-	2,104	2,104

Borrowings

Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	338,500	338,500
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Total contractual financial liabilities		-	-	356,439	356,439
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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

2025	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment loss \$'000	Total \$'000
Contractual financial assets					
Total contractual financial assets	-	-	-	-	-
Contractual financial liabilities					
Financial liabilities at amortised cost	-	14,971	-	-	14,971
Total contractual financial liabilities	-	14,971	-	-	14,971

2024	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment loss \$'000	Total \$'000
Contractual financial assets					
Total contractual financial assets	-	-	-	-	-
Contractual financial liabilities					
Financial liabilities at amortised cost	-	13,469	-	-	13,469
Total contractual financial liabilities	-	13,469	-	-	13,469

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 2025, 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

This section sets out information on how the Corporation determines fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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
- 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. In conjunction with VGV, the Corporation monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

7.3.1 Fair value determination: Non-financial physical assets

AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* amended AASB 13 *Fair Value Measurement* by adding Appendix F *Australian implementation guidance for not-for-profit public sector entities*. Appendix F explains and illustrates the application of the principles in AASB 13 on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of AASB 13 in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier). Appendix F will be applied in our next formal revaluation which will occur in the 2025-2026 financial year.

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

7.3.2 Non-specialised land and non-specialised buildings

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

An independent valuation was performed by Opteon Property Group to determine fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location

and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square

metre has been applied to the subject asset. The effective date of the valuation is 30 June 2021.

The Fair Value was assessed in 2024 using VGV indices. A movement of greater than ten percent was identified resulting in a managerial revaluation. The revaluation was completed using VGV indices as at June 2024 in compliance with DTF Financial Reporting Directive (FRD) 103 which led to a \$8.7M increase in land assets of which \$0.081M relates to non-specialised land. The Fair Value was assessed in 2025 using the VGV indices. It was determined there was no movements greater than ten per cent and therefore no revaluation was required for the 2025 financial year.

7.3.3 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. A Buildings movement of greater than ten percent was identified. The buildings revaluations were completed using VGV indices as at June 2023 in compliance with DTF Financial Reporting Directive (FRD) 103 which led to a \$1M increase in buildings. 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 30 June 2024 and movement of greater than ten percent was identified resulting in a managerial revaluation. The revaluation was completed using VGV indices as at June 2024 in compliance with DTF Financial Reporting Directive (FRD) 103 which led to a \$8.7M increase in land assets of which \$8.6M relates to specialised land.

Fair Value was assessed in 2025 using the VGV indices for specialised land and specialised buildings. It was determined there was no movements greater than ten per cent and therefore no revaluation was required for the 2025 financial year.

7.3.4 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.

7.3.5 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.

A formal revaluation was completed in the 2021 financial year. The Fair Value was assessed in 2023 using ABS indices. An Infrastructure movement of greater than ten percent was identified. The infrastructure ABS indices as at June 2023 in compliance with DTF Financial Reporting Directive (FRD) 103 which led to a \$195M increase in infrastructure assets. The Australian Bureau of Statistics index Index Number; 3109 Other Heavy and Civil Engineering construction Victoria was used for Infrastructure assets. There was movements higher than ten per cent which triggered a managerial revaluation for the 2023 financial year.

The Fair Value was assessed again at 30 June 2024 and 30 June 2025. There was no movements in valuation greater than ten percent and no managerial revaluation was required.

7.3.6 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. Further information on how the Corporation determines fair value for these assets can be found in Note 5.6.2.

Central Gippsland Regional Water Corporation
Notes to and forming part of the Financial Report for the year ended 30 June 2025

Note 8 STATUTORY OBLIGATIONS

Introduction

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

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8.1	Tax	132
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8.1.2	Deferred tax assets and liabilities	132

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.

Central Gippsland Region Water Corporation sought an administrative ruling from the Australian Taxation Office (ATO) on the taxation treatment of gifted assets as a result of *Victoria Power Networks Pty Ltd v Commissioner of Taxation (2020)*. The ATO issued a letter of comfort with implications on the NTER (National Tax Equivalent Regime) which the Corporation will apply from the 2026 financial year. This has been raised with Department stakeholders as it has impacts on our taxable income and potential increases on carried forward tax losses for the 2026 financial year.

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

	Notes	2025 \$'000	2024 \$'000
(a) Income statement			
Current income tax expense		(634)	(4,587)
Income tax reported in the Income Statement		(634)	(4,587)
(b) Statement of changes in equity			
Net deferred tax - debited/(credited) directly to equity	8.1.2	-	2,548
Income tax reported in equity		-	2,548
(c) Tax reconciliation			
Profit from continuing operations before income tax expense		(2,120)	(15,291)
Tax at the Australian tax rate of 30.0% (2024 - 30.0%)		(634)	(4,587)
Income tax on profit before tax		(634)	(4,587)
(d) Tax expense (income relating to items of other comprehensive income)			
Gain/(loss) on revaluations of infrastructure, property, plant and equipment		-	(2,548)

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 and does not give rise to equal taxable and deductible temporary differences.

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	2025 \$'000	2024 \$'000
Amounts recognised in Comprehensive Operating Statement			
Provisions and accrued expenditure not deductible		6,875	5,569
Other		144	169
Tax losses		4,966	16,844
Total deferred tax assets		11,985	22,582
Movements:			
Opening balance at 1 July		22,582	29,264
Amounts restated through opening retained earnings			
Credited/(debited):			
to the Comprehensive operating statement		5	1,493
to other comprehensive income	8.1.1	-	-
Tax losses		(10,602)	(8,175)
Closing balance at 30 June		11,985	22,582
Deferred tax asset expected to be recovered after more than 12 months		11,985	22,582
Closing balance at 30 June		11,985	22,582
Deferred tax liabilities			
		2025 \$'000	2024 \$'000
Depreciation		26,987	38,188
Other deferred tax liabilities		51	82
Amounts recognised directly in equity			
Revaluation of infrastructure, property, plant and equipment		237,359	237,359
Total deferred tax liabilities		264,397	275,629
Movements:			
Opening balance at 1 July		275,629	284,349
Credited/(debited):			
to the comprehensive operating statement		(11,232)	(11,268)
to equity		-	2,548
Closing balance at 30 June		264,397	275,629
Deferred tax liabilities expected to be settled after more than 12 months		264,397	275,629
Closing balance at 30 June		264,397	275,629
Total net deferred tax asset/(liability)		(252,412)	(253,047)

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2025

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 Events occurring after the balance date

After balance date the government called for The COVID Debt Repayment Plan – Efficiency Savings for Water Corporations payment of \$1.784M for the 2024-25 year this is due to be paid in September 2025 by a capital repatriation.

9.2 Responsible persons

In accordance with the Ministerial Directions issued by the Minister of Finance 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 2024 - 18 December 2024
The Hon. Gayle Tierney MP	Minister for Water	19 December – 30 June 2025
<i>Board members</i>		
Tom Mollenkopf	Board Chair	1 July 2024 – 30 June 2025
Shara Teo	Board Deputy Chair	1 July 2024 – 30 June 2025
Jo Benvenuti	Board Member	1 July 2024 – 30 June 2025
Christopher Badger	Board Member	1 July 2024 – 30 June 2025
Katrina Lai	Board Member	1 July 2024 – 30 June 2025
Penelope Hutchinson	Board Member	1 July 2024 – 30 June 2025
Felix Ohle	Board Member	1 July 2024 – 30 June 2025
Jenny Selway	Board Member	1 July 2024 – 30 June 2025
Katie Wyatt	Board Member	1 July 2024 – 30 June 2025
Sarah Cumming (Managing Director)	Board Member	1 July 2024 – 30 June 2025

9.2.1 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 listed under responsible persons in Note 9.3 and members of the executive leadership team 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	2025 \$'000	2024 \$'000
Short-term employee benefits	773	721
Post-employment benefits	67	50
Total remuneration	841	771

9.3 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.

	2025 \$'000	2024 \$'000
Short-term employee benefits	1,692	1,906
Post-employment benefits	192	175
Total remuneration	1,884	2,081
Total number of executives	8	7
Total annualised employee equivalents	7	7

9.4 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.

9.4.1 Significant transactions with government-related entities

We received funding and made payments of \$11.9 million (2024: \$11.1 million) and \$24.1 million (2024: \$22.2 million) respectively to government related entities.

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

9.4.2 Government-related entity receipts

Entity name	Brief description of main activity	2025 \$'000	2024 \$'000
Department of Families, Fairness and Housing	Refund of concession rebates	7,641	6,614
Department of Families, Fairness and Housing	Payment of fixed charge on properties	2,861	2,651
State Revenue Office	Refund of charities rebates	269	271
Latrobe Regional Hospital	Rates and charges	422	376
West Gippsland Hospital	Rates and charges	195	235
Department of Transport	Design and fabrication costs	-	38
Department of Defence	Water and wastewater services	686	866
Department of Environment Land Water And Planning	Rates and charges	23	73
Total revenue		12,097	11,124

9.4.3 Government-related entity receivables

Entity name	Brief description of main activity	2025 \$'000	2024 \$'000
Department of Families, Fairness and Housing	Refund of concession rebates	478	622
Department of Families, Fairness and Housing	Payment of fixed charge on properties	111	165
Total revenue		589	787

9.4.4 Government-related entity payments

Entity name	Brief description of main activity	2025 \$'000	2024 \$'000
Treasury Corporation Victoria	Interest on borrowings	9,447	8,743
Department of Energy, Environment and Climate Action	Environmental contribution	6,957	5,953
Department of Energy, Environment and Climate Action	Other	138	141
Department of Energy, Environment and Climate Action	State Efficiency Saving	892	-
Department of Treasury and Finance	Financial accommodation levy	4,108	4,166
Southern Rural Water	Storage management and recreation facilities fees	810	936
Environment Protection Authority	Licence fees and levies	188	731
South East Water Limited	Tarago water usage	-	133
Vic Roads	Registration fees	138	111
Melbourne Water	Water availability charges	1,425	1,275
Yarra Valley Water	Water entitlement & water availability charges	-	9,997
Total expenses		24,103	32,186

9.4.5 Government-related entity payables

At 30 June 2025 there were no Government-related Entity Payables.

9.4.6 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.

9.5 Remuneration of auditors

	2025 \$'000	2024 \$'000
Victorian Auditor-General's Office		
Audit or review of the financial statements and performance statement	185	173
Other non-audit services		
Internal audit – Aster Advisory	117	136
Other non-audit services	26	68
Total remuneration of auditors	328	377

9.6 Ex-gratia expenses

	2025 \$'000	2024 \$'000
Forgiveness or waiver of debt	193	250
Property damage payments	40	29
Other	-	57
Total ex-gratia expense	233	336

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 2024-25 included no claims associated with a major treated sewer overflow or a major water overflow (\$nil and \$nil) (2024: \$nil, \$nil). Where incurred, these costs have been included in administration expenses in the comprehensive operating statement.

Other

Other represents the settlement of legal fees associated with the purchase of property easements.

Central Gippsland Region Water Corporation

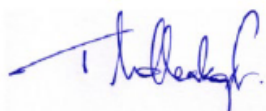
Statutory Certification

We certify that the attached financial statements for the Central Gippsland Region Water Corporation have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister of Finance under the *Financial Management Act 1994* (Vic), 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 accompanying notes, presents fairly the financial transactions during the year ended 30 June 2025 and the financial position of the Corporation as at 30 June 2025.

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

We authorise the attached financial statements for issue on 19 September 2025.



Tom Mollenkopf
Board Chair
Central Gippsland Region Water Corporation



Sarah Cumming
Managing Director
Central Gippsland Region Water Corporation



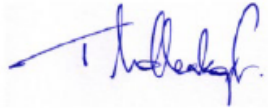
Leanne Williams
Chief Financial Officer
Central Gippsland Region Water Corporation

Dated 19 September 2025

Central Gippsland Region Water Corporation

Financial Management Compliance Attestation Statement

I, Tom Mollenkopf, 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.

A handwritten signature in blue ink, appearing to read 'Tom Mollenkopf', is positioned above the printed name and title.

Tom Mollenkopf AO

Board Chair

Central Gippsland Region Water Corporation

Dated 22 August 2025

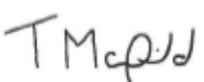
Independent Auditor's Report

To the Board of Central Gippsland Region Water Corporation

Opinion	I have audited the financial report of Central Gippsland Region Water Corporation (the corporation) which comprises the: • balance sheet as at 30 June 2025 • 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 material accounting policy information • statutory certification. In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2025 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 Australian Accounting Standards – Simplified Disclosures.
Basis for opinion	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. 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 <i>APES 110 Code of Ethics for Professional Accountants (including Independence Standards)</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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures 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. 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.

Auditor's responsibilities for the audit of the financial report	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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also: • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
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MELBOURNE
24 September 2025


 Timothy Maxfield
as delegate for the Auditor-General of Victoria

Part 11: Disclosure index

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Glossary

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.
	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
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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