



Annual Report

2021 - 2022





Over the past year...

- **ZERO** days lost to injury
- **\$53.2 million** spent on capital works
- **\$11.9 million** provided in customer rebates, grants or concessions
- Renewable energy initiatives supplied **36 per cent** of electricity use for the year.



34,817 million litres of water consumed 2021-22

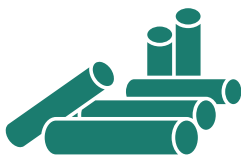


Ranked No.1 for value*



209,996 population served

Our assets include...



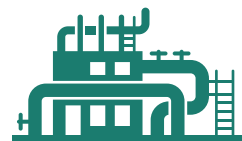
6,866 kilometres of pipes



12 major reservoirs and 20 water basins



11 water reclamation and 8 water treatment plants



263 pumping stations
(54 water – including raw water, 209 sewerage)

*in the Victorian Essential Services Commission's annual customer perception survey for the 2021-22 financial year.



Barwon Water

has a proud history supporting regional prosperity by providing excellence in water, sewerage and recycled water services to our customers and the community for more than 110 years.

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Sustainable Development Goals

In 2019, we formally joined the water industries pledge to the Sustainable Development Goals (SDG). As part of our pledge we have committed to support and promote the 17 Sustainable Development Goals and commit to achieving Sustainable Development Goal 6 within the scope of our operations.

In 2021-22 we reviewed how our operations impact (both positively and negatively) the achievement of the SDGs. The review found that we positively contribute to all 17 SDGs, and have a material impact on 11 SDGs (out of 17), as outlined below, mapped against our key projects.

1 NO POVERTY



We aim to make water bills affordable for every person in our region.

Key projects:

- Customer support strategy
- Hardship program
- Customer pricing
- Traineeship program
- Give Where You Live
- Equal opportunity employment program

3 GOOD HEALTH AND WELL-BEING



We aim to provide secure, sustainable water and use our land to deliver cultural and community outcomes.

Key projects:

- Water services
- Sewerage services
- Staff health and wellbeing program
- Porrongitj Karrong
- Bellarine Basin

6 CLEAN WATER AND SANITATION



We aim to ensure water supply is never interrupted without notice, raw sewage never flows into sensitive environments and 100% of our water is from climate resilient sources.

Key projects:

- Draft Water for our Future (Urban Water) Strategy
- Portarlinton water reclamation plant upgrade
- Birregurra Sustainable Communities – Water project
- Water efficiency initiatives
- Boundary Creek and Big Swamp remediation

7 AFFORDABLE AND CLEAN ENERGY



We aim to switch to 100% renewable electricity by 2025 and achieve net zero emissions by 2030.

Key projects:

- Renewable energy program
- Energy efficiency project
- Zero Emissions Water Power Purchase Agreement
- Renewable Organics Network

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



We aim to have innovative and reliable services and infrastructure

Key projects:

- Integrated water management program
- Climate Resilience Plan
- Regional Renewable Organics Network
- Intelligent water networks
- Recycled Water Plan
- Barwon Water scholarship program
- Barwon Water Higher Degree Research Program
- Digital meter trial

11 SUSTAINABLE CITIES AND COMMUNITIES



We are aiming for all greenfield urban growth to exemplify integrated water management principles.

Key projects:

- Integrated Water Management Program
- Climate Resilience Plan
- SALT Torquay
- Porrongitj Karrong
- Bellarine Basin

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



We aim to move beyond zero waste.

Key projects:

- Permanent water saving rules
- Zero Waste Plan
- Industrial Waste Management Plan
- Regional organics network
- Social procurement policy

13 CLIMATE ACTION



We aim to be agile, adapting and acting on climate challenges and opportunities.

Key projects:

- Climate Resilience Plan
- Water for Our Future
- Zero emissions program
- BSW Climate Alliance

14 LIFE BELOW WATER



We aim to recycle 100% of our wastewater.

Key projects:

- EPA Licence monitoring and compliance
- Zero Waste Plan
- Recycled Water Plan

15 LIFE ON LAND



We aim to help care for Country through our business practices.

Key projects:

- Landcare partnerships
- Environmental assessment & planning
- Porrongitj Karrong
- Bellarine Basin

17 PARTNERSHIPS FOR THE GOALS



We aim to create, nurture and sponsor meaningful partnerships with our customers, community, industry and agencies to create regional prosperity.

Key projects:

- Barwon MAC
- G21 Environment Pillar
- BSW Climate Alliance
- IWM Forum
- Regional renewable PPA
- Wadawurrung Partnership Agreement
- Regional Renewable Organics Networks

SUSTAINABLE DEVELOPMENT GOALS





Birregurra pop up on the town's Living Laboratory

Part 1. Year in review

Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Barwon Water's Annual Report for the year ending 30 June, 2022.



Jo Plummer
Chair, Barwon Water
20 October, 2022

Acknowledgement

Barwon Water acknowledges the Traditional Owners of the land on which we live and work, and pay respect to Elders, past, present and emerging.

We recognise Aboriginal and Torres Strait Islander peoples as the First Peoples of this nation who have managed water and the environment for at least 55,000 years. It is a privilege to share in the knowledge and experiences from the oldest living culture in the world.

About us

Barwon Water (Barwon Region Water Corporation) is Victoria's largest regional urban water corporation. Our history dates back to the establishment of the Geelong Municipal Waterworks Trust in 1908.

Barwon Water was constituted in February, 1994. For the 2021-22 reporting period, Barwon Water operated as a statutory corporation under the *Victorian Water Act 1989*.

We have a proud history supporting regional prosperity by providing excellence in water, sewerage and recycled water services to our customers and the community for more than 110 years.

We service a population of more than 349,000 permanent residents across an 8,100 square kilometre region. In peak periods, the serviced population can reach up to 575,000 people.

As a major employer in the region, the Barwon Water Group has more than 425 employees and approximately 2,000 contractors. That includes:

- Barwon Water - 322 full time (equivalent) employees
- Barwon Asset Solutions (BAS), our dedicated maintenance services company - 101 full time (equivalent) employees.

Our employees are from a diverse range of disciplines, including operations, engineering, strategic planning, finance and administration.

In addition, our expenditure in the region creates further external employment opportunities. It is estimated that our annual capital and operating expenditure sustains an additional 120 full time equivalent jobs.

Our region

Barwon Water's region of responsibility stretches from Little River and the Bellarine Peninsula in the east to Colac in the west, and from Meredith and Cressy in the north to Apollo Bay on Victoria's south-west coast.

The City of Greater Geelong, Borough of Queenscliffe, Surf Coast and Colac Otway shires and part of Golden Plains Shire are incorporated into our service area.

Our vision

Barwon Water's vision, as shared in our Strategy 2030, is to be an enabler of regional prosperity – economically, environmentally, culturally and socially.

We recognise that as a trusted water authority in our region, we need to continue to deliver our core service – high quality water and sewerage services and customer and community value.

However, we want to do more to help our region prosper and we are doing this by being more innovative and entrepreneurial, striving towards zero waste and zero emissions, creating strategic partnerships with our customers and community, and building a high performing workforce with a strong connection to our region.

2021-22 has seen us continue to deliver upon this vision and examples of this are detailed throughout this report.

Our values

The Barwon Water Group's values were updated last year after significant engagement with staff and now include:

- **caring** - We care for our customers, community, region, the environment and each other
- **safe** - We look out for the health, safety and wellbeing of ourselves, each other, our contractors and our community
- **inclusive** - We celebrate diversity and the unique talents we each bring, we show respect and collaborate. We learn and work with Traditional Owners
- **accountable** - We take ownership, are trustworthy and committed to delivering outstanding outcomes in each of our roles
- **courageous** - We speak up, lean in and challenge ourselves to grow.

Our commitment to customers

Aligned to our Strategy 2030 vision and values, Barwon Water has five 'customer outcomes' developed in consultation with our customers and community, as part of our 2018–23 price submission approved by the Victorian Essential Services Commission.

We have continued to deliver upon these throughout 2021–22 and to share our progress with our customers and community, including with our Customer and Environmental Advisory Committees.

The five customer outcomes are:

- **outcome 1:** A reliable, secure water future for our region
- **outcome 2:** Timely, innovative services for our customers
- **outcome 3:** A healthier environment for all
- **outcome 4:** Deeper knowledge and partnerships with our community
- **outcome 5:** Affordability for all our customers.

We are currently seeking customer and community feedback for our next five-year pricing plan – the 2023–28 Price Submission. The focus is on our commitment to affordable bills, water security and improving the environment. It is due to be submitted to the Victorian Essential Services Commission in September, 2022.

Our customers

Anyone who has a relationship with, or comes in contact with Barwon Water, whether they pay a bill or not, is considered a customer and member of the community.

Residential bill paying customers comprise 92.6 per cent of the customer base, with the industrial and commercial sectors accounting for the remaining 7.4 per cent.

Approximately 37 per cent of metered consumption is attributed to non-residential (business) customers.

Assets

We own and operate:

- 12 major reservoirs
- 8 water treatment plants
- 1 water pre-treatment plant
- 11 water reclamation plants
- 2 Class A recycled water plants
- 1 groundwater field (Barwon Downs borefield will be decommissioned during the 2023–28 Pricing Submission)
- 263 pumping stations (54 water – including raw water, 209 sewerage)
- 20 water basins
- 40 water tanks
- 6,866 kilometres of pipes.



Customer Advisory Committee meeting in April, 2022

Water sources

The Greater Geelong region's water is supplied by three major surface water sources – the Barwon River and its tributaries, the Moorabool River and its tributaries and water from the Greater Yarra Thomson system, accessed via the Melbourne to Geelong Pipeline.

The Otway Ranges feeds the Barwon system which typically supplies the majority of water for Geelong, the Bellarine Peninsula and Surf Coast. The Moorabool system supplies some of the water needs for the northern suburbs of Geelong and the smaller townships of Bannockburn, Gheringhap, Teesdale, Shelford, Meredith and Inverleigh.

The Melbourne to Geelong Pipeline is able to supply up to 16 billion litres per year, approximately 50 per cent of the Greater Geelong region's annual water demand.

The Anglesea borefield was completed in 2009 as a response to the Millennium Drought. Operation of the borefield in 2019 helped boost water supplies during exceptionally dry conditions.

Barwon Water holds a bulk entitlement to extract groundwater from the Lower Eastern View Formation (LEVF) aquifer. The bulk entitlement includes environmental triggers and an extensive monitoring and assessment program designed to protect environmental values and groundwater dependent ecosystems.

We commenced a groundwater pumping test at the Anglesea borefield in late January, 2022, to inform a review of the bulk entitlement and Monitoring and Assessment Program which is due to the Minister for Water in 2024. The pumping test will run for a period of six months, with strict environmental protection controls in place.

Conducting the pumping test will help ensure a robust review and confirm how much water can continue to be taken sustainably. The test will also help ensure the protection of groundwater-dependent ecosystems into the future.

The Anglesea borefield operates with community oversight of the monitoring through the Anglesea River Working Group and other local community and environmental groups.

Colac and Otway regions water sources are drawn primarily from the Otway Ranges. The Colac system provides water to urban and rural districts extending as far north as Cressy. A new pipeline connecting the Colac system to the Geelong system was completed in late 2017-18, providing additional water security.

Gellibrand, Apollo Bay and Skenes Creek and Lorne all have their own water supply systems.

Water reclamation plants

Barwon Water has 11 water reclamation plants governed by Environmental Protection Authority (EPA) Victoria licensing requirements. Black Rock,

Anglesea, Apollo Bay and Lorne plants release recycled water through ocean outfalls. Plants at Aireys Inlet,

Bannockburn, Portarlington, Birregurra and Winchelsea are land-based systems.

Recycled water from the Colac facility is released into Lake Colac. The Northern Water Plant, which is an advanced recycled water facility, supplies Class A recycled water for industrial use at the Viva refinery. Black Rock also has a Class A advanced treatment plant, where we produce recycled water for use in the dual-pipe suburbs of Armstrong Creek and Torquay North.

Recycled water

To meet our Strategy 2030 goal of zero waste, we aim to maximise the beneficial use of recycled water to foster liveable communities with secure and sustainable water supplies. This includes providing recycled water for agriculture, golf courses and public open space. This saves drinking water for the community, and eases pressure on local water supply.

All water reclamation plants produce water suitable for recycling. We achieved 12.5 per cent water recycling in 2021-22. This figure was slightly reduced on previous years, due to the unusually wet climate experienced from the La Nina event, which impacted recycled water used for irrigation purposes.

Biosolids

During 2021-22, we continued to turn biosolids – a by-product of the sewage treatment process – into nutrient-rich farm fertiliser at the thermal drying facility at Black Rock.

The drying process includes heating the biosolids to sterilise the product and then pelletising it to apply to farms.

In 2021-22, we received 54,712 tonnes of wet biosolids and produced 8,046 tonnes of dried biosolids product, which is then sold to be used as a commercial fertiliser product. The proven benefits of this product has resulted in strong demand, with supply to farms across Vic, NSW, SA and even Tasmania. The pellets are produced in accordance with the standards set by the Environment Protection Authority (EPA).

Capital investment

We spent \$53.2 million in capital and related infrastructure works during 2021-22.

Over the next five years, we will commit \$580 million to improve or maintain our \$3.2 billion asset base on behalf of our customers and community. This will ensure the completion of a number of significant projects that will guarantee delivery of services in an efficient, cost-effective and environmentally responsible manner, and provide the capacity to meet future growth and development.

PART 1 • Year in review

Corporate governance

Barwon Water is established under the *Water Act 1994*. The responsible Minister for the period from 1 July, 2021 to 27 June, 2022 was the Hon Lisa Neville MP, Minister for Water and for the period from 27 June, to 30 June, 2022 was the Hon Harriet Shing MP, Minister for Water. The Hon Richard Wynne acted as the Minister for Water from 1 July, 2021 to 22 August, 2021.

Since 28 July, 2004, Barwon Water has operated under a Statement of Obligations issued by the Minister for Water under section 41 of the *Water Industry Act 1994*.

The statement imposes obligations on us regarding the performance of functions and exercise of powers. We are required to monitor compliance with the obligations set out in the statement, report on non-compliance and take remedial action in relation to non-compliance.

On 1 January, 2004, the Essential Services Commission became the economic regulator of the Victorian water sector.

The commission's role encompasses regulation of prices, service standards and market conduct.

At a glance

	2021-22	Change (%)	2020-21	Change (%)	2019-20	Change (%)	2018-19	Change (%)	2017-18	Change (%)
Population served (water)	349,996	2.5	341,410	3.3	330,462	2.8	321,562	3.0	312,562	2.8
Population served (sewerage)	323,367	2.6	315,055	3.5	304,411	2.8	296,262	4.0	284,905	2.7
Connected properties (water)	174,511	2.2	170,759	3.0	165,804	2.5	161,695	2.3	158,109	2.5
Connected properties (sewerage)	158,879	2.3	155,238	3.2	150,417	2.8	146,272	4.2	140,319	1.8
Water treatment plant volumes (megalitres)	34,624	-3.3	35,807	-0.8	36,104	-7.0	38,822	6.0	36,608	9.0
Water reclamation plant volumes (megalitres)	33,318	2.2	32,591	5.8	30,806	8.9	28,278	-7.3	30,500	8.8
Employee numbers ^{1,2}	322	0	322	2.5	314	0	314	0	314	0
Number of days lost to injury	0	0	0	-100	6	500	1	-88.9	9	-67.9
Total revenue (\$'000) ³	255,145	2.9	248,034	0.2	249,901	4.1	240,078	2.4	234,470	9.7
Net operating result (before income tax) (\$'000)	25,110	-8.6	27,466	4.6	26,250	2.2	25,692	42.9	17,975	284.8
Total assets (\$'000)	3,236,010	0.8	3,211,891	12.9	2,844,693	1.7	2,797,204	2.6	2,725,452	-0.2
Capital expenditure (\$'000)	53,174	-19.2	65,840	-15.0	77,438	-4.4	81,025	22.6	66,104	-20.6

Notes:

¹ Measured as full-time equivalent (FTE) employees

² The Australian Bureau of Statistics (ABS) develops and maintains standard occupation coding structures for labour market analysis. The primary ABS occupation coding structure is known as ANZSCO (Australian and New Zealand Standard Classification of Occupations). We use ANZSCO as our occupational reporting model.

³ Noting a disclosure change in the Consolidated Comprehensive Operating Statement applicable from 30 June, 2022 reporting periods onwards with applicable values identified and now disclosed as "Other economic flows included in net result". Only the 2020-21 results have been updated to reflect the disclosure changes for comparative purposes.

Message from the Chair and Managing Director

On behalf of Barwon Water, we are pleased to present our Annual Report for the 2021-22 financial year. It details our commitment to the Victorian Government's Water for Victoria plan and our work to provide safe, secure and affordable water and sewerage services for our customers and community.



We acknowledge the Traditional Owners of the land on which we live and work, and pay respect to Elders, past, present and emerging. We recognise Aboriginal and Torres Strait Islander peoples as the First Peoples of this nation who have managed water and the environment for at least 55,000 years.

It is a privilege to share in the knowledge and experiences from the oldest living culture in the world.

Our annual report outlines how we are continuing to implement our Water for Victoria obligations, our 2018-23 price submission customer commitments and our aligned Strategy 2030 vision of enabling regional prosperity by being entrepreneurial and high performing, building strategic partnership and achieving zero waste and emissions.

It also shows our commitment to and alignment with the United Nations' Sustainable Development Goals, which were set up in 2015 by the United Nations General Assembly and are intended to be achieved by 2030.

This year, as the coronavirus (COVID-19) pandemic continued to pose challenges to the way we did business, we have continued our commitment to customer experience excellence, disciplined financial management, and planning for our region's future water needs. We also continued our focus on protecting the environment and partnering with our community to improve liveability. We continued to build our diverse and highly skilled workforce, whom all care about the region they work in.

Our organisational values – caring, safe, inclusive, accountable and courageous – were on show again in the 2021-22 financial year and are demonstrated in many examples throughout this report. Our deep and ongoing engagement with our customers and community continued to see us harness opportunities grow the local economy and respond to critical issues such as climate change, growth and community expectations about water use, all while keeping prices low and helping those customers experiencing hardship.

Major achievements this year included: submitting our *Water for our Future* strategy (Urban Water Strategy) to the Water Minister for approval; winning the Australian Water Association's National Organisational Excellence Award for our Aboriginal Employment and Retention Strategy; signing the Power Purchase Agreement for the Barwon Region Renewable Energy Project we are undertaking with Barwon Health and GeelongPort; and, helping nearly 40,000 eligible domestic customers access government concessions to help pay their bill.

Our five customer outcomes:

This annual report covers year four of our 2018-23 price period. It shows how in the 2021-22 financial year, with the ongoing challenges of the COVID-19 pandemic, and supply chain issues caused by it and extreme weather events, we continued to deliver upon the five key service outcomes our customers told us they most valued through our continuous and extensive engagement.

As part of our price submission, we committed to continually involve our customers and community in our decision-making, hold ourselves to account and honour what we said we would deliver, ensuring our actions align with what our customers want us to do.

Highlights

Outcome 1: A reliable, secure water future for our region

We are providing clean, safe drinking water, treating wastewater in a compliant manner, encouraging greater use of recycled water and maintaining secure water supplies.

In the 2021–22 financial year we:

- submitted our Urban Water Strategy – *Water for our Future* to the Water Minister
- implemented recycled water initiatives, including increasing recycled water use on the Bellarine thanks to a Victorian government grant of \$7.5 million to upgrade the Portarlington Water Reclamation Plant

Focussed on water efficiency initiatives, community education and introducing smart networks to identify leaks and minimise water loss.

Outcome 2: Timely, innovative services for our customers

We are using technology to ensure our customer experience is second-to-none and the level of customer choice is enhanced.

In the 2021–22 financial year, we provided a positive service experience for our customers by:

- improving communication and processes for planned and unplanned outages, increased use of e-billing, SMS alerts, and a live chat service for our website
- using profits from Barwon Water’s growing maintenance services business Barwon Asset Solutions to keep customer prices low
- continuing our program to replace up to 20 kilometres of old and damaged water pipes
- continuing a program to replace old and damaged sewerage pipes (153 km has been replaced or renovated in the last ten years).

Outcome 3: A healthier environment for all

We are aiming to achieve 100 per cent renewable energy by 2025 and net zero emissions by 2030.

In the 2021–22 financial year, we continued to reduce resource consumption and waste production through improved efficiency and supporting waterway and catchment health, by:

- working with both Wadawurrung and Eastern Maar Traditional Owners to help guide us in how we source, move and potentially return water to rivers

- working with businesses and councils to implement Renewable Organics Networks for Colac and the broader G21 region, to create a circular economy for the region’s organic waste, create renewable energy to run our sewage treatment plants and produce soil improvers which will lock carbon into soils
- signing the Power Purchase Agreement for the Barwon Region Renewable Energy Project we are undertaking with Barwon Health and GeelongPort
- maintaining the extensive environmental monitoring and assessment program for the Anglesea Borefield
- working with our local community and stakeholders to implement the remediation plan for Boundary Creek and Big Swamp
- launching Stage 3 of Recycled Water for the Bellarine.

Outcome 4: Deeper knowledge and partnerships with our community

We are proactively seeking opportunities for strengthening partnerships with key groups where we have clear mutual interest.

In the 2021–22 financial year, we continued to build two-way community relationships and work collaboratively with our stakeholders and industry, including by:

- building on our partnership agreement with Wadawurrung Traditional Owners and developing our relationship with Eastern Maar Aboriginal Corporation
- working with Reconciliation Australia, local Traditional Owners and Aboriginal groups on the development of our second Reconciliation Action Plan
- working closely with Wadawurrung Traditional Owners and the local community to transform two of our disused sites (Porronggitj Karrong in Breakwater and our Bellarine Basin site on the Bellarine) into more than 95 hectares of environmental and public open space
- winning the Australian Water Association’s National Organisational Excellence Award for our Aboriginal Employment and Retention Strategy.

Outcome 5: Affordability for all our customers

In the 2021–22 financial year, we continued to work hard to keep our costs down without compromising our services and help our customers to manage their bills, including by:

- helping nearly 40,000 eligible domestic customers access government concessions to help pay their bill

- having one of the lowest average residential bills in Australia (as compared to other water businesses with more than 100,000 customers)
- finding nearly \$40 million in cost savings across the last four years, exceeding our five year Customer Affordability Pipeline target of \$32 million
- continuing our deep engagement for our next Price Submission, to inform our 2023–28 price period plan
- our operating expenditure productivity rate of 2.3 per cent per annum (excluding CPI), which is one of the most ambitious of all Victorian water corporations
- net of repayments, total debt decreased by \$15 million. A focus on disciplined capital and cash management continues to be maintained
- regional growth saw revenues exceed \$255 million in the 2021–22 year
- \$53.2 million was spent on capital investment to deliver services and maintain service quality to the region and deliver infrastructure to support regional growth.

These examples and more are showcased throughout this annual report. They show that at Barwon Water, we continue to pursue and meet the ambitious targets we have set ourselves, and while the challenges in our operating environment continue to evolve, we are focused on overcoming them.

While continuing to address these challenges and achieve our key outcomes, we’re also listening to our customers on what they want to see in the next pricing period beginning in 2023.

It is with pleasure that I commend to you Barwon Water’s 2021–22 Annual Report.

Jo Plummer, Chair

Tracey Slatter, Managing Director

Our Strategy 2030

Why we exist

To be an enabler of regional prosperity.

What we do

Deliver outstanding value to our customers and the community by delivering high quality, affordable and reliable water services.

How?

We will deliver Strategy 2030 through:

- Strategic partnerships
- Zero emissions
- Zero waste
- High performance
- Entrepreneurial.

In 2021-22, we worked to refresh our Strategy 2030:

Since we first developed Strategy 2030, back in 2017, we have developed and learnt a lot as an organisation. We have seen how quickly and dramatically our world can change – from pandemic to droughts, bushfires to floods. We know we need to be prepared for anything and be agile enough to respond.

We have also seen the emergence of a new challenge around equity divides – our society is becoming increasingly intolerant of inequity and injustice in any form.

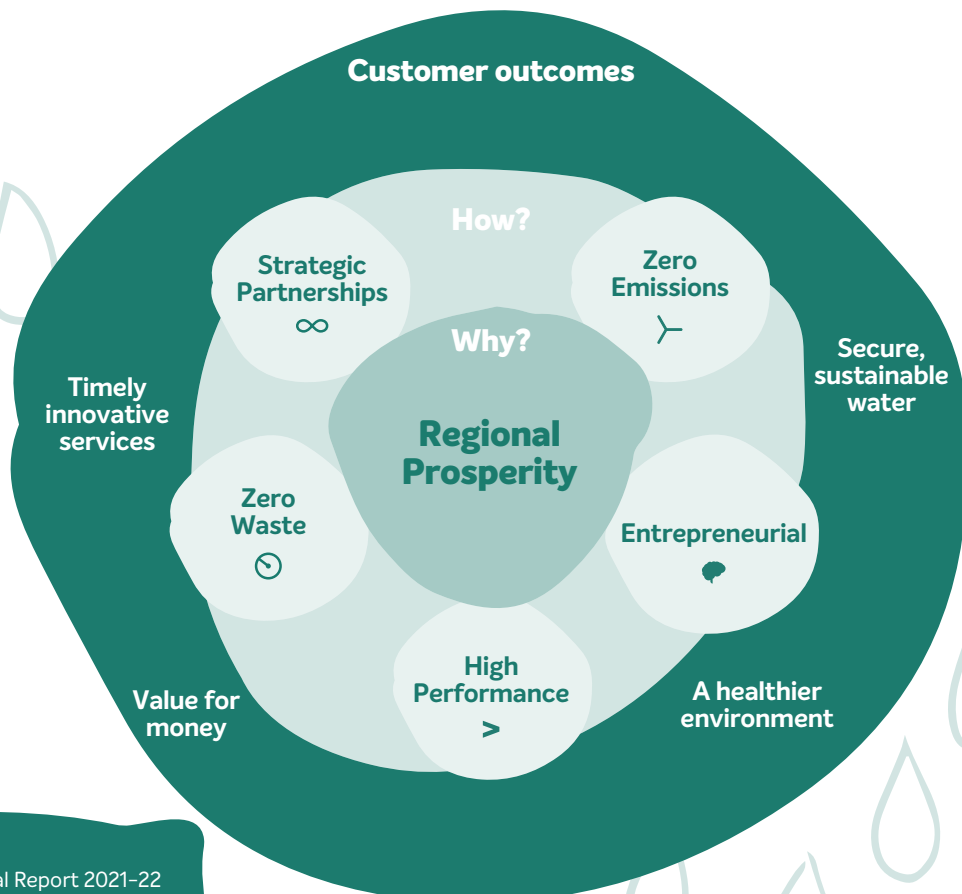
We have heard what our community wants from us in response to these challenges. By genuinely engaging with our community over the past five years, we have heard that our customers want us to lean in and help address these challenges in partnership with them, so that we can protect and enhance all that makes our region great.

It is timely for us to take stock of what we have achieved – and what we have left to do – as we strive to deliver the new

paradigm we developed, defining the why, how and what for Barwon Water.

The refresh of our Strategy 2030 is also closely aligned with the development of our next 5-year pricing submission, to ensure that our actions and expenditure are aligned with the vision of our strategy.

The final version of the refreshed strategy will be released in-line with our 2023-2028 pricing submission process.



Summary of financial results

I, Joanne Plummer, on behalf of the Barwon Region Water Corporation, certify that the Barwon Region Water Corporation and its wholly owned subsidiary Barwon Asset Solutions has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Chair, Barwon Region Water Corporation
20 October, 2022.

Financial summary

The 2021–22 financial year saw Barwon Water continue our focus on customer affordability, innovation and sustainable investment in infrastructure renewal and growth activities. We remained focused on delivering essential water and sewer services to the region, despite the ongoing COVID-19 pandemic, which continued to pose significant operational challenges.

Our operations made a significant positive contribution to our region's economy and liveability. During 2021–22, we generated revenues of \$255 million supported by \$3.2 billion in assets and spent \$53.2 million in capital and related infrastructure works.

2021–22 was the fourth year of the 2018 Price Submission, where we continued our commitment to keeping prices low and delivering affordable water services to our customers. In keeping with this commitment, we have again delivered a strong and financially sustainable result.

Borrowings were decreased by \$15.0 million to \$514.4 million, with cash on hand at \$11.9 million by 30 June, 2022.

We continued to support the government request to deliver supplier payments within 10 business days, ensuring timely payments to our community of suppliers. We remain committed to managing debt levels, while continuing to fund capital that provides tangible and long-term benefits to the community.

Challenges overcome

The COVID-19 pandemic continued to be a significant focus for Barwon Water and our community during 2021–22.

We are continuing the delivery of our Customer Affordability Pipeline (CAP), which through innovation and improved practices is aiming to generate \$40 million over five years, to ensure we can maintain the prices we committed to throughout 2018–23. We are currently on track to hit this target with over \$34.4 million in savings already delivered.

We also continued to progress the sale of surplus property under the Barwon Water Property Realisation Program –\$16.6 million in proceeds are being utilised to maintain borrowing levels, to keep customer bills low.

Major changes or factors affecting performance

Barwon Water's net result before tax was a surplus of \$25.1 million, which is \$2.4 million lower than the prior year.

A combination of factors contributed to this result, including continued strong demand for our core services, the continuation of strong regional development and growth resulting in higher revenues and customer connections, and the initial recognition of our Power Purchasing Agreement (PPA) entered into to help us move towards a net zero emissions target.

Significant changes in financial position

Investment in infrastructure was mainly funded through \$53.2 million in funds from operations with the balance funded by excess cash already held.

Net of repayments, total debt decreased by \$15.0 million. Cash and cash equivalents decreased from \$24.3 million to \$11.9 million, reflecting reduced economic uncertainty resulting from the pandemic. A commitment to, and focus on, disciplined capital and cash management continues to be maintained.

Our ongoing commitment to long-term service delivery through prudent and efficient infrastructure planning resulted in \$53.2 million of capital works expenditure being delivered.

Key capital works focus areas have been on sewerage and water mains replacement and rehabilitation across the network.

The largest investment was for the Colac Reclamation Plant upgrade, followed by the provision of water and sewerage services to the Bellbrae Primary School.

We also continue to invest in innovative and cost effective renewable energy projects that support the delivery of zero emissions target by 2030.

Events subsequent to balance date

No material events occurred after balance date.

Summary of financial results

Financial result	2021-22 (\$'000)	2020-21 (\$'000)	2019-20 (\$'000)	2018-19 (\$'000)	2017-18 (\$'000)
Tariff revenue	199,784	195,094	193,181	193,222	181,199
Capital revenue	31,327	42,302	44,026	36,989	44,018
Government contributions	4404	660	389	511	386
Other revenue	19,630	9,978	12,305	9,356	8548
Total revenue	255,145	248,034	249,901	240,078	234,470
Operating expenditure	118,713	105,952	107,271	99,651	94,157
Depreciation expenditure	72,720	73,839	70,816	68,424	75,969
Finance costs	32,855	35,018	36,845	37,712	39,436
Other expenditure	10,118	10,801	8,719	8,599	6,933
Total expenditure	234,406	225,610	223,651	214,386	216,495
Net other economic flows ¹	4,371	5,042	n/a	n/a	n/a
Net result before tax	25,109	27,466	26,250	25,692	17,975
Current assets	65,607	72,234	83,670	70,444	52,211
Non-current assets	3,170,403	3,139,657	2,761,023	2,726,760	2,673,241
Total assets	3,236,010	3,211,891	2,844,693	2,797,204	2,725,452
Current liabilities	104,484	107,111	111,301	112,003	94,547
Non-current liabilities	1,015,589	1,029,591	938,995	910,514	900,877
Total liabilities	1,119,073	1,136,702	1,050,296	1,022,517	995,424
Net cash flows from operations	49,970	83,722	77,699	87,317	71,679
Payments for infrastructure, property, plant and equipment	63,393	76,845	79,299	82,408	67,858

¹ Noting a disclosure change in the Consolidated Comprehensive Operating Statement applicable from 30 June, 2022 reporting periods onwards with applicable values identified and now disclosed as "Other economic flows included in net result". Only the 2020-21 results have been updated to reflect the disclosure changes for comparative purposes.

Barwon Water's financial performance to 30 June 2022

Financial result	2021-22	2020-21	2019-20	2018-19	2017-18
Internal financing ratio	108.07%	162.55%	103.90%	100.91%	118.70%
Gearing ratio	17.24%	17.88%	21.70%	21.20%	21.80%
Interest cover (EBIT)	1.77 times	1.79 times	1.71 times	1.68 times	1.45 times
Interest cover (Cash)	2.53 times	3.42 times	3.10 times	3.17 times	3.09 times
Return on assets	1.80%	2.06%	2.23%	2.29%	2.09%
Return on equity	0.92%	1.08%	1.11%	1.03%	0.74%

Capital expenditure

Barwon Water's operations have a significant impact on our region's economy and liveability.

We spent \$53.2 million in capital and related infrastructure works during 2021-22.

The \$1.6 million spent on water headworks projects included:

- \$0.8 million for Colac Pipeline Upgrade sections 19, 20, 23 & 25
- \$0.5 million for water channel renewals.

The \$6.1 million spent on major water transfer and distribution projects included:

- \$0.8 million for Colac Basin No. 1
- \$0.8 million for Airey's Inlet Basin Components Rehabilitation
- \$0.7 million for Colac Birregurra Pipeline Upgrade.

Other major water infrastructure projects included:

- \$3.0 million for Bellbrae Primary School Water and Sewer Infrastructure
- \$2.7 million for water mains replacements
- \$1.5 million for Ocean Grove Low Level Reticulation Improvements.

The \$4.0 million spent on recycled water infrastructure included:

- \$1.6 million for Portarlington PSV
- \$0.6 million for Armstrong Creek Western Precinct RW Mains
- \$0.5 million for Bannockburn WRP Recycled Water Infrastructure.

The \$17.5 million spent on investment in sewerage infrastructure included:

- \$3.2 million for Colac Water Reclamation Plant Upgrade
- \$2.3 million for Mains Replacement & Rehabilitation
- \$0.9 million for Winchelsea Water Reclamation Plant Upgrade.

Part 2. Water consumption



Becky Webster – Our AFLW Geelong Cats Ambassador

Weekly household water consumption (kilolitres)

Month	Week 1	Week 2	Week 3	Week 4
January	4.0	4.0	4.0	4.0
February	4.0	4.0	4.0	4.0
March	4.0	4.0	4.0	4.0
April	3.4	3.4	3.4	3.4
May	3.4	3.4	3.4	3.4
June	3.4	3.4	3.4	3.4
July	3.0	3.0	3.0	3.0
August	3.0	3.0	3.0	3.0
September	3.0	3.0	3.0	3.0
October	2.7	2.7	2.7	2.7
November	2.7	2.7	2.7	2.7
December	2.7	2.7	2.7	2.7
Total	39.3	39.3	39.3	39.3

Regional metered water consumption (megalitres)

Region	2021-22	Change (%)	2020-21	Change (%)	2019-20	Change (%)	2018-19	Change (%)	2017-18	Change (%)
Apollo Bay	246	5.4	233	-0.9	235	-13.3	271	1.9	266	9.9
Aireys Inlet	134	0	134	3.1	130	-2.3	133	8.1	123	7.1
Anglesea	408	5.5	387	1.8	380	2.2	372	6.3	350	5.3
Bellarine Peninsula	5,242	3.3	5,073	4.0	4,879	-8.3	5,318	11.3	4,779	8.2
Colac and district	2,796	8.7	2,573	-6.3	2,746	-2.9	2,829	2.0	2,774	9.2
Geelong urban	23,494	3.4	22,721	-2.3	23,248	-6.0	24,740	7.6	23,001	4.1
Lorne	303	-2.9	312	2.6	304	-6.2	324	-0.3	325	6.5
Skenes Creek	29	-10.7	32	10.3	29	-14.7	34	13.3	30	2.8
Torquay	2,165	4.7	2,067	-1.6	2,100	3.0	2,038	11.0	1,836	11.6
Total	34,817	3.8	33,533	-1.5	34,051	-5.6	36,057	7.7	33,486	5.5

Geelong urban includes:

Anakie, Avalon, Balliang, Bamganie, Bannockburn, Batesford, Birregurra, Fyansford, Gheringhap, Inverleigh, Leopold, Lethbridge, Little River, Marshall, Maude, Meredith, Modewarre, Moorabool, Moriac, Mount Moriac, Murgheboluc, She Oaks, Shelford, Staughton Vale, Sutherlands Creek, Teesdale, Thompson, Winchelsea, Wurdiboluc.

Colac and district includes:

Colac, Colac West, Colac East, Gerangamete, Warncoort, Yeo, Yeodene, Alvie, Balintore, Bamganie, Barongarook, Beeac, Buckley, Coragulac, Cororoake, Corunnun, Elliminyt, Gellibrand, Gherang, Irrewarra, Irrewillipe East, Kawarren, Larpent, Maude, Nalangil, Ondit, Petticoat Creek, Pirron Yallock, Russells Bridge, Warrion, Whoorel.

Bellarine Peninsula includes:

Barwon Heads, Bellarine, Breamlea, Clifton Springs, Curlewis, Drysdale, Indented Head, Mannerim, Marcus Hill, Ocean Grove, Point Lonsdale, Portarlinton, Queenscliff, St Leonards, Swan Bay, Wallington.

Torquay includes:

Torquay, Jan Juc, Mount Duneed.

PART 2 • Water consumption

Residential and non-residential metered potable water

Region	Residential			Non-residential			Total consumption (ML)	Per capita consumption (litres/person /day) ³	Average annual consumption (ML) ⁴
	Number of water customers ¹	Volume consumed (ML) ²	Weekly potable consumption (kL)	Number of water customers ¹	Volume consumed (ML) ²	Volume consumed (ML)			
Geelong and district	148,419	23,392	449,844	11,323	7,835	31,227	194	30,616	
Colac and district	6,964	1,444	27,772	1,219	1,349	2,793	277	2,728	
Apollo Bay/Skenes Creek	2,285	209	4,014	170	98	307	252	301	
Lorne	2,291	219	4,211	160	84	303	393	306	
Aireys Inlet/Fairhaven	1,633	175	3,360	47	13	187	457	183	
Total	161,592	25,438	489,201	12,919	9,378	34,817	199	34,134	

1. This is the total number of properties connected to Barwon Water's water supply service.

2. Metered consumption excludes non-revenue water.

3. The per capita usage figure is based on the yearly residential consumption figure divided by permanent population, which is calculated using Australian Bureau of Statistics Census data for "percent of occupied dwellings" and "average people per (occupied) dwelling". The figure doesn't take into account the high summer tourism population of some towns.

4. Average calculated over three years.

Residential and non-residential metered recycled water consumption

Region	Non-residential (Class C)		Non-residential (Class A)		Residential (Class A)		Total consumption (ML)	Average annual consumption (ML)
	Number of recycled water customers	Volume consumed (ML)	Number of recycled water customers	Volume consumed (ML)	Number of recycled water customers	Volume consumed (ML)		
Geelong and district	23	1,200	56	1,101	11,247	376	2,677	2,535
Colac and district	3	8	N/A	N/A	N/A	N/A	8	12
Apollo Bay/Skenes Creek	2	0	N/A	N/A	N/A	N/A	0	0
Lorne	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aireys Inlet/Fairhaven	3	19	N/A	N/A	N/A	N/A	19	27
Total	31	1,227	56	1,101	11,247	376	2,704	2,575

Non-revenue water (ML) 2021-22

	Leakage	Firefighting*	Other**	Total
Barwon Water service region	2,405	-	235	2,640

*Water used for firefighting purposes is not metered.

**Includes combined potable metered hydrant volumes and volume used by Barwon Water for mains flushing, scouring and other maintenance. The two cannot be separated and the mains flushing, scouring and other maintenance is marginal.

Corporate water consumption

This is the 16th year that we have officially measured employee water consumption for our offices.

Usage figures for other Barwon Water sites are difficult to determine and compare, as measurements include operational consumption as well as employee water use.

Location	2021-22				
	Total full-time equivalent employees	Office space (m ²)	Water consumption (kL)	kL/FTE	Water consumption by office space (l/m ²)
55 – 67 Ryrie Street (Geelong)	322	6,071	903	2.80	148.74
Total	322	6,071	903	2.80	148.74

Major non-residential water users

Customer by volume range.

Volumetric range – ML per year*	No. customers
Equal to or greater than 100 ML and less than 200 ML	10
Equal to or greater than 200 ML and less than 300 ML	2
Equal to or greater than 300 ML and less than 400 ML	1
Equal to or greater than 400 ML and less than 500 ML	2
Equal to or greater than 500 ML and less than 750 ML	1
Equal to or greater than 750 ML and less than 1,000 ML	0
Greater than 1,000 ML	1
Total no. of customers	17

*These numbers are based on potable and recycled water only.

Non-residential water efficiency

Our five-year Sustainable Water Use Plan continued its focus on water efficiency and supporting our non-residential customers through various programs in 2021-22.

The Business Grants program continued in 2021-22 with grants awarded for a diverse range of projects including to a commercial laundry to upgrade to water efficient equipment and an agricultural business to substitute drinking water with rainwater.

We provide more than 20 business, agricultural and industrial customers with Class C recycled water. The water is not suitable for drinking or residential use, but is often used to irrigate golf courses, for agriculture, sporting grounds, vineyards and flower farms.

Golf courses at Anglesea, Barwon Heads, Portarlington, Bannockburn and Winchelsea are all connected to recycled water supplies, meaning the courses can be maintained at a reduced cost while also operating more sustainably.

Business Water Grants and a new Business WaterAssist Rebate program were open to non-residential customers in 2021-22.

The water grants are designed to support our larger business and agricultural customers to achieve permanent water savings, through substitution of drinking water with alternative sources, recycling wastewater, or upgrading equipment to improve water efficiency.

Businesses that are awarded grants also have a data logger installed, so they can track and monitor consumption patterns and identify leaks in real time. To date, projects have an estimated water saving benefit of 85 million litres annually.

A new WaterAssist Business Rebate was launched in May 2022. The rebate is designed to assist small to medium sized businesses upgrade to more water efficient fixtures and fittings to save water and money off their bills. Within a month of the launch, seven rebates were awarded, at a value of \$13,097. The rebate program will continue to be offered to businesses in 2022-23 with expected water savings of around four million litres a year.

We continued to work closely with our catchment partners as part of our WaterSmart Council and Coastal Partnership programs. Both programs promote sustainable water use to the broader community through education initiatives, water efficiency and sustainability projects. In 2021-22 projects included supporting a community garden in Torquay, installing 4-star water efficient showerheads at recreational facilities in Colac, a water efficient irrigation system in Ocean Grove, "Don't flush it" and "Shorter Shower" signage in public amenities along the coast, as well as data loggers at caravan parks and public amenities to identify leaks.

Our data logger program continued to support over 80 non-residential customers to detect and rectify leaks and this, together with our dedicated Colac on-farm project, helped to save approximately 21 million litres of drinking water in 2021-22.

We look forward to continuing to support our non-residential customers in 2022-23 and working closely with them through targeted programs.

To read about our water efficiency programs for residential customers see page 35.

Major customer participation in water conservation programs

Name of customer	Information as to customers participation in water conservation program*
Viva Energy Refining Pty Ltd (multiple sites)	Water management and recycling program in use.
City of Greater Geelong (multiple sites)	Yes, participates in the Sustainable Water Use data logger and Water Smart council programs.
Malteurop Australia Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Turi Foods Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Australian Lamb (Colac) Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
J R & C A Santospirito (multiple sites)	Yes, participates in Sustainable Water Use data logger program and Class C recycled water user
Bulla Dairy Foods	Yes, participates in Sustainable Water Use data logger program
MC Herd Pty Ltd	Yes, participates in Sustainable Water Use data logger program
Thirteenth Beach Golf Links Ltd	Yes, participates in Sustainable Water Use data logger program and Class C recycled water user
Barwon Health - The Geelong Hospital	Yes, participates in Sustainable Water Use data logger program
Barrett Burston Ltd	Yes, participates in Sustainable Water Use data logger program
Bulla Cream Co Pty Ltd	Yes, participates in Sustainable Water Use data logger program
Bellarine Property Nominees Pty Ltd	Yes, participates in Sustainable Water Use data logger program and Class C recycled water user
Pavilion Partners Pty Ltd	Yes, participates in Sustainable Water Use data logger program
Fremantle Harbour Properties Pty Ltd	Yes, participates in Sustainable Water Use data logger program
Bannockburn Golf Club Inc	Yes, participates in Sustainable Water Use data logger program and Class C recycled water user
Deakin University	Yes, participates in Sustainable Water Use data logger and recycled water program
	Business Water Grants have been directly offered to the major water users (top 100) to review or implement water efficient or substitution projects.

*The table above outlines Barwon Water's top potable and / or recycled water using customers (>80 million litres / year) in order of usage.



Announcement of the Viva New Energy Service Station that will provide hydrogen from recycled water supplied by Barwon Water.





Our Lady of the Sea Schools Tree Planting.

Part 3.

Social & environmental sustainability

Aboriginal values

In 2018 we launched our first Innovate Reconciliation Action Plan (RAP), a plan that recognised our commitment to building long-term relationships and meaningful engagement with First Nations people within Geelong and surrounding regions. Implementation of our Innovate RAP demonstrated strong outcomes and embedded robust approaches towards advancing reconciliation within our organisation, and across our business interactions.

We are progressing our reconciliation journey and are preparing to submit our Stretch RAP to Reconciliation Australia for endorsement in late 2022. The focus will be on developing and implementing long term strategies and working towards measurable targets with the goal to embed reconciliation as 'business as usual'.

Building and maintaining our relationships with Traditional Owners is critical to the way we work. Our relationship with Wadawurrung continues to deepen through our commitment to our Partnership Agreement, which was renewed for another three year term (2021-2024).

Equally, we are growing our relationship with Eastern Maar Aboriginal Corporation as we actively engage and progress our understanding of each other's organisations, and listen to the needs and priorities of the Traditional Owners. In 2021, we signed a new project agreement to help fund a review of their Country Plan, Meerreeengeeye Ngakeepoorrteet. We will work together on a number of projects and investigate future opportunities at some of our sites to promote self-determination and assist with capacity building.

We are committed to continuing to reflect, challenge and develop further through our awareness, understanding and knowledge. We look forward to building opportunities, relationships, continuing to build on our understanding of cultural values, traditions and showing respect to First Nations People through our Stretch RAP and beyond.

Some of the key highlights from our first Reconciliation Action Plan are detailed in the following sections.

Working with Traditional Owners to Care for Country

We are progressing the findings from the Care for Country project by including outcomes as actions within our Stretch RAP, and by starting to embed principles across the organisation.

A key outcome of this work will be incorporating Caring for Country values into the organisation and cultivating a mindset where all employees care about their impact on the environment. The project will help build our position as an environmental leader through an ethic of Caring for Country and protecting natural assets.

Bellarine Basin

The Bellarine Basin forms part of our commitment to opening up or enhancing green/ open space. The project aligns with state government commitments to parks and waterways within the Bellarine Peninsula. It also recognises the important and unbroken connection and stewardship of Traditional Owners in relation to land and water in the Bellarine.

We aim to create 37 hectares of new community open space on the site of the now redundant Bellarine water basin. The space will help protect and enhance the unique habitats, ecosystems and biodiversity of the Bellarine including remnant native vegetation and habitat for native fauna.

The vision, created with community input, is to be a unique, inclusive and accessible community place for people to celebrate, respect, enjoy and immerse themselves in its cultural, natural and recreational values.

Helping to deliver this vision, Barwon Water has received matched funding through the Department of Environment, Land, Water & Planning (DELWP) Distinctive Areas and Landscapes capital works program, that underpins the initial basin removal and water infrastructure works. Working in partnership with the Wadawurrung Traditional Owners, local community, environmental groups, special interest groups, DELWP, the City of Greater Geelong and the Corangamite Catchment Management Authority, the project will restore and provide public access to the Yarram Creek headwaters and surrounding landscape.

We are currently progressing the project in two streams: the basin removal and reestablishment of the natural

Yarram Creek alignment; and creation of accessibility assets such as toilets, walkways and seating to provide an enhanced visitor experience. The park will be developed based on four objectives covering nature, culture, community and sustainability.

To date, the engineering for the removal of the basin and recreation of the Yarram Creek has been completed with construction starting in June, 2022. It is anticipated that the original Yarram Creek alignment will be restored in late 2022.

There has been extensive community consultation to progressively develop the vision, principles, objects, activities and uses for the site. This consultation will continue through the more detailed masterplan design process and development of accessibility infrastructure, with revegetation, land management, long term asset management and environmental monitoring to be undertaken in partnership with Traditional Owners and the wider community.

Porronggitj Karrong

Porronggitj Karrong (meaning place of the Brolga in Wadawurrung language) is a 66-hectare section of floodplain north of the Barwon River Breakwater.

Barwon Water is partnering with Wadawurrung Traditional Owners Aboriginal Corporation on this project as they lead us in understanding how we can better Care for Country and improve the health of the land and water, transforming the site into a place of connection and living culture. The project will provide a new public place where the Geelong community can connect with the Aboriginal, environmental and heritage values of the Barwon River and surrounding landscape. The partnership's goal for this site is to enable the Wadawurrung community to care for this country in ways that promote self-determination and reconciliation.

A 756-metre state heritage-listed ovoid sewer aqueduct, multi-span bridge structure built in 1915, bisects the site and crosses the Barwon River. River access under the aqueduct has been closed for around 30 years due to safety concerns surrounding the poor structural integrity of the decaying structure.

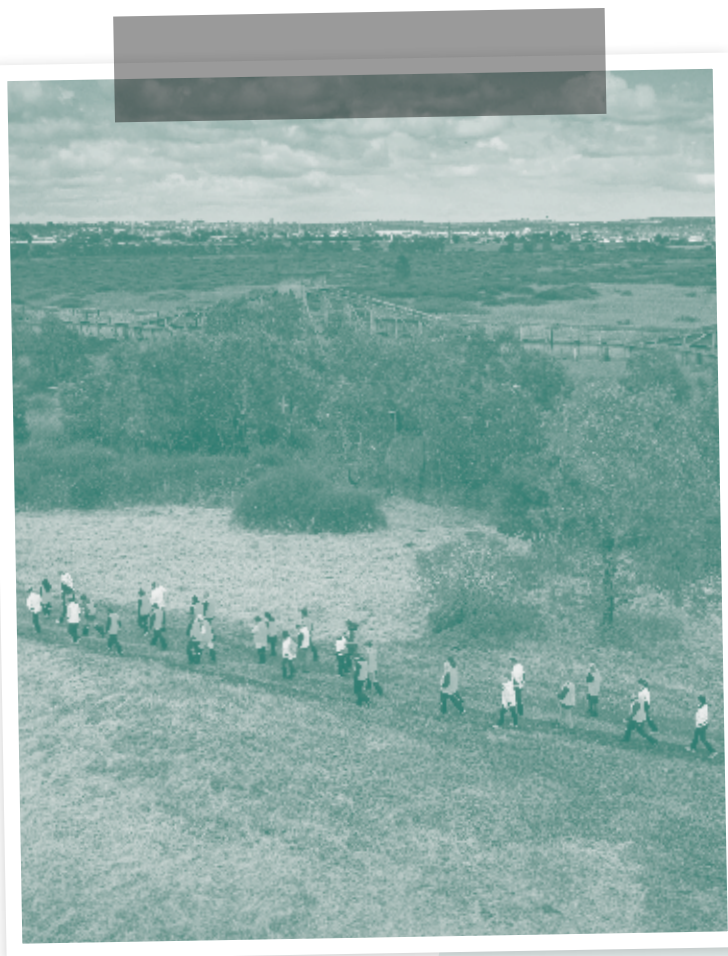
On 16th November, 2020, Heritage Victoria granted conditional approval for Barwon Water to remove four of the 14 sections of the aqueduct, to mitigate these safety risks, allow safe access on land and the Barwon River. The early works have been completed in accordance with Heritage Victoria requirements, with structural removal of the four spans to be commence mid- 2022 with completion early in 2023.

The Heritage Victoria permit includes a series of conditions relating to the management of the remaining structure into the future. As part of the works, the permit requires the development a comprehensive recording program of the structure (completed), a Heritage Infrastructure Management Plan (HIMP – in progress), Heritage Interpretation Plan (HIP – in progress) and structural propping works to be undertaken to stabilise the remaining structure (commencing July 2022).

We are also working with a range of Statutory Authorities to ensure that this section of the Barwon River can be legally opened once the spans have been removed. We are committed to making this site safe and opening the parkland and the Barwon River to the Geelong community as a cultural precinct.

The shared vision for the project is:

“A balanced ecological system incorporating Wadawurrung traditional values for the whole community to connect, listen and learn from Country”.



Tour of Porronggitj Karrong for Regional Leaders on 8 December, 2021

Cultural awareness training

Barwon Water continued to provide cultural awareness training to employees throughout 2021–22, with a focus on:

- Aboriginal history in Australia
- life as a contemporary Aboriginal person
- challenges that are faced by Aboriginal people
- casual racism
- cultural heritage
- a visit to a cultural site/s around Geelong.

The awareness training has helped employees to look at the world through the eyes of an Aboriginal person, and to help to understand how we can support and work with our Traditional Owners.

Additional training is provided to staff who have an Aboriginal and/or Torres Strait Islander employee reporting to them, to assist them in creating a culturally safe working environment.

NAIDOC Week

The 2021 NAIDOC week theme was “Heal Country! It celebrated the history, culture and achievements of Aboriginal and Torres Strait Islander peoples. Healing Country means embracing First Nation’s cultural knowledge and understanding of Country as part of Australia’s national heritage.

Although in person events were cancelled due to COVID-19 restrictions, we made the most of this opportunity, by participating in a range of local, state and nationally run online events.

We ran NAIDOC Week building projections in partnership with City of Greater Geelong, to celebrate the cultural strength of our First Nations communities and support the theme. Each piece was created on Wadawurrung Country and facilitated through The Torch, which provides new pathways by encouraging the exploration of identity and culture through art.

Reconciliation Week

National Reconciliation Week was held from Friday 27 May to Friday 3 June, 2022 with the theme “Be Brave. Make Change”. It commenced with the Barwon Water supported Reconciliation in the Park, a community event in Johnstone Park which aims to grow local understanding about Djillong history and culture, and engage the broad community in local reconciliation activities.

As we did for NAIDOC week, we partnered again with the City of Greater Geelong and The Torch to showcase artworks from First Nations people. Additionally, we provided a range of activities to help our staff explore First Nations voices and perspectives, to read truth-telling accounts of history and contemporary Australia as a way of participating in the national dialogue. This included: lunch time screenings of documentaries; a First Nations ‘Little Library’ of books to borrow and share; an update on the Stretch RAP; internal and external media conversations, and; promotion of online and local (in person) events.

The week’s activities were concluded by inviting Barwon Asset Solutions staff to attend a Porronggitj Karrong site visit with the Caring for Country teams at Wadawurrung and Barwon Water. The tour offered the opportunity to walk alongside Wadawurrung Traditional Owners Aboriginal Corporation staff, to gain insight into what aspirations the Traditional Owners have for Porronggitj Karrong in relation to ‘making country healthy again’ on the 66ha site.

Employment – Traineeship program

Barwon Water was recognised for our Aboriginal Employment and Retention Strategy in May, 2022 when we won the Australian Water Association’s National, Organisational Excellence Award.

At the heart of our strategy is understanding and embedding First Nations cultural values and the holistic wellbeing of First Nations Peoples. It provides the foundations for creating and delivering culturally appropriate, respectful and meaningful outcomes for First Nations employees. The strategy is a key commitment under our Innovate Reconciliation Action Plan, and is structured around five key areas including: Recruitment, Induction, Inclusive Workplace Practices, Retention and Development.

Two successful initiatives coming from this strategy include our 12-month traineeship program (mentioned in another part of this report), developed in partnership with Wan-Yaari Aboriginal Consultancy Services and Gforce Employment Solutions, as well as an in-depth Connection to Country program for all employees, which includes cultural heritage education and visits to culturally significant sites in the region. Through ongoing collaboration with Wan-Yaari and gforce Employment Solutions, we continue to support traineeship opportunities for Aboriginal and/or Torres Strait Islander applicants. The organisations continue to work closely to provide ongoing support to these trainees and deliver successful outcomes.

Since 2017 there have been eighteen trainees who identify as Aboriginal, who have participated in the program. At the conclusion of their respective traineeship, three trainees have continued full time employment with Barwon Water; the remaining trainees have either followed career pathways with other employers, or pursued further studies at university level.

Social sustainability

Customer Advisory Committee

Since it was first convened in 1996, our Customer Advisory Committee has been helping us respond to customer needs, involve our community in project planning, understand issues raised by interest groups and access valuable community knowledge.

Membership is comprised of people from diverse customer segments, backgrounds and experiences.

The committee met six times throughout 2021-22 to provide early, strategic input into the development of critical customer strategies, programs and projects. This included a strong focus on planning for our 2023-28 Price Submission.

Other briefings included:

- 2018-23 Price Submission performance review
- capital works program performance
- our Customer Support program
- *Water for our Future* community panel outputs and draft strategy.

In addition, information was provided in pre-meeting briefing packs and feedback received on key projects, including:

- Regional Renewable Organic Network
- Porronggitj Karrong and Aqueduct
- Bellarine Basin
- Community Housing Retrofit Program
- supporting vulnerable customers
- customer and stakeholder perception survey results
- customer support programs
- Living Labs
- Recycled Water Program
- Research & Development Program
- Property Realisation Program
- capital works projects
- community grants.

Caring for customers

During 2021-22, we received encouraging external recognition of our ongoing efforts across the organisation to provide a high quality customer experience.

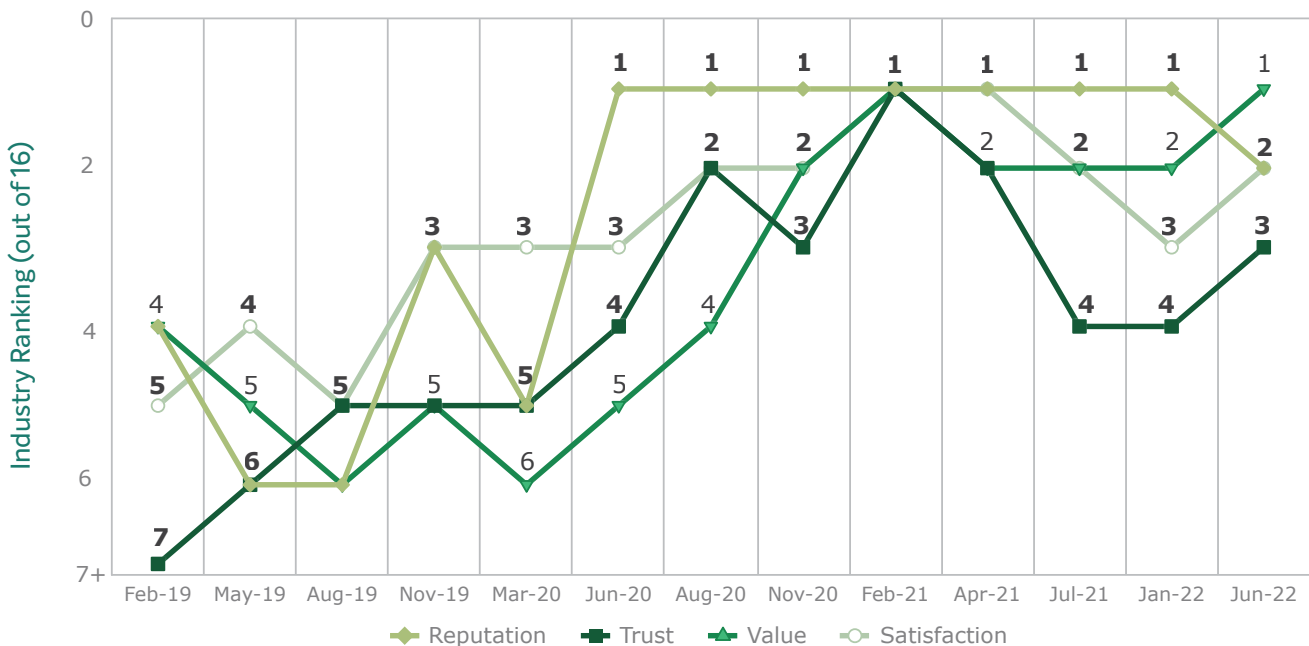
In June 2022, Customer Service Benchmarking Australia ranked us number one in the Victorian water sector for call quality for the preceding 12 months. We also ranked number two nationally for the water sector, and ranked number nine out of 198 organisations from all sectors.

We also performed well in the Victorian Essential Services Commission's annual customer perception survey for the 2021/22 financial year. Of the sixteen Victorian water authorities, Barwon Water ranked number one for Value for Money, number two for Reputation, number three for Trust and number two for Overall Satisfaction. A graph of our progress in the ESC rankings is shown below.

The perception survey benchmarks 16 Victorian water corporation every quarter, over a 10-12-month rolling average.

In September 2021, Barwon Water was announced as a finalist in the national Ashton Media CX Awards.

Barwon Water's ESC Customer Survey Results 2019-2022



PART 3 • Social & environmental sustainability

In August 2021, Barwon Water's Executive Leadership Team reviewed progress at the mid-point of the five-year Customer Experience (CX) Program and set direction for the year ahead.

The program has delivered 26 CX initiatives to date, across service design, improved service channels, technology and people.

Focus areas for 2021-22 included:

- **expanded customer experience capability uplift** to customer facing teams across the organisation. This included the roll out of a 6-month coaching program for our Connections team and dedicated sessions for the Faults and Communication and Engagement Teams. Training on empathetic call handling was also provided for the entire organisation as part of the CX week event in November, 2021
- our **Voice of Customer** program has delivered customer feedback data and insights leveraged across the organisation. Our Product Quality, Network Operations and BAS teams plan major network transitions and shutdowns to limit customer impact, and use the VOC to monitor success. VOC insights have also informed sewer odour maintenance regimes to minimise amenity impacts on customers
- **customer research** into the scale and nature of circumstances that cause vulnerability, was undertaken this year. The research provided a deeper understanding of the barriers for some of our customer base to accessing our support options. It will also help us refine our approach to providing a more inclusive and accessible customer experience overall
- **improvements to bills and online forms**, including changes to remove a due date for customers paying by instalments, which was causing confusion. A new streamlined online application form for water and sewer connection, is also providing an easier experience for customers
- **rapid resolution of customer concerns** has remained an important focus this year. Complaint and issue resolution occurs within the relevant business area, with complex cases coordinated centrally. The importance placed on effective resolution has resulted in a 60 per cent decline in cases managed by the Ombudsman, compared to the previous financial year
- **CX Week** was held in November 2021 and focused on strengthening Barwon Water employees' understanding of the important contribution they make to provide a great customer experience. The week involved online sessions, podcasts and videos, accessible to all staff. Sessions involved a mix of internal and external speakers, such as experts in CALD (culturally and linguistically diverse) communication, customer vulnerability, infrastructure technology and local small business owners
- **our multichannel offering** to customers was enhanced this year, with the introduction of web chat. Almost 5,000 customers have used the channel, with customer feedback commenting on the ease and effectiveness of the experience.
- **national engagement** (Thriving Communities Partnership): Barwon Water is a foundation member of the national Thriving Communities Partnerships (TCP) program which was initiated from within the water sector. This cross-sector collaboration works to ensure that everyone has fair access to all essential services, including utilities, financial services, telecommunications and transport.

Initiatives to support our customers impacted by coronavirus

In 2021-22 we continued to actively support our customers, particularly those experiencing financial hardship. Some of the key actions we have undertaken include:

- we continued our proactive engagement, which includes a dedicated outbound calling program, which sees trained staff proactively contacting customers to connect them with our customer support activities
- we continued our "We're here to help you with your water bill" proactive customer support campaigns via customer email newsletters, on bills and our website, and via media and social media advertising and promotion
- we leveraged partnerships with local agencies through our Support Agency Working Group and participation in the Geelong Settlement Committee, to raise awareness of our customer support activities and improve our outreach to all parts of the community – including new arrivals to the region
- we continued to support our frontline staff to identify and support customers who may be experiencing financial hardship
- we actively promoted our WaterAssist Home Program to help homeowners with high water use to save water and save on their water bills
- we continued to engage with our region's support agencies and our Customer Advisory Committee on key elements of our Customer Support Program
- we undertook customer vulnerability research to better understand customer barriers and how we need to respond to ensure those who need support can access it with ease
- we also played a lead role in the development of a Customer Support maturity framework for the national water sector by the Water Services Association of Australia.

Assisting customers experiencing financial hardship

We recognise that some customers may from time to time experience hardship and have committed in our 2018-2023 price period to spend an additional \$2.5 million to proactively help vulnerable customers manage their bills and be more water efficient.

Following deliberative engagement with local support agencies, we launched a Customer Support Strategy in 2019. The Strategy commits Barwon Water to treating all customers, regardless of their circumstances, with understanding, dignity and respect, with a focus on customers who may be vulnerable to financial or other pressures impacting their ability to pay water bills.

Given the evolving nature and changing needs of customers, the strategy is a living document that will be informed on an ongoing basis by three levels of engagement

- **local agency engagement:** Barwon Water is continuing to build stronger long-term relationships with support agencies who directly assist people experiencing hardship. Ongoing sharing of experiences and learnings is guiding the evolution of our program over the next three years and beyond
- **regional engagement (Geelong FIAP):** In 2019 we joined a coalition of local government agencies and commercial providers to develop the Geelong Region Financial Inclusion Action Plan (FIAP). We have committed to seven specific Action Statements to improve the support being offered, as well as the experience for customers having difficulty paying water bills

Aged debtor management

We proactively managed our aged debtor profile to minimise financial impact to the business. During 2021-22, the value of aged tariff debt increased from \$5 million to \$5.5 million.

Many Barwon Water customers continue to experience financial difficulties, with an increasing number requesting assistance due to impacts related to the COVID-19 pandemic.

We will continue to assist anyone requiring support. Barwon Water actions under our Customer Support Strategy have delivered a range of outcomes over the past 12 months:

- customers who needed it were granted extensions of time to pay their account. This assisted customers with short-term cash flow issues to pay their account without penalty
- installment plans were offered to assist customers to pay their account. No penalties or referrals for debt collection applied
- customers were able to choose to pay their bills through Centrepay, a program where payments are made directly to Barwon Water from Centrelink on behalf of the customer
- the number of customers supported via our Customer Support Program remained stable, from 3,547 in 2020-21 to 3,518 during 2021-22. The program provided grant assistance to vulnerable customers to the value of \$392,272. These grants come from a number of sources including Arrange & Save, plumbing assistance, and high leak bill support.

Government Utility Relief Grant scheme

Victorian Government Utility Relief Grants (URGs) are offered to eligible Barwon Water customers. A total of 1,016 grants were provided this year, a 45 per cent increase on the 700 provided during 2019-20.

Concession cards

Barwon Water supported 39,544 customer accounts to access government concessions during 2021-22, which represents around 25 per cent of our domestic customer base.

Eligible concession cards include Centrelink pension and health care cards and Department of Veterans' Affairs gold cards.

Medical concessions

Barwon Water supports a number of customers with special medical needs by providing a concession on top of Victorian Government dialysis concessions.

In addition, we offer a concession for other medical conditions requiring higher than usual water consumption. Government dialysis rebates totaled \$3,621 during the 2021-22 year, supplemented by an additional \$5,987 contributed directly by us.

Flexible payment plan – arrange and save

Our arrange and save program assisted 3,171 customers during the 2021-22 year which represents a two per cent increase on the previous 12 months.

The program helps customers experiencing financial hardship by putting them on a payment plan where they are provided a "credit" of one installment if they meet their installment arrangements for five consecutive periods.

The program provided customer credits totaling \$290,564 during 2021-22.

Tenant rebate adjustment

In response to our Community Panel feedback that indicated a desire to relatively reduce fixed charges and increase variable, providing greater control over bill prices, we carefully considered the impact on tenants who only pay variable charges.

To ensure this was fair and equitable, we provide tenants with a rebate on each bill.

During 2021-22, this rebate was provided to over 34,000 tenants and totalled more than \$1,100,000.

Helping customers save water

The Victorian Government's Community Water Rebate Program aims to help vulnerable customers save water and money on their water bills.

The program is for customers who may be unable to afford to make their home more water efficient by repairing leaks and helping them install water efficient showerheads, dual flush toilets and other eligible water saving products.

During 2021-22, this program was promoted, with our home plumbing and retrofit program, as part of our COVID-19 support package for eligible customers. The programs provided assistance to 237 customers for a total value of \$150,970 and an estimated 11.9 million litres in water savings.

In 2021-22 Barwon Water received Victorian Government funding to deliver a new Community Housing Retrofit program to support not-for-profit and community organisations which will be delivered through to June 2023.

In 2021-22, Barwon Water worked closely with several organisations, including Common Equity Housing, Carry On Victoria, Wintringham Housing and North Geelong Rental Housing Cooperative, to support 136 customers and complete over 65 plumbing audits and retrofits to save over 12 million litres of water.

Community service obligations

\$ per year	2021-22	2020-21
Pension and health concessions	\$10,600,785	\$11,024,712
Utility relief grants	\$337,357	\$261,271
Dialysis rebates (State Government)	\$3,621	\$7,574
Barwon Water medical rebates	\$5,987	\$5,810
Barwon Water Customer Support (Hardship) program rebates	\$392,272	\$498,572
Water and sewer rebates	\$557,673	\$566,359
Community rebate/Government water bill rebates	\$75,005	\$74,995
Hardship relief grant scheme (sewerage connection scheme)	\$0	\$0
Total	\$11,972,700	\$12,439,292

Environmental sustainability

Sustainable water use

We understand there are sustainable limits on the use of natural resources, including water. Optimising value from existing infrastructure and available resources is essential to provide the foundation for a strong economy, healthy environment, liveable towns and cities and a prosperous region in the decades to come.

Our water conservation and sustainable water use efforts continued to be centred on providing targeted programs to customers through the implementation of our five-year Sustainable Water Use Plan.

Recycled water

We continue to invest in the implementation of dual pipe water infrastructure to supply Class A recycled water to residents at Armstrong Creek and Torquay North. Recycled water is supplied from the Black Rock Recycled Water Plant.

The plant treats wastewater from Black Rock via ultrafiltration, reverse osmosis, ultraviolet and chlorine disinfection to produce Class A recycled water.

Significant quantities of Class A recycled water continue to be supplied to VIVA Energy's Geelong refinery from the Northern Water Plant, reducing the requirement for use of drinking water for refinery operations.

Class C recycled water is produced at all of our water reclamation plants. We currently supply Class C water to a range of non-residential customers for watering golf courses, horticulture, agriculture and viticulture.

In 2021-22, recycled water projects were progressed on the Bellarine, and at Bannockburn, Winchelsea, North Geelong and Waurn Ponds.

On the Bellarine, we were successful in receiving funding to support the next stage of the Recycled Water on the Bellarine project, with \$5.5 million allocated in the Federal Budget and a further \$1.972 million received from the State Government. The project will produce 450 million litres per year of low salinity, high-quality recycled water to support agriculture and horticulture and reduce the volume of potable water used.

Urban Water Strategy - Water for our Future

Our Remit:

With less rain and a hotter climate, it's time to think differently about how we use water and where it comes from. How can we create a new water future that balances all our needs?

Our future is...

A secure water future where our rivers flow, our foods grow and our impact is low.

Resilient, innovative and sustainable, with abundant water from a range of sources and where we actively protect and improve water for the environment.

A shared responsibility, by valuing and conserving water and respecting the diverse needs of our community, cultures and the environment.

Ethical, healthy and responsible, with affordable and equitable access for everyone.

Overview

Our region is growing rapidly.

A hotter drier climate means our catchments are already receiving much less rainfall. The combination of climate change and extraction to meet urban demand are also impacting on our iconic rivers – the Barwon and the Moorabool – both of which have significant cultural value to our Traditional Owners and their connection to Country.

Barwon Water's 2022 Urban Water Strategy – *Water for our Future*, sets out how we will respond to these challenges now and in coming decades to meet the needs of our cities, towns, businesses, industry and agriculture, return water for Traditional Owner cultural values and improve the health of our rivers.

Water for our Future provides a visionary, 50-year outlook for each of our region's water systems and identifies a range of actions that will be taken to secure high quality, affordable water for all our service areas.

The strategy is unique in that, for the first time, Barwon Water partnered with our customers, community and stakeholders to co-design a vision and actions for the region's water future.

Our adaptive plan will deliver an average of 1,000 million extra litres of water every year for the next 50 years. With a hotter drier climate likely, we will gradually shift to more climate resilient sources to ensure that there is enough water to support the prosperity and liveability of our region.

Together, we have worked to not only ensure there is enough water to meet our needs, but also explored how we can harness the value of water to support a prosperous region, a thriving economy, liveable communities and a healthy environment.

Engagement

Over the past two years, we have been working with our community to co-design a water future that meets all of our needs.

We have heard what our region values about water and what we need to keep in mind when planning for the next 50 years. We also heard new ideas for how we might think differently about how we use water and where it comes from.

The 2022 Urban Water Strategy has been informed by extensive engagement with our community that was considered as part of the deliberations of the *Water for our Future* Community Panel, whose vision for our water future is set out below.

PART 3 • Social & environmental sustainability

Our adaptive plan

With its 50-year outlook, five-year detailed plan, and annual review cycle, the *Water for our Future* strategy ensures we are prepared to respond flexibly and adaptively to manage the uncertainty of the future.

Our adaptive planning approach focuses on the actions we propose to take over the next five years, to help prepare us for the future.

Geelong, Golden Plains, Bellarine and Surf Coast

Under a worst-case scenario, of high climate change and high population growth, we will be unable to reliably meet the water needs of our Geelong, Golden Plains, Bellarine and Surf Coast customers by 2027.

It does not mean the system will run out of water by 2027, rather there is an increase possibility of harsher water restrictions, more often and for longer.

We will need to find or save an extra 1,000 million litres of water each year for the next 50 years to meet the needs of residential and business customers, the environment and Traditional Owners of the Geelong.

In the next five years, we propose to:

- extend the reach of the Melbourne-Geelong Pipeline so that it can supply growing demand and allow for water to be returned to the Moorabool River for Traditional Owner cultural values and environmental needs
- put more recycled water to productive use
- continue to investigate and increase our readiness to implement longterm actions, to help inform our 2027 Urban Water Strategy
- work with customers to save water through our sustainable water use program
- expand our use of smart technology to help reduce costs and save water across our networks and in our homes and businesses
- maintain efforts to continually optimise our system, so that we can make best use of available water resources and entitlements
- start delivery of the integrated water management plan for the new Northern and Western Geelong Growth Areas, including supply of Class A recycled water

- work with the City of Greater Geelong, Golden Plains Shire, Surf Coast Shire and Borough of Queenscliffe to progress localised integrated water management opportunities
- support improved flows and waterway health on the Barwon River by undertaking complementary river rehabilitation works
- investigate the feasibility of a largescale alternative water grid to distribute recycled water and stormwater for beneficial uses to boost water supply for agriculture and primary industries.

The combination of these five year actions will deliver 4,800 million litres of water supply capacity, shifting the timeframe for when we will be unable to reliably meet the water needs of customers in our Geelong, Golden Plains, Bellarine and Surf Coast system from 2027 to 2034, under a worstcase scenario.

In the meantime, we expect water restrictions will be very rare over the next five years (<1 per cent, or three weeks out of five years).

Colac

Connection of the Colac system to the Geelong, Golden Plains, Bellarine and Surf Coast system in 2017 means that under a worst-case scenario, Colac's water supply is secure for at least the next 30 years. Our efforts in the next five years will focus on ensuring that we are continuing to make best use of our available water sources. As a result of Colac's high level of water security, we expect water restrictions will be very rare in Colac over the next five years (<1 per cent, or three weeks out of five years).

Lorne

Recent experience of especially dry periods has highlighted the challenges we face in our coastal, seasonally dependent water supply systems. As summer demand increases with Lorne's popularity as a holiday destination, and climate change impacts the reliability of surface water catchments, the key challenge is ensuring continuity of supply during the driest periods.

Under a worst-case scenario, we may be unable to reliably meet the peak demands of customers in Lorne by 2027.

In the next five years, we propose to:

- engage with the Lorne community to help identify a preferred long-term option, so we can continue planning and be ready to implement when required
- pursue greater efficiency at our water treatment plant

- explore potential water treatment upgrades to maximise the efficient use of water in storage work with customers to help them use water smarter
- work with Surf Coast Shire to progress localised integrated water management opportunities and support uptake of alternative water sources, where efficient.

The actions we propose over the next five years in Lorne will focus on incrementally saving or sourcing more water to give us greater flexibility to respond to evolving conditions, maintain a preparedness to respond to emergency and future conditions, and prepare for a future upgrade, given that it will take time to ensure we are ready to implement a preferred solution when it is required.

With these actions in place, we expect water restrictions will be rare over the next five years (<5 per cent, or three months out of five years).

Apollo Bay

The experience of 2015-16 highlights the challenge for the Apollo Bay system. Like Lorne, this system is relatively isolated because of its location and geography, so that a connection to other systems (like the Geelong, Golden Plains, Bellarine and Surf Coast system) is challenging. The limited storage capacity in the system means that it is highly dependent on seasonal climate patterns, with the ability to meet peak summer demand reliant upon rainfall in the preceding winter and spring.

We can expect, and need to plan for, the potential that events such as that of 2015-16 (or worse) will occur again in the future. Under a worst-case scenario, we may be unable to reliably meet the peak demands of customers in Apollo Bay by 2028.

Over the next five years we will focus on the immediate actions we can take to optimise existing arrangements, while preparing for the larger scale augmentation that may be required in the future.

Actions include:

- engage with the Apollo Bay community about a preferred long-term option, as part of planning to be ready to implement it when required
- upgrade our infrastructure to maximise efficient production and storage of water
- research use of modular floating covers to reduce evaporation losses

- work with customers to help them use water smarter, such as digital meters to target leakage reduction, and minimise leakage across our network
- work with Colac Otway Shire to progress localised integrated water management opportunities and support uptake of alternative water sources, where efficient.

With these actions to optimise our system in place, we expect that water restrictions will be rare in Apollo Bay over the next five years (<5 per cent, or three months out of five years).

Gellibrand

Year-round flows in Lardner Creek are so much higher than the town's water demand that even the forecast impacts of a drier future do not impact reliability.

The very small scale of the system means that short-term impacts or changes in conditions can be easily managed.

If supply to the town is threatened through bushfire or drought, the town can be readily supplied by water from Colac or the Barwon River.

No actions are planned over the next five years, due to Gellibrand's current high level of water security. We expect water restrictions will be very rare in Gellibrand over the next five years (<1 per cent, or three weeks out of five years).

Residential water conservation

Our water conservation and sustainable water use efforts continued to be centred on providing targeted programs to customers through the implementation of our five-year Sustainable Water Use Plan.

Key initiatives for our residential customers included promotion of the Permanent Water Saving Rules (PWSR) coupled with water literacy campaigns, the Schools Water Efficiency Program (SWEP), WaterAssist Home and a placebased initiative, Birregurra Sustainable Communities – Water.

Water literacy campaigns

During 2021–22, we continued to implement the Target Your Water Use (TYWU) campaign, an action from Victorian Government's water plan, Water for Victoria. We also delivered successful Summer Awareness and Permanent Water Saving Rules campaigns to remind both existing customers and visitors to our region that saving water is permanent and to be mindful of their water-use habits. The campaign utilised local newspaper advertising, social media, media releases and targeted radio, bus and shopping centre advertising throughout the region. Pop-up activations were not undertaken in 2021–22 due to COVID-19 restrictions.

Birregurra Sustainable Communities – Water

A highlight of 2021–22 was our continued work partnering with the local community in Birregurra to implement the second phase of the Birregurra Sustainable Communities – Water program.

This phase of the program saw a recycled water expression of interest open to the community to reuse Class C recycled water and a "Living Laboratory." Community members volunteered to participate in a series of short sharp exercises related to showers and to test new water efficient showerheads. The Living Laboratory will be used to help inform future initiatives that may be rolled out more broadly across the region.

Behaviour change, coupled with leak detection and repair, contributed to 72 leaks fixed on the customer side of the meter and approximately 35 million litres of water saved over 15 months of the initiative.

During the year the Sustainable Communities – Water program was recognised with an International Association for Public Participation (IAP2) Australasia Core Value Award in the Community Development Category.

This place-based demand management project was also showcased at the OzWater'22 conference in May.

Schools Water Efficiency Program (SWEP)

The Victorian Government's Schools Water Efficiency Program (SWEP) enables schools to track their water usage using data logger technology. By monitoring water usage, schools can detect and rectify leaks, saving water and money.

The program also provides students with an opportunity to learn about water efficiency through program specific curriculum resources.

SWEP requires a three-year commitment from schools and the first year is subsidised by DELWP. To encourage schools to continue to participate in SWEP, we subsidise the data hosting and access ongoing.

In 2021–22, 84 schools in our region participated in the program. A SWEP grant and rebate program was also available to support schools to locate and fix ongoing leaks, or implement a sustainable water use project within the school grounds. In 2021–22 four schools received a SWEP grant or rebate and the program will continue to be offered to schools in 2022–23.

Since 2012, SWEP schools in Barwon Water's region have saved a collective 1.36 billion litres of drinking water and \$3.5 million in water related charges.

During 2021–22, SWEP schools saved a total of 30 million litres of water and \$120,077 in water related charges.

WaterAssist Home Program

In 2021-22, we continued to support high water using (>680 litres/day) residential customers through our WaterAssist Home Program.

The program aims to improve the water efficiency of these homes by assisting customers to save water (reduce waste) and reduce bills (increase affordability) by providing a high quality, affordable/cost effective home water use assessment and plumbing service to repair leaks.

During 2021-22 WaterAssist Home was offered to customers as part of our COVID-19 support package at no cost to customers.

A total of 40 customers participated in WaterAssist Home, saving approximately 1.84 million litres of water.

Integrated Water Management (IWM)

Barwon Water is actively helping transform the region into a more resilient and liveable area through IWM. Through increased collaboration with our partners, we aim to include all elements of the urban water cycle in the way we plan and manage water, so the community is resilient in all climates.

The water cycle system is complex and interrelated, with many stakeholders having a role to play in managing its various aspects. Due to its complexity, it is important we continue to work closely with our stakeholders and take an integrated, cross-agency management approach to ensure the region continues to remain prosperous.

Barwon Water has been at the forefront of IWM by actively facilitating and championing water's contribution to deliver liveability for cities and towns of the region.

We are continuing to provide strong regional leadership by chairing and providing executive support to the interagency Barwon IWM Forum, the role of which is to drive a collaborative and integrated approach to water

management that enables sustainable environmental, social, cultural and community prosperity, in line with Water for Victoria.

Made up of regional leaders including Traditional Owners, local councils and statutory authorities, government agencies and Deakin University, the Forum works together to identify capital and strategic opportunities that improve the way we plan and manage water in an urban context.

During 2021-22, we continued to work with our partners on the Barwon IWM Forum to deliver projects.

Under Barwon Water's leadership a refreshed Barwon Strategic Directions Statement focused on delivering placebased IWM outcomes across the region is being delivered by the Forum in partnership with DELWP. This includes a mix of 19 capital and planning initiatives in all local government areas. Projects ranging from large scale recycled water capital projects to urban stream restoration projects are either being progressed or have been identified as opportunities which warrant funding.

Some initiatives include:

- continuing to embed integrated water cycle management early in urban planning for Geelong's long-term growth areas by leading with the City of Greater Geelong the finalisation of an IWM Plan for the Western and Northern Geelong Growth Areas
- working with City of Greater Geelong, Golden Plains Shire, Surf Coast Shire and Borough of Queenscliffe to progress localised integrated water management opportunities
- working on a business case to support the construction of a pipeline which will deliver Class A recycled water to the Deakin University Waurin Ponds campus sporting fields, reducing the reliance on potable water
- leading and contributing to significant IWM projects and processes including Kitjarra-dja-bul Bullarto lungi-ut (formerly the Barwon River Parklands Masterplan), Torquay Karaaf wetlands IWM Plan and the Forrest Wastewater Management Plan
- investigating the feasibility of staged large-scale stormwater and recycled water networks to enhance connections between diverse local sources of water and regional beneficial locations.

Sustainable water strategies

In 2021-22, we have worked closely with our water sector colleagues in the development of the upcoming Central and Gippsland Sustainable Water Strategy.

The community insights we have gained through the *Water for our Future* program have helped to shape the direction of this important State Government policy for our region.

The previous Central Region Sustainable Water Strategy was released in 2006 and the Western Region Sustainable Water Strategy in 2011. Most actions relevant to Barwon Water in these strategies have been implemented or are ongoing.

Sustainable Development Goals

In 2019, we formally joined the water industries pledge to the Sustainable Development Goals (SDG).

As providers of essential services, the water industry wants to see the realisation of Sustainable Development Goal 6: Ensure availability and sustainable management of water and sanitation for all. Universal access to safe water and sanitation is key to creating a better future and we know there is more work to be done.

As part of our pledge we have committed to:

1. support and promote the 17 Sustainable Development Goals
2. support and work with governments and other agencies to increase the capability and capacity of our region to achieve Sustainable Development Goal 6
3. commit to achieving Sustainable Development Goal 6 within the scope of our operations.

In 2021-22 we reviewed how our operations impact (both positively and negatively) the achievement of the SDGs.

The review found that we:

- positively contribute to all 17 SDGs
- negatively contribute to 5 SDGs
- have the greatest impact (both positively and negatively) on SDG 6 – Clean Water and Sanitation
- have a material impact on 11 SDGs (out of 17).

Community and stakeholder engagement

Barwon Water is recognised as an industry leader in providing outstanding and effective engagement with our customers and the community.

We aim to:

- inform and engage broadly and deeply to build trust and add value
- provide an effortless customer experience, anywhere, anytime
- provide timely, valued and integrated service provision to customers.

We have dedicated community and stakeholder engagement strategies for planned major projects, which outline various processes and methods on engagement with customers, stakeholders and the community. The strategies reference the IAP2 public participation spectrum and community engagement model.

In 2021–22, we launched a comprehensive engagement program for our 2023–28 Price Submission, asking customers and community to have their say on our proposed services and prices over the next five years. We undertook engagement via focus groups, interviews with businesses, community surveys, pop-up events at local markets and online webinars. We also engaged with our Customer Advisory and Environmental Advisory committees in a series of deliberative workshops. The Committees deliberated on a range of topics and made recommendations to support the development of the draft 2023–2028 Price Submission.

We commenced a project to transform our former Bellarine Basin site into more than 30 hectares of environmental and public open space to be enjoyed by the community for years to come. We asked community and key stakeholders to provide input into our plans – including vision and objectives for the site and site uses and activities.

We continued to engage with the community, local landowners, horticultural and agricultural customers on expanding recycled water on the Bellarine Peninsula. This included working closely with local landowners while we constructed a pipeline extension along Portarlington Road.

We commenced engagement for our Regional Renewable Organics Network. Our engagement consisted of an interactive map to capture feedback, letter drops, webinars, stakeholder briefings, community conversations with the project team, media releases, dedicated platform on the Your Say at Barwon Water website and customer facts sheets and other information.

We also continued to engage with our community and stakeholders for the Water for our Future program. We engaged on our draft *Water for our Future* (Urban Water Strategy) through hosting a dedicated Regional Leaders Forum, meeting with our Community Panel one final time in late 2021 and hosting an online survey to capture broader community feedback. We continued to implement our Boundary Creek Remediation and Environmental Protection Plan. We met with our community and stakeholder reference group four times to provide community oversight over implementation activities and harness community knowledge to help inform adaptations to the plan and activities. We also hosted a field trip with our reference group to observe the environment and hosted two community information sessions to ensure the broader community had an opportunity to be informed.

We continued to share information on the Anglesea borefield, environmental monitoring and assessment plan and upcoming bulk entitlement review process. The Anglesea River Working Group provided community oversight. We engaged with other local interest groups and the broader community via a series of briefings and community drop-in sessions.

We continued to engage on our Porrhonggitj Karrong and Barwon River Ovoid Sewer Aqueduct project. Partnering with Wadawurrung, we launched a dedicated community reference group in late 2021, to share information on creation of the Porrhonggitj Karrong cultural and community precinct and seek input into the development of the Heritage Interpretation Plan for the aqueduct. The group met three times throughout the year.

We continued our community education and awareness campaign for Class A recycled water for our Armstrong Creek, Torquay North and Charlemont customers. Our campaign consisted of targeted engagement with users, school resources, videos and animations, CALD resources to help explain the benefits and approved uses of Class A recycled water.

We also commenced engagement planning and delivery for key infrastructure projects, including the Birregurra water supply upgrade, Forrest and Gellibrand Water Treatment Plant upgrades.

Customer Advisory Committee

See page 28.

Environmental Advisory Committee

Our community-based Environmental Advisory Committee (EAC), continues to provide critical advice to us regarding the management of impacts associated with our operations.

During 2021–22, the EAC met four times. The EAC discussed and provided advice on a range of issues including:

- our *Water for our Future* Program and draft Urban Water Strategy
- assessing performance against our 2018 Pricing Submission outcomes
- planning for the 2023 Price Submission
- Bellarine Basin Yarrum Creek Park
- our Climate Resilience Plan
- our Regional Organics Network.

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Education

Our broad-based education program targets customers, the wider community as well as students at preschool, primary, secondary and tertiary levels.

Our Education Adviser coordinates the program and develops materials to deliver our key messages including:

- water as a natural resource
- the health benefits of drinking water
- the need for the efficient and sustainable use of water
- the role of Barwon Water in the supply of water and sewerage services
- recycled water re-use
- the impacts of climate change on our water supply and Barwon Water's transition to zero emissions.

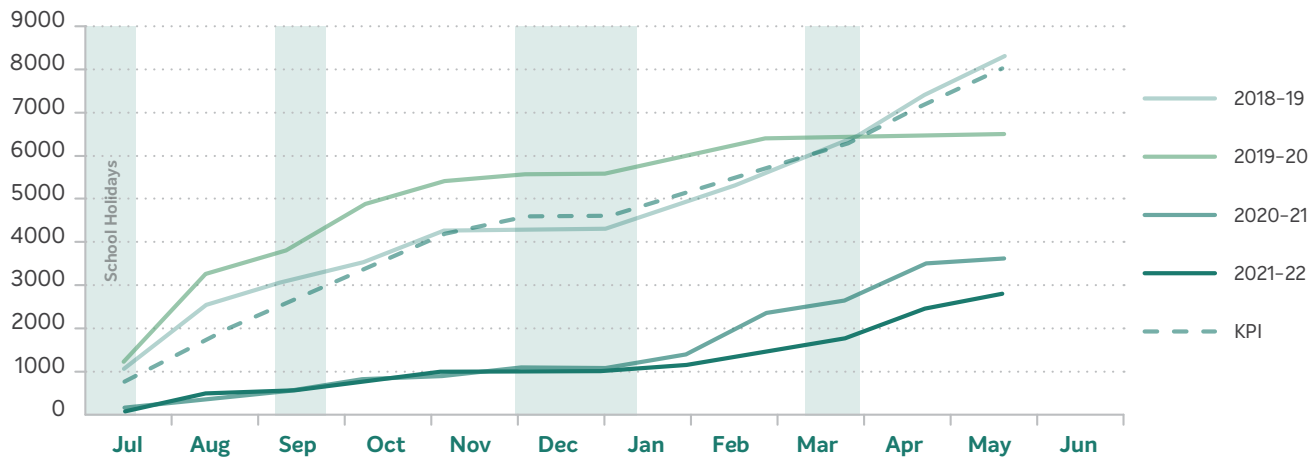
During 2021-22 digital content and virtual presentations continued to be developed and made available to schools via Barwon Water's website to assist students and parents with home learning.

Throughout the year, the program continued to adapt to home and remote learning arrangements for schools, with the demand for incursions and excursions lower. The second half of the reporting period started to see a positive trend with bookings as schools returned to face to face learning.

There was an ongoing focus on offering online incursions or "virtual" experiences and 2021-22 saw the delivery of several new educational resources including a "Lockbox" challenge, "Drip and Drop" water and wastewater animations and a Journey of water activity booklet.

In total, 2,835 students and community members engaged in our education program during 2021-22, which included the delivery of 37 site tours and 34 inclass and virtual sessions conducted.

Education program participation



	2021-22	2020-21
Students reached	2,835	3,806
Tours conducted	37	21
In class and virtual sessions conducted	34	67

Boundary Creek, Big Swamp and Surrounding Environment Remediation and Environmental Protection Plan

In June 2017, Barwon Water acknowledged that the historic management of groundwater pumping activities from the Barwon Downs borefield had resulted in the reduction of groundwater levels within the Lower Tertiary Aquifer (LTA), thus, impacting on Boundary Creek and Big Swamp that relied on the Lower Tertiary Aquifer to sustain streamflows during dry periods.

This in turn was the primary cause of a range of unintended consequences such as: the drying out of Big Swamp, the oxidation of naturally occurring acid sulfate soils and the subsequent decline in water quality.

In response to this, in May 2018, we established a community and stakeholder working group to participate in the design and development of a remediation plan for Boundary Creek and Big Swamp. The working group was made up of representatives from the Corangamite Catchment Management Authority (CCMA), Colac Otway Shire Council, Land and Water Resources Otway Catchment (LAWROC), Environment Victoria, Upper Barwon Landcare Group, Boundary Creek landowners, Traditional Owners and other interested community members. The remediation working group also benefited from three acid sulfate soil and remediation experts who they nominated to seek independent technical advice.

In September 2018, our commitment to undertake remediation was legally strengthened through the issuing of a Ministerial Notice under section 78 of the *Water Act, 1989*. This notice mandated the development and implementation of the Boundary Creek, Big Swamp and Surrounding Environment Remediation and Environmental Protection Plan (REPP), which was subsequently approved by Southern Rural Water in February 2020.

The objectives of the REPP are twofold:

1. To address remediation of confirmed impact in the Boundary Creek catchment resulting from historical management of groundwater extraction at the Barwon Downs borefield, and
2. To investigate whether other areas within the regional groundwater system have been impacted by historical management of groundwater extraction at the Barwon Downs borefield.

Since implementation of the REPP commenced in March 2020, we have focused on completing a range of technical works to help refine the remediation actions in line with the adaptive management approach. This includes the completion of ongoing environmental monitoring activities such as water quality sampling and macroinvertebrate surveys to monitor the condition over time.

In addition, we have continued to release supplementary flows, where required, to both maintain flows in Boundary Creek and manage water levels in Big Swamp.

The outcomes of this work indicate:

- the ongoing recovery of groundwater levels and repressurisation of the Lower Tertiary Aquifer
- an increase in the shallow groundwater levels within Big Swamp
- an increase in the average pH of surface water discharging from Big Swamp
- no further encroachment of dry vegetation types within Big Swamp and wet vegetation types have been maintained, as per the objectives of the remediation plan.

We are also exploring potential contingency measures such as upstream or downstream treatment options should they be needed to aid management of the acidity loads leaving Big Swamp and mitigate potential risks to the Barwon River.

In addition, we have committed to development of a decommissioning plan for the Barwon Downs Borefield to allow decommissioning works to be undertaken between 2023 and 2028 as part of our next five-year price submission.

The outcomes of technical work along with the quarterly and annual reports can be found on our dedicated webpage:

yoursay.barwonwater.vic.gov.au/boundary-creek

Drought Preparedness Plan

Barwon Water has integrated our Drought Preparedness Plan into the 2022 Urban Water Strategy *Water for our Future*, to better respond in the event of supply shortages.

We use the Drought Preparedness Plan, which includes the Drought Response Plan(s), as a management tool to ensure security of water supply for customers during drought and when storages run low.

Drought Response Report

Climate conditions have been wetter than average for 2021-22 resulting in good catchment inflows and healthy storage levels in all supply systems.

The Melbourne to Geelong Pipeline will continue to operate at minimum rates and as a base source over the summer period. A groundwater pumping test was undertaken at the Anglesea Borefield to inform the upcoming bulk entitlement review.

No water restrictions were applied during 2021-22. Permanent water saving rules remained in place.

Permanent water saving rules

The permanent water saving rules are a set of simple, common-sense rules to reduce demand and make sure we all use water wisely. Permanent water saving rules are always in place, and are uniform across Victoria.

The rules apply to drinking water only; they do not apply to greywater, tank water (rainwater), bore water or recycled water.

Key features of the rules include:

- hand water gardens and lawns with a hose fitted with a trigger nozzle at any time, on any day
- sprinklers and watering systems can be used after 6 pm or before 10 am
- fountains and water features must recirculate water • using water to clean hard surfaces is restricted, use a broom instead.

For more information, please visit barwonwater.vic.gov.au.

Restriction rule curves

The restriction rule curves are developed for each water supply system to guide the introduction of water restriction stages depending on the time of year and the volume of water in storages. They are also used in conjunction with weather forecasts to guide decisions on lifting restrictions.

Water restrictions by-law

The water restrictions by-law is a statewide set of rules that establish the allowable uses for water throughout the various stages of restrictions. These rules provide us with the power to ensure water use is controlled during drought.

The four stages of water restrictions focus on outdoor water use and restrict activities such as garden watering, filling of pools and spas and car washing.

During 2021-22 Barwon Water participated in a state-wide working group to assist with the review the restriction by-law and permanent water saving rules. As a result of this a new Model By-law was issued to all Victorian Water Corporations by the Minister for Water Lisa Neville, under the *Water Act (1989)* and Barwon Water adopted the new *Water Restriction By law (191)* in May, 2022.

Communications strategy

Designed to keep the community informed on the status of water supplies and encourage water conservation, the strategy involves:

- briefings to key stakeholders, including local councils, large water users, tourism outlets, coastal committees, sporting clubs, and Barwon Water's Environmental Advisory Committee and Customer Advisory Committee
- advertising campaigns using print and radio media
- bill advertising
- media releases
- brochures and signage
- customer EDM or mail out
- social media and website updates.

Drinking water quality

In accordance with the *Safe Drinking Water Act 2003*, Barwon Water has a water quality risk management plan in place to ensure the provision of safe drinking water. We also maintain a HACCP-certified drinking water quality management system, which covers the entire water supply system from the catchment to the point of supply at the meter.

In September, 2021, we successfully passed our HACCP Recertification Audit. The successful outcome shows that we have a mature water quality risk management plan and provides confidence that we continually identify, assess and manage drinking water risks.

Throughout 2021-22, we delivered drinking water to each water sampling locality in accordance with the required standards in the *Safe Drinking Water Regulations 2015*.

The number of water quality complaints received in 2021-22 was 1.15 per 1,000 properties.

There was a decrease in complaints of 0.27 per 1,000 properties on the previous year, which could be attributed to a return to more typical water usage patterns following the loosening of restrictions related to COVID-19.

Environmental flows

In addition to delivering passing flows in the Upper Barwon and Moorabool systems, we continued to work with the Corangamite Catchment Management Authority (CCMA) and the Victorian Environment Water Holder to deliver environmental flows under the Upper Barwon and Moorabool Environmental Entitlements and in accordance with seasonal water plans developed by the Corangamite CMA.

We have also supported the Corangamite CMA and Central Highlands Water to deliver environmental flows to the Moorabool system, through coordination of water supply releases side-by-side with environmental flows to increase flow rate in the Moorabool river.

The Central Region Sustainable Water Strategy (2006) identified the Moorabool River as Victoria's most flow-stressed river. It committed to returning an average of up to 2,500 million litres a year to environmental flows in the Moorabool River by transferring part of Central Highlands Water and Barwon Water entitlements to an environmental entitlement.

Similarly, a 1,000 million litre a year entitlement was created for the upper Barwon River by transferring part of our entitlements to an environmental entitlement in 2018. These entitlements are used for summer low flows and fresh flows, which are critical flow components required to improve water quality in remnant habitat pools used by fish and animal life to ensure they survive during dry periods.

Other statutory obligations

We understand that managing and protecting water supply catchments is essential to maintaining high quality, safe drinking water for our customers and the community.

We understand we are just one of the many beneficiaries of healthy catchments and waterways. Catchments and waterways are a shared community asset, supporting a range of social, cultural, environmental and economic values across the community and natural environment. It is for this reason that catchments and waterways are best managed through both individual and collaborative efforts to protect and improve these values.

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Catchment and waterway management

Barwon Water harvests water from declared drinking water supply catchments on the Barham, Barwon, Gellibrand, Moorabool and St George Rivers. While these are largely contained within publicly managed national parks and reserves, significant areas of private land are also present within some catchments.

We have a keen interest in ensuring the protection and rehabilitation of land and waterways within these catchments in accordance with the priorities established in the Corangamite Regional Catchment Strategy, the Corangamite Waterway Strategy and the Victorian Waterway Management Strategy.

In 2021–22, we continued to work in partnership with the Corangamite Catchment Management Authority (CMA) through our river health agreement, and with Landcare to protect and enhance waterways within drinking water supply catchments, contributing \$142,000 in partnership funds to the:

- Moorabool Catchment Landcare Group
- Southern Otway Landcare Network
- Upper Barwon Landcare Network.

We also contribute \$70,000 annually to onground work for river health projects in water supply catchments under the Barwon Water–Corangamite CMA River Health Partnership Agreement as well as \$130,000 towards year four of a four-year commitment to help fund The Living Moorabool project. This is one of 10 Flagship Waterway projects showcasing a large scale restoration approach to catchment and waterway health.

In addition, we also commenced onground works for stage one of a \$4.3 million project to remove willows, stabilise the stream banks and revegetate streamside buffers for a 3.5km reach of the East Barwon River. This is a significant project and is critical for improving flows in the river and reduce water logging of adjacent land. Stock exclusion fencing and revegetation will also be undertaken to improve and protect water quality.

In collaboration with the Corangamite CMA and Upper Barwon Landcare Network we also continue to undertake ongoing maintenance of a large river restoration project on Dewing Creek, a tributary of the Barwon River. This project also included fencing for stock exclusion and revegetation along a 2.8km reach of the creek to improve water quality.

We have also contributed \$30,000 towards ongoing operation of the Corangamite Citizen Science program. The program supports community groups to conduct water quality testing at monitoring sites and delivers education programs for students in the Corangamite region. Staff also promote river health and catchment issues through presentations and attendance at these public events.

The partnerships established between Barwon Water, the Corangamite CMA, and community groups are delivering key activities that include river bank protection and riparian enhancement, removal of fish barriers, delivery of environmental flows and shared benefits for the community.

Through the Corangamite CMA's 2021–2024 Waterway Frontage Protection Program, 45 sites have been identified for project funding, with 31 of these within Barwon Water's service region and Special Water Supply Catchment areas. Over the next two years, works including stock exclusion fencing, stock crossings and offstream water points, willow removal, weed control, revegetation, and pest animal management will serve to protect and improve over 44 km's of river frontage.

Program	Partner	Focus	2021–22 funding
Landcare partnerships	Moorabool Catchment Landcare Group	Upper Moorabool River catchment	\$47,400
Landcare partnerships	Southern Otway Landcare Network	Barham River catchment	\$47,400
Landcare partnerships	Upper Barwon Landcare Network	Upper Barwon River catchment	\$47,400
River health partnership	Corangamite CMA	Priority waterways and catchments	\$70,000
Corangamite region Citizen Science	Corangamite CMA	Waterway health education	\$30,000
The Living Moorabool	Corangamite CMA	Upper Moorabool River catchment	\$130,000

Protecting Victoria's Environment – Biodiversity 2037

As a manager of significant areas of land and as a major infrastructure and service provider across the region, managing impacts on native biodiversity is an important environmental aspect of Barwon Water's activities.

We continue to implement policies, procedures and programs to protect, enhance and restore biodiversity, consistent with the vision and goals of Victoria's biodiversity strategy Protecting Victoria's Environment – Biodiversity 2037. We actively manage biodiversity assets on a wide range of our sites.

We develop and implement procedures, training and advice to support environmental planning and management of capital works projects, whilst ensuring that new or amended legislation is incorporated into our planning and management.

This contributes to avoidance and minimisation of impacts to biodiversity from the siting, design and construction of new infrastructure.

We undertake revegetation projects, utilising our relationship with the Geelong Community Nursery, focusing on catchment and biodiversity restoration with an emphasis on historical vegetation types.

We also rehabilitate sites where capital works have been undertaken, taking the approach, as above, that restoring the naturally-occurring native vegetation in an area, rather than manicured landscapes, is the preferred approach outside of formal urban settings.

This approach to landscaping is applied around existing and new infrastructure, using locally indigenous species to provide screening or aesthetic values in keeping with the vegetation that would have been present in the location prior to European clearing practices.

Environmental Licence Compliance

Barwon Water's EPA licence sets out environmental performance conditions for 10 of our water reclamation plants. The licence allows for the discharge of recycled water into local waterbodies and for re-use of treated wastewater.

The licence includes 113 licence conditions spread across 10 premises. During 2021–22, we achieved compliance against 111 of these licence conditions.

The one non-compliance (resulting in two licence condition breaches) was due to release of approximately four million litres of partially treated water to the receiving environment at the Black Rock Water Reclamation Plant, when there was an equipment failure. The faulty equipment was locked in safe mode following the incident. Beach sampling was conducted on the day of the incident, and was repeated daily for the following three days. Results of all beach sampling were well below our median EPA discharge limits for *E.coli* and Enterococci.

We also have a separate EPA licence for an emergency biosolids storage and processing site, located at Melbourne Water's Western Treatment Plant. During 2021–22, we achieved compliance against all nine licence conditions in this licence.

Greenhouse gas emissions, electricity consumption and generation

As a major greenhouse gas emitter in our region, we are committed to being a leader in reducing emissions. Electricity use is our most significant emissions source, representing around 80 per cent of our underlying emissions.

To mitigate greenhouse impacts, we have made the commitment to achieve 100 per cent renewable electricity by 2025 and zero net emissions by 2030. We are implementing a comprehensive program of measures to achieve these targets in a timely and cost effective manner.

Our greenhouse gas emissions include carbon dioxide, methane and nitrous oxide. These are reported in equivalent tonnes of carbon dioxide – tCO₂-e.

We report direct emissions (scope one) and indirect emissions from grid supplied electricity (scope two), calculated in accordance with the National Greenhouse and Energy Reporting (Measurement) Determination 2008 and the Statement of Obligations (Emissions Reduction).

Projected emissions were developed in 2017 as part of our emissions reduction pledge. Scope three emissions are not included in any results presented in this section.

Our calculated scope one and two emissions total for 2021–22 was our lowest on record, 28,166 tCO₂-e. This was less than projected emissions of 29,627 tCO₂-e and represents a six per cent reduction on last year's result.

Our renewable energy initiatives supplied 36 per cent of electricity use for the year, reducing scope two emissions by a total of 10,402 tCO₂-e.

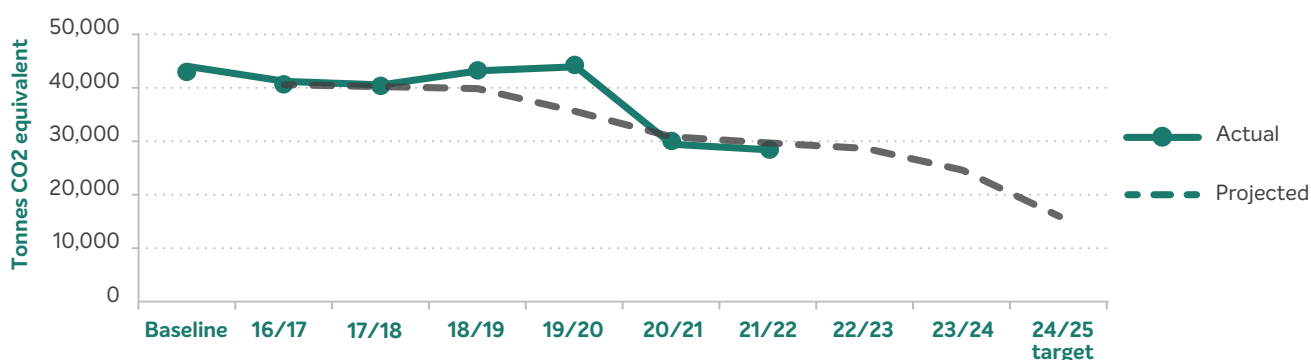
Emissions associated with sewage collection, treatment and recycling, which make up the largest portion of our greenhouse emissions and energy use, reduced by four per cent from last year's result.

Emissions associated with water treatment and supply reduced by 16 per cent from last year's result. In both cases, this was the result of reduced electricity consumption and increased renewable electricity.

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Greenhouse gas emissions	2021-22 Projected	2021-22 Result			
		Scope 1	Scope 2	Total emissions	Variance
Water treatment and supply	-	140	3,542	3,683	-
Sewage collection, treatment and recycling	-	8,422	14,506	22,928	-
Transport	-	1,021	0	1,021	-
Other	-	180	354	534	-
Total emissions (tCO₂-e)	29,627	9,764	18,402	28,166	-4.9%

Net greenhouse gas emissions graph



Total electricity use	MWh	
	2020-21	2021-22
Water treatment and supply	6,185	5,828
Sewage collection, treatment and recycling	25,086	23,560
Other	705	617
Total	31,976	30,005

Renewable electricity	MWh		Percentage of total use
	2020-21	2021-22	
Renewable electricity use from Commonwealth Government's LRET			
Grid sourced: Mandatory (LRET)	5,345	4,864	16%
Renewable electricity use from self-sourced activities			
Biogas	8	488	2%
Hydroelectric	633	633	2%
Solar	7,410*	9,715	32%
Wind	1,137*	-	-
Other	-	-	-
Total self-sourced	9,188	10,836	36%
Total renewable electricity	14,533	15,700	52%

* Includes voluntary surrender of 3,602 solar LGCs and 1,137 wind LGCs

Greenhouse gas and energy reduction

Consistent with the Victorian Government's objective for the water sector to be a leader in climate change mitigation, Barwon Water has adopted a target of zero net emissions by 2030 and we are pursuing a switch to 100 per cent renewable electricity by 2025. This is reflected in our emissions reduction pledges to 2025 and 2030.

Our approach to achieve the zero net emissions target follows the emissions reduction hierarchy:

- avoid energy use and emissions through smart design of new and renewed assets
- minimise energy and emissions through efficiency and optimisation
- substitute emissions-intensive energy with zero-emission renewable sources
- sequester carbon from the atmosphere
- offset residual emissions through additional reductions elsewhere.

Our emissions reduction and renewable energy programs avoided at least 10,402 tonnes CO₂-e in 2021-22 through a range of initiatives including:

- **operation of the 360 kilowatt Colac biogas cogeneration facility** – part of the Colac Renewable Organics Network, capable of generating up to 3 gigawatt-hours of renewable electricity and 10 terajoules of renewable heat per year
- **operation of the Zero Emissions Water Power Purchase Agreement** – with Kiamal Solar Farm generating renewable electricity into the grid
- **operation of 3.6 megawatts of solar assets**, including:
 - 3 megawatt Black Rock solar farm, which remains the largest operating in the Victorian water industry
 - 300 kilowatt Wurdee Boluc solar array and 200 kilowatt-hour battery
 - 240 kilowatt Torquay solar array
 - 80 kilowatt rooftop solar array at our Kadak Place maintenance depot.
- **energy efficiency project** – targeting enhanced energy performance at our water reclamation plants and water treatment plants, as well as improved energy management more broadly
- use of electric and hybrid vehicles – with eight hybrid trucks and two battery-electric passenger vehicles in our fleet.

The forward outlook for our programs is evolving as new and exciting opportunities continue to be investigated. We recently announced the signing of the Barwon Renewable Energy Partnership's Power Purchase Agreement with Mt Gellibrand Wind Farm – together with Barwon Health and GeelongPort, to commence in December 2022 and take us the rest of the way to 100 per cent renewable electricity.

Looking further ahead to our target of net zero emissions by 2030, we are planning a comprehensive carbon sequestration program to mitigate our residual scope one emissions. Investigations for a Victorian water industry carbon offsets program are underway. We are also exploring the potential for a Barwon-region sequestration partnership with Corangamite Catchment Management Authority and the Barwon-South West Climate Alliance.

In addition, we continue to work with councils in the G21 region on the development of the Regional Renewable Organics Network. Long Term Waste Supply agreements have been developed with councils and functional design is underway. The aim is for the facility to be operational in 2025.

The projects will create a circular economy for the region's organic waste, reduce landfill costs for councils and reduce water infrastructure energy costs for Barwon Water customers.

We actively collaborate with the water industry via the Intelligent Water Networks (IWN) Energy and Carbon Program, Institute of Water Administration (IWA) Energy and Greenhouse Special Interest Group and the Water Services Association of Australia (WSAA) Climate Change, Energy and Environment Network.

Climate change resilience

In addition to reducing our emissions, we are deeply committed to building our resilience to the impacts of climate change. Our approach to building climate resilience includes actions the following five focus areas:

- embedding climate resilience
- water security
- asset resilience
- transition to zero net emissions
- community resilience.

In 2021-22 we began implementing our new Climate Resilience Plan (CRP), including:

- developing a monitoring, evaluation and reporting framework to help track our progress
- benchmarking our organisational change adaptation capacity. Results from the survey will be used to inform staff knowledge and capability building initiatives in.
- assessing the high level climate change impacts to infrastructure to help prioritise future investigations.
- assessing the bushfire risk at key operational sites and potential strategies to reduce asset vulnerability
- commencing embedding climate change thinking in key business processes
- continuing our existing climate resilience program such as *Water for our Future*.

Bulk entitlement reporting

A bulk entitlement is a legal right to water granted by the Minister for Water under the *Water Act 1989*. Bulk entitlements are commonly held by water corporations in Victoria with objectives to:

- provide authorities with a clearly defined property right to water
- provide authorities with flexibility to manage within their entitlements
- provide a basis for sharing limited water resources, protecting the entitlements of other users and protecting in-stream values
- facilitate water trading between user groups to ensure appropriate redistribution over time of finite water resources
- allow specific entitlements for environmental purposes.

Barwon Water operates under 11 surface water bulk entitlements covering the Barwon, Moorabool, Gellibrand, St Georges, Painkalac and Barham river systems, as well as the Greater Yarra System–Thomson River Pool.

We also have one groundwater bulk entitlement for operation of the Anglesea Borefield. Each entitlement provides clear direction on the amount and rate of water that can be harvested each year and the amount that must be passed to the environment for river health.

2021–22 overall surface water bulk entitlement performance

An overall compliance of 100 per cent was achieved during 2021–22 for passing flows across the surface water bulk entitlements.

An overall compliance of 100 per cent was achieved during 2021–22 for the numerous daily extraction limits across the surface water bulk entitlements.

Each bulk entitlement requires annual reporting of water taken. This information is provided in the following tables.

Bulk Entitlement (Aireys Inlet) Conversion Order 1997		
14.1 (d)	Painkalac Reservoir Level at 30/6/22	29.90 mAHD
	Painkalac Reservoir Storage Volume at 30/6/22	532 ML (100%)
14.1 (e)	Volume taken 2021–22	0 ML
14.1 (f)	Approval, amendment and implementation of programs and proposals under clauses 11, 12 and 13.	
	Clause 11 – Making Allowances	Not applicable
	Clause 12 – Environmental Obligations	Ongoing management in accordance with Barwon Water’s Environment Strategy and Environmental Obligations Program.
	Clause 13 – Meeting Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
14.1 (g to j)	Transfers, amendments or new entitlements under this order.	Nil
14.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
14.1 (l)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by the Barwon Water.	No

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Bulk Entitlement (Apollo Bay) Order 2010

10.1 (c)	Approval, amendment and implementation of programs and proposals under clauses 8 and 9.	
	Clause 8 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 9 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
10.1 (d)	Volume diverted 2021-22 (West Barham diversion).	0 ML
	Volume pumped 2021-22 (Barham River).	393 ML
10.1 (e to h)	Transfers, amendments or new entitlements under this order.	Nil
10.1 (i)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
10.1 (j)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

Bulk Entitlement (Colac) Amendment Order 2003

12.1 (c)	Storage Volumes at 30/6/22	
	Olangolah Reservoir Level	344.39 mAHD
	Olangolah Reservoir Volume	152 ML (100%)
	West Gellibrand Reservoir Level	342.13 mAHD
	West Gellibrand Reservoir Volume.	1,860 ML (100%)
12.1 (d)	Volume taken 2021-22.	3,476 ML
12.1 (e)	Approval, amendment and implementation of programs and proposals under clauses 9, 10 and 11.	
	Clause 9 – Making Allowances	Not applicable.
	Clause 10 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 11 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016
12.1 (f to i)	Transfers, amendments or new entitlements under this order.	Nil
12.1 (j)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
12.1 (k)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

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Bulk Entitlement (Gellibrand) Conversion Order 1997		
11.1 (b)	Volume taken 2021-22.	14.8 ML
11.1 (c)	Approval, amendment and implementation of programs and proposals under clauses 8, 9 and 10. Clause 8 – Making Allowances Clause 9 – Environmental Obligations Clause 10 – Metering Program	Not applicable. Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program. Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
11.1 (d to g)	Transfers, amendments or new entitlements under this order.	Nil
11.1 (h)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
11.1 (i)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

Bulk Entitlement (Lorne) Conversion Order 1997		
14.1 (d)	Allen Reservoir storage level at 30/6/22.	120.3 mAHD
	Allen Reservoir storage volume at 30/6/22.	215 ML (100%)
14.1 (e)	Volume taken from the weir and storage 2021-22. (Note: the weir has been decommissioned)	356 ML
14.1 (f)	Approval, amendment and implementation of programs and proposals under clauses 11, 12 and 13. Clause 11 – Making Allowances Clause 12 – Environmental Obligations Clause 13 – Metering Program	Not applicable. Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program. Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
14.1 (g to j)	Transfers, amendments or new entitlements under this order.	Nil
14.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
14.1 (l)	Any difficulties experienced or anticipated by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

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Bulk Entitlement (Meredith) Conversion Order 1995

11.1 (d)	Approval, amendment and implementation of programs and proposals under clauses 9 and 10.	
	Clause 9 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 10 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
11.1 (e)	Volume taken 2021-22	0 ML
11.1 (f to i)	Transfers, amendments or new entitlements under this order.	Nil
11.1 (j)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
11.1 (k)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

Bulk Entitlement (She Oaks) Conversion Order 1995

13.1 (d)	Weir Pool Level at 30/6/22.	0.32 m
	Weir Pool Storage Volume at 30/6/22.	19 ML (100%)
13.1 (e)	Volume taken under this entitlement 2021-22 (River Flow).	0 ML
13.1 (f)	Volume taken under this entitlement over the past 3 years (2019-20 to 2021-22).	0 ML
13.1 (g)	Approval, amendment and implementation of programs and proposals under clauses 11 and 12.	
	Clause 11 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 12 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
13.1 (h-k)	Transfers, amendments or new entitlements under this order.	Nil
13.1 (l)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
13.1 (m)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

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Bulk Entitlement (Lal Lal – Barwon) Conversion Order 1995 / Amendment Order 2010		
19.1 (f)	Amount of water in Barwon Water's share of reservoir capacity at 30/6/22.	16,342 ML (97%)
19.1 (g)	Annual flow into Barwon Water's share of reservoir capacity at 30/6/22.	1,812 ML
19.1 (h)	Annual volume released to West Moorabool River from specified point A (Releases to Barwon Water).	707 ML
19.1 (i)	Volume taken under this entitlement from specified point B (She Oaks Diversion Weir).	451 ML
19.1 (k)	Volume taken from a location downstream of specified point A, other than specified point B.	Nil
19.1 (l)	Annual losses debited to Barwon Water's share of reservoir capacity.	740 ML
19.1 (m)	Annual losses from releases between specified points A and B.	256 ML
19.1 (n)	The implementation of programs approved under sub-clauses 16.2, 17.2, and 18.2. Clause 16.2 – Environmental Obligations Clause 17.2 – Joint Metering Program Clause 18.2 – Authority's Metering Program	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program. Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016. Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
19.1 (o)	Any temporary or permanent transfer of all or part of this entitlement.	Nil
19.1 (p)	Any bulk entitlement or licence in respect of the waterway temporarily or permanently transferred to Barwon Water with respect to the reservoir.	Nil
19.1 (q)	Any amendment to this Bulk Entitlement.	Nil
19.1 (r)	Any new bulk entitlement granted to Barwon Water with respect to its entitlement to a share of reservoir capacity.	Nil
19.1 (s)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	Nil
19.1 (t)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	Nil

PART 3 • Social & environmental sustainability

Bulk Entitlement (Upper Barwon System) Conversion Order 2002 / Amendment Order 2018

15.1 (d)	Storage Volumes at 30/6/22.	
	West Barwon Reservoir (Barwon Water Share).	17,361 ML (89%)
	West Barwon Reservoir (Total).	19,361 ML (90%)
	Wurdee Boluc Reservoir.	29,011 ML (76.4%)
	Barwon System Total.	48,372 ML (81.4%)
15.1 (e)	Volume taken under this entitlement 2021-22.	32,395 ML
15.1 (f)	Approval, amendment and implementation of programs and proposals under clauses 13.3 and 14.3.	
	Clause 13.3 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 14.3 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
15.1 (g-j)	Transfers, amendments or new entitlements under this order.	Nil
15.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
15.1 (l)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

Bulk Entitlement (Upper East Moorabool System) Conversion Order 1995 / Amendment Order 2004

14.1 (d)	Storage volume at 30/6/22.	
	Korweinguboora Reservoir	1,526 ML (65.6%)
	Bolwarra Weir	113 ML (100%)
	Bostock Reservoir	5,154 ML (70%)
	Upper Stony Creek Reservoirs	8,371 ML (65.5%)
	Lower Stony Creek Reservoir	0 ML (0%)
14.1 (e)	Volume taken under this entitlement 2021-22	5,287 ML
14.1 (f)	Approval, amendment and implementation of programs and proposals under clauses 12.2 and 13.3	
	Clause 12.2 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 13.3 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
14.1 (g-j)	Transfers, amendments or new entitlements under this order.	Nil
14.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
14.1 (l)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

PART 3 • Social & environmental sustainability

Bulk Entitlement (Greater Yarra System – Thomson River Pool – Barwon Water) Order 2014		
16.1 (a)	The annual amount of water taken under this bulk entitlement (MW billable) in 2021–22.	1,280 ML
16.1 (b)	The water allocation made available under this bulk entitlement and volume of carryover.	15,353 ML 59,957 ML
16.1 (c)	Compliance with the entitlement share.	Yes
16.1 (d)	Any temporary assignment or permanent transfer of all or part of this bulk entitlement.	Nil
16.1 (e)	The approval, amendment and implementation of the metering program approved under clause 13.	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
16.1 (f)	Any amendment to this bulk entitlement.	Nil
16.1 (g)	Any new bulk entitlement of water granted to the Authority.	Nil
16.1 (h)	Any failure by the Authority to comply with any provision of this bulk entitlement and any remedial action taken or proposed.	No
16.1 (i)	Any difficulties experienced or anticipated by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed.	No

Groundwater bulk entitlements

The Bulk Entitlement (Anglesea Groundwater) Order 2009 authorises Barwon Water to take up to 35,000 ML of groundwater from the Lower Eastern View Formation in the Jan Juc Groundwater Management Area in any five-year period.

Bulk Entitlement (Anglesea Groundwater) Order 2009 / Amendment Order 2014		
16.1 (a)	Annual amount taken (Volume) in 2021–22.	1,405.8 ML
16.1 (b)	Any Amendment to this Order.	Nil
16.1 (c)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	Nil

Notes:

1. Information supplied refers to volume in megalitres unless stated otherwise.

2. References (e.g. 14.1 (d)) relate to clause numbers in each Bulk Entitlement Order.

3. Telemetry data has been used to evaluate compliance with passing flows and diversions (final quality checked data collected under the Regional Water Monitoring Partnership is yet to be supplied for the full financial year).

Part 4.

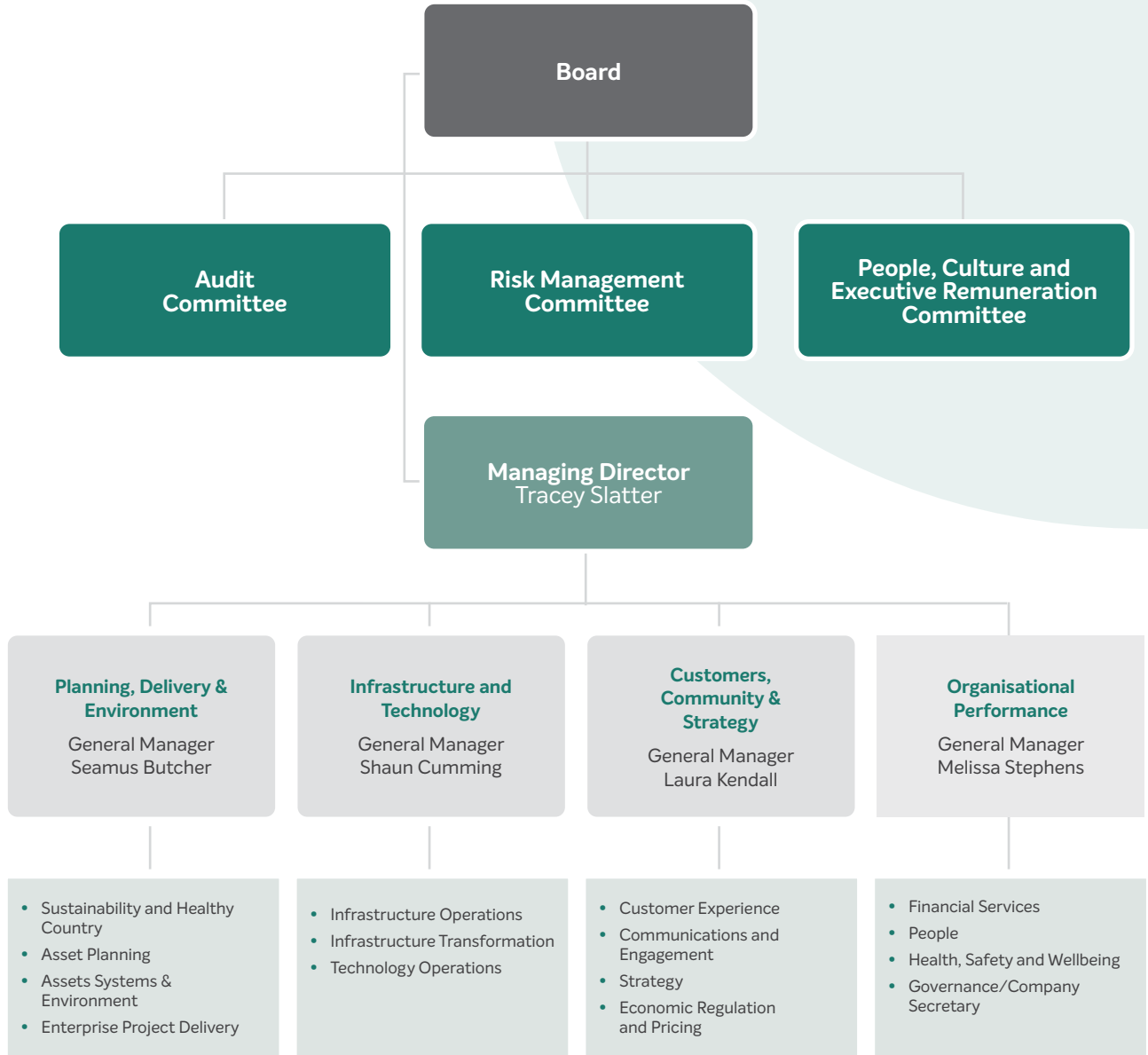
Corporate Information



First in person All Staff meeting since COVID-19 was held in April 2022 at Kardinya Park

Organisational structure

As at 30 June, 2022



Role of the Board

The Board is responsible for the overall corporate governance of Barwon Water, including strategic direction, establishing performance goals for management and monitoring their achievement.

The Board has a governance framework to ensure compliance with the legal and policy requirements of the Victorian Government, including the *Water Act 1989* (Vic), the *Public Administration Act 2004* (Vic) and the *Financial Management Act 1994* (Vic).

Board composition

The Board comprises a non-executive Chair, eight non-executive Directors and a Managing Director.

The non-executive Chair and non-executive Directors are appointed by the Minister for Water. The Managing Director is appointed by the Board in accordance with the *Water Act 1989* (Vic).

Board meetings

Board meetings are scheduled monthly with the exception of January and July. Additional meetings are convened as circumstances warrant. Minutes of meetings record Board decisions.

The Managing Director and Executive Leadership Team attend Board meetings. The Company Secretary assists the Board in the conduct of company affairs and provides advice to the Board on their duties and other governance matters.

Board committees

The Board has established a number of committees to provide strategic guidance and assist the Board in the discharge of its responsibilities. Committee membership is determined by the Board and reviewed at least every two years. Each of the committees is chaired by a non-executive Director selected by the Board.

There are currently three committees:

- Audit
- Risk Management
- People, Culture and Executive Remuneration.

Each Board committee has its own charter and reports to the Board following each meeting.

Audit Committee

The Audit Committee comprises a non-executive Chair and four non-executive Directors. Meetings are held quarterly and at other times as requested by a member of the committee or the internal or external auditor. The committee liaises with the internal and external auditors to evaluate the adequacy and effectiveness of the overall governance framework.

Audit Committee Members/Directors:

- Peta Maddy (Chair)
- John Gavens
- Ann Lansberry
- Des Powell
- Bernard Walsh.

Risk Management Committee

The Risk Management Committee comprises a non-executive Chair and four non-executive Directors. Meetings are held quarterly and at any other time as requested by a member of the committee.

The committee takes a lead role in the oversight of risk management across the organisation and ensuring risks are identified and adequately addressed by management.

Risk Management Members/Directors:

- Ann Lansberry (Chair)
- Elaine Carbines
- Nik Devidas
- Peta Maddy
- Jo Plummer.

People, Culture and Executive Remuneration Committee

The People, Culture and Executive Remuneration Committee comprises a non-executive Chair and three non-executive Directors. The committee assists the Board to drive a diverse, values-based, high-performing workforce, which supports Barwon Water's objectives as defined in the organisation's Strategy 2030.

The committee also maintains oversight of Barwon Water's executive employment and remuneration practices, including compliance with Government expectations, guidance and directives.

People, Culture and Executive Remuneration Members/Directors:

- Jo Plummer (Chair)
- Elaine Carbines
- Des Powell
- Corrina Eccles.

Barwon Asset Solutions Board

The Barwon Asset Solutions (BAS) Board and its Audit and Risk sub-committee are responsible for ensuring the company fulfills its functions effectively and complies with its governance framework, including compliance with the *Corporations Act 2001* (Cth).

The Board presides over all significant strategic, commercial, regulatory, financial and risk-focused elements of BAS.

Board composition consists of four non-executive directors, drawn from Barwon Water's Board, one executive director, as well as the Managing Director, who simultaneously performs in that role in addition to being the Managing Director of Barwon Water.

Barwon Asset Solutions Directors:

- Jo Plummer (Chair)
- Nik Devidas
- Peta Maddy
- Bernard Walsh
- Tracey Slatter (Managing Director)
- Brendan Windmeyer (Executive Director).

Integrity Framework

The Board's Integrity Framework consolidates the key standards of conduct and accountabilities that apply to Directors at Barwon Water. The key principles of the Integrity Framework include:

- obligations: the Board acts in accordance with its obligations and good public sector governance practices
- public interest: the Board acts in the public interest. Board members comply with the required standards of integrity. They place the public interest above their own interests when carrying out their official duties
- culture of integrity: the Board models and fosters a culture of integrity. Board members, employees and external stakeholders are supported to raise integrity issues.

Performance evaluation

The Board has established a formal process to review its own performance, its committees and individual Directors consistent with the Governance Guidelines issued by the Department of Environment, Land, Water and Planning.

Independent advice

Individual Directors have access to independent advice from a range of services.

Directors' Code of Conduct

Directors on the Board of Barwon Water are public officials under section 4 of the *Public Administration Act 2004*. Section 61 of the Act requires that the Victorian Public Sector Commission must prepare and issue codes of conduct based on the public sector values.

The Code of Conduct for Directors of Victorian Public Entities is issued to promote adherence to public sector values by the Directors of all Victorian public entities. The code expresses the public sector values in terms that are most relevant to the special role and duties of Directors. At the same time, it is based on the same set of values (the public sector values) that apply to all public officials, including all employees of Barwon Water.

Board Directors as at June 30, 2022

Jo Plummer

Chair

MBA, FAICD

Appointed to Board: October 2015

With a portfolio of roles, Jo is an experienced Board Chair. Pertinent to the water industry, she first served as non-executive Director for Central Highlands Water over a four-year term before her appointment to the Barwon Water Chair role in October, 2015.

Notably, she was appointed by her peers to Board Chair for the Victorian Water Industry Association in October, 2017 until May, 2022.

Additionally, Jo's portfolio includes:

- Fellow and faculty member of the Australian Institute of Company Directors;
- Committee Chair – South Melbourne Market;
- Board Chair – Barwon Asset Solutions; and
- Board Chair – Deakin MBA Advisory.

She is a highly experienced business strategist and has worked across large commercial corporate, SME, government and NFP environments.

She also enjoys professional mentoring, is an engaging master of ceremonies and expertly facilitating strategies that enable alignment between commercial, social and environmental outcomes.

Jo holds a Master of Business Administration, a Graduate Diploma in Retail Management and is a Fellow of the Australian Institute of Company Directors.

Elaine Carbines AM

Deputy Chair

B Arts, Dip Ed, GAICD, FIPPA (Vic)

Appointed to Board: October 2015

Elaine is the Deputy Chair of Ports Victoria. She has been a Parliamentary Secretary for the Environment and for Education.

She is the Deputy Chair of Gforce Recruitment Solutions, Director of AWA Alliance Bank, Board Member of IMPACT Institute, Director of Northern Futures Inc, Independent Chair of the Community Liaison Group – Geelong Port, and Ambassador of the Peace Of Mind Foundation Inc.

Elaine was awarded the Member of the Order of Australia, General Division for “significant service to conservation and the environment” in the Australia Day 2020 Honours List.

Elaine holds a Bachelor of Arts, a Graduate Diploma in Education and is a Graduate of the Australian Institute of Company Directors, and a Fellow of the Institute of Public Administration Australia (Victoria).

Tracey Slatter

Managing Director

(Barwon Water and Barwon Asset Solutions) M Comm, FIPAA, GAICD

Tracey Slatter commenced as the Managing Director of Barwon Water in January, 2017. She has extensive executive leadership in the public sector as CEO of the City of Port Phillip, Head of Claims at the TAC, CEO of Colac Otway Shire and Director of Primary and Community Health with the Victorian Department of Health.

Tracey is also a Board Director of the Institute of Public Administration Australia (Victoria), a Board Director of Water Services Association of Australia, a Board Director of Zero Emissions Water and the Deputy Chair of the Barwon Regional Partnership.

Tracey enjoys leadership challenges and is passionate about achieving excellent outcomes and improved value for her customers and the community more broadly.

Tracey holds post graduate qualifications in Business Leadership, a Master of Commerce and is a Fellow of the Institute of Public Administration and a Graduate of the Australian Institute of Company Directors. Tracey is also a certified Level 2 Institute of Executive Coaching and Leadership (IECL) coach.

John Gavens

M Arts, B Comm, FCA, GAICD
Appointed to Board: October 2015

John is an experienced board director and audit and risk committee member.

He has a background in auditing, risk management and internal audit, specialising in the public, local government and not-for-profit sectors. He was an audit service provider to the Victorian Auditor General's Office and held internal audit contracts with several local government and public sector agencies.

John was a Registered Company Auditor and was a member of the Auditing and Assurance Standards Board.

He is a Director of Dental Health Services Victoria and was a director of Barwon Asset Solutions and Great Ocean Road Coast Committee. He is also an independent audit committee member for several agencies.

John holds a Master of Arts and a Bachelor of Commerce.

John is a Fellow of Chartered Accountants and New Zealand and is a Graduate of the Australian Institute of Company Directors.

Bernard Walsh

MIEAust, CPEng, GAICD
Appointed to Board: October 2015

Bernard has had an extensive executive career in the chemicals, petrochemicals, explosives and agricultural industries. He consults on manufacturing and supply chain excellence and has facilitated engineering feasibility studies.

His most recent executive role was Head of Engineering and Capital Works at Cann Group Limited, a medicinal cannabis company. He was a member of the executive team at Incitec Pivot Limited and led the major fertiliser and explosives manufacturing operations in North America and Australia including the supporting global engineering and process technology functions.

Bernard has been a board member at Barwon Asset Solutions, Queensland Nitrates, Sasol Dyno Nobel and Initiating Explosives Systems. Bernard holds a Bachelor of Mechanical Engineering and a Graduate Certificate in Business Administration. He is a Chartered Professional Engineer and is a Graduate of the Australian Institute of Company Directors.

Des Powell

Bachelor of Economics and Politics, GAICD
Appointed to Board: October 2017

Prior to his appointment to the Barwon Water Board, Des was a Director of Grampians Wimmera Mallee Water Corporation (GWM Water) from October 2015 to September 2017.

Des is currently a Director of Ports Victoria, a Director of Mercy Ministries Companions, a Director of Emerging Futures Collaborative and a Member of the Victorian Skills Authority Advisory Board.

He holds a Bachelor of Economics and Politics and is a Graduate of the Australian Institute of Company Directors.

Ann Lansberry

MEng, DipBA, GAICD
Appointed to Board: October 2017

Ann is a community sector consultant specialising in building community capacity. She works for the Traditional Owners the Dja Dja Wurrung.

As an Engineer she has more than 20 years of experience in the water sector.

Ann is currently the President of the Discovery Science and Technology Centre in Bendigo and a Director of Heathcote Health.

She holds a Master of Engineering (Chemical Engineering), a Diploma in Business Administration, a Graduate Certificate of Cybersecurity and is a Graduate of the Australian Institute of Company Directors.

Corrina Eccles

Appointed to Board: October 2019

Wadawurrung Traditional Owner Corrina Eccles has 22 years of employment experience in Aboriginal organisations and community engagement, advocacy for cultural values, support and connection.

She has contributed to various advisory and committee groups including representation on many Boards in the region.

Corrina has undertaken board governance training and brings Aboriginal cultural knowledge, perspective and values relating to water.

Peta Maddy

BEng(ChemEng)(Hons), Bsc (pharmacology and toxicology), GAICD
Appointed to Board: October 2021

Peta has more than 20 years of experience in the water and natural resources industries, including 10 years in governance roles.

Peta is the Deputy Chair Commissioner at the Victorian Environmental Water Holder (and member of the Risk and Audit Committee), and Senior Associate at the strategic consulting firm Aither.

She has held previous non-executive director roles at Southern Rural Water (Chair Asset Governance Committee) and Grampians Wimmera Mallee Water (Chair Water Resources Committee). She is a past President of the Victorian branch of the Australian Water Association, was a Council Member of the Victorian Catchment Management Council and chaired the inter-departmental reference group for the Victorian Rural Drainage Strategy.

Peta has a Bachelor of Engineering (chemical) with honours, a Bachelor of Science (pharmacology and toxicology) and is a graduate of the Australian Institute of Company Directors.

Nik Devidas

BBus(business information systems)
Appointed to Board: October 2021

Nik Devidas is an entrepreneurial manager with extensive experience in technology and cyber security across a broad range of industries.

Nik is the co-Founder and Managing Director of Rock IT which was established in 2003. Rock IT is a globally-ranked managed service provider which focuses on helping businesses develop cost-effective, scalable information technology systems without compromising security or performance.

In 2013, he was recognised in the MSPmentor 250 List which identifies the world's leading managed services provider executives, entrepreneurs and experts.

He is also a Board Director of Barwon Asset Solutions, along with being President of the Parkside Junior Football Club and founder of the Old Melburnians "OM Journeys" speaker series. He also co-hosts 'The Do Landers' podcast which features ordinary people with inspiring stories to tell.

Nik holds a Bachelor of Business (business information systems) from RMIT University.

2021-22 Board and committees of the Board attendance

Director	Board Meetings	Audit Committee meetings	Risk Management committee meetings	People, Culture & Executive Remuneration Committee meetings	BAS Board meetings	BAS Audit and Risk Management Committee meetings
J Plummer (Chair) Term continuing	12	2 *	4	2	4	3
E Carbines Term continuing	11		1	1		
C Eccles Term continuing	10			2		
J Gavens Term continuing	10	5	2		2	1
R Leonard (ceased Directorship 30/9/2021)	3	2	1			
B Walsh Term continuing	12	5	2		2	2
A Lansberry Term continuing	10	3	4		2	1
D Powell Term continuing	12	5		1		2
P Maddy (Joined from 1/10/22)	9	2	2		2	2
N Devidas (Joined from 1/10/22)	9		3		2	2
T Slatter (Accountable Officer)	12	5	4	2	4	3

* Only required for a portion of the meeting.

Employment data

Scholarship program and industry based internships

From the program's inception, we have provided financial support and paid internships to fourteen students.

Recognising the importance of gender balance, the scholarship program has expanded to encompass diversity in applicants and disciplines increasing to two scholarships per year, with one allocation specifically for women in science, technology, engineering and mathematics. This small change has enabled us to move from a male dominated scholarship program, to a balanced gender program.

Graduate Program

The development of a graduate pathway to continue partnerships with Deakin University and the opportunity to build relationships with other universities that regional based students attend, has led to a new two-year graduate program.

The program is designed to provide graduates with an opportunity to perform multiple roles within the organisation through planned rotations, to grow their skills and experience in different aspects of the business, tackling real world problems, as well as providing them with a structured leadership development program, and an opportunity to network more broadly in the water industry.

Two graduates joined the program in 2021-22, both former interns, one of which was a female engineer.

The graduate program forms part of the overall strategic workforce planning, including our Engaging Women in STEM Strategy.

Aboriginal Employment & Retention Strategy

We have developed an Aboriginal Employment and Retention Strategy as a key commitment under the Barwon Water Innovate Reconciliation Action Plan 2018- 2020, that is structured around 5 key areas; Recruitment, Induction, Inclusive Workplace Practices, Retention and Development.

At the heart of this framework is understanding and embedding Aboriginal Cultural Values and the holistic wellbeing of Aboriginal Peoples. This will provide the foundations for creating and delivering

culturally appropriate, respectful and meaningful outcomes for Aboriginal staff.

We aim to attract increasing numbers of Aboriginal employees into career pathways that are diverse and inclusive, provide culturally appropriate support and empower Aboriginal staff to progress and succeed professionally.

This Strategy provides an outline of the path we will follow on our journey to achieving Aboriginal employment outcomes, enhancing relationships and continuing our commitment to be a diverse, inclusive and culturally safe employer of choice for the Aboriginal Community.

Supporting the continued growth of a diverse and inclusive workforce, throughout the new hire process and 12-month employee onboarding program, maintains our commitment to improve our relationship with Aboriginal and Torres Strait Islander peoples, and is highlighted as a key message providing visibility and connection to our Reconciliation Action Plan through structured learning events.

Public sector values and employment principles

Barwon Water has policies and practices that are consistent with the Victorian Public Sector Commission (VPSC)'s employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues.

We advise our employees on how to avoid conflicts of interests, how to respond to offers of gifts and how we deal with misconduct.

We comply with the *Public Administration Act 2004*. Employees are selected on the basis of ability, knowledge and skills in a fair and open process that ensures equal opportunity. Promotion and advancement of qualified individuals within Barwon Water is based on these same principles.

Employees receive fair and equitable treatment and human rights, as set out in the *Charter of Human Rights and Responsibilities Act 2006*.

We employ two employees in our Talent Development (Recruitment) team to provide high quality, responsive and professional recruitment and selection services and advice. This includes guidance and support to managers through the recruitment and selection process.



High Performance Strategy

Barwon Water continued on its cultural transformation program throughout 2021-22 to deliver Strategy 2030.

In doing so, we refreshed our High Performance Strategy which has been rebranded as our People Strategy 2022-25. The program continues to include the delivery of initiatives to build inclusive leadership, as well as capability and competency with all team members.

Our in-house leadership program, LEAD 2030, continues to be a highlight shared by leaders. More than 185 employees have now participated in or recently commenced this program. An abridged version has been rolled out to all employees to ensure an organisation-wide approach to developing a constructive organisational culture underpinned by leadership and values-based behaviours at all levels.

Development is supported through the annual personal performance planning process, where employees also set goals that contribute to Barwon Water delivering our strategy and plans.

Additionally, teams across the organisation continue to have 'team commitments' which capture their purpose, goals and agreed behaviours, which not only support the development of team dynamics, but also provide alignment with Strategy 2030 and our values.

Prevention of bullying, Equal Employment Opportunity (EEO) and harassment prevention policies

Barwon Water has an EEO policy, as well as policies for the prevention of bullying and harassment. These policies detail our commitment to taking reasonable steps to ensure a workplace free of bullying and equality of opportunity for all employees by providing a workplace free of all forms of harassment and discrimination.

It is the responsibility of all employees to ensure their own behaviour reflects policy requirements. Behaviour that is contrary may be subject to disciplinary action in accordance with our Performance Counselling Policy.

Barwon Water has undertaken a number of initiatives to improve gender equality including:

- development of our Belonging @ Barwon Water Inclusion Action Plan 2022-25, which incorporates our Gender Equity Action Plan as required under the *Gender Equality Act 2020*
- reviewing our recruitment practices following a Gender Impact Assessment on our Recruitment Policy.

The effectiveness of these initiatives is measured through key indicators including pay equity, segmentation across departments and the up-take of flexible working arrangement across all genders.

We have also undertaken a number of initiatives to provide a safe workplace free from discrimination and harassment:

- maintaining policies and procedures that provide clear expectations on behaviours within the workplace and processes for addressing any unacceptable behaviours
- ensuring annual training is completed by all employees to ensure they understand the behavioural expectations
- promoting and celebrating diversity and inclusion events throughout the year to highlight the value of diverse experiences and backgrounds
- development of an unconscious bias e-learn which is available to all employees
- establishment of team commitments across the organisation, in which teams define their purpose, goals and the behaviours required as well as behaviours that will not be tolerated
- the focus on constructive behaviours and competency uplift is supported through the Lead 2030 and Develop 2030 programs.

We provide EEO, anti-bullying, harassment and discrimination training to all employees, including refresher training. Trained contact officers are also available to provide information to employees about their rights and obligations relating to the prevention of bullying or harassment and discrimination.

To enhance our People Leader's understanding of what constitutes sexual harassment and their obligations, we provided training (delivered by a qualified third party) to all People Leaders in March 2022. We are exploring providing an abridged version of this training to all employees in 2022-23.

We continue to maintain our support of the #IStandForRespect pledge, a commitment to take steps to address sexual and sexbased harassment, to make the workplace safe for everyone.

‘Gifts, Benefits and Hospitality’ policy

We have a policy which establishes standards and procedures for responding to gift, benefit and hospitality offers, as well as the provision of gifts, benefits and hospitality. This policy is intended to support employees and Directors to avoid conflicts of interest and maintain high levels of integrity and public trust. Gift offers are discouraged and must never be accepted unless there is clear justification, which is consistent with the prohibitions in the policy to do so.

We provide training to all employees, including refresher training. Directors and employees are responsible for ensuring their own conduct meets the required standards of integrity. Public interest is placed above own interests when carrying out official duties. This includes declaring all gift offers in accordance with the policy, and refusing prohibited gifts.

Our Gifts, Benefits and Hospitality (GBH) practices are consistent with the Department of Environment, Land, Water and Planning’s model policy in regards to both responding to offers, and providing gifts, benefits and hospitality.

Further information regarding our GBH policy and practices is available at: barwonwater.vic.gov.au

Belonging @ Barwon Water Inclusion Action Plan

We are working towards creating a diverse and inclusive working environment with a workforce reflective of the community that we serve.

In April, 2022, we launched our Belonging @ Barwon Water Inclusion Action Plan 2022-25, which includes four key focus areas of Lead, Adjust, Recruit and Promote. This is our current inclusion action plan, having first introduced a diversity and inclusion action plan in 2016.

Our ‘Belonging @ Barwon Water’ Inclusion Action Plan provides an outline of the path we will follow to improve diversity and inclusion at Barwon Water and meet the objectives of our Strategy 2030.

The action plan guides our approach to inclusion and diversity, through targets for gender balance at senior leader level and across the organisation, as well as Aboriginal and Torres Strait Islander inclusion, disability and cultural and linguistic diversity.

The actions also drive inclusion more broadly to recognise and celebrate difference and foster a true sense of belonging at Barwon Water for each individual.

In June, 2022 we conducted a voluntary Diversity & Inclusion survey for all employees, following a similar exercise in previous years.

The survey results provided workforce demographic data as well as qualitative information relating to employee’s sense of belonging, allowing us to measure our performance towards the Belonging @ Barwon Water Inclusion Action Plan targets.

Results of the survey demonstrate that our employees understand the value of inclusion (94 per cent agreement) and employees feel culturally safe at work (82 per cent). Further, employees have the flexibility they need to manage work and non-work activities and responsibilities (83 per cent agreement).

The following table outlines our actual progress towards Belonging @ Barwon Water Inclusion Action Plan targets at 30 June, 2021 and 30 June, 2022.

Belonging @ Barwon Water Diversity Metrics – Focus Areas	Target - June 2022	Actual progress at 30 June, 2022
Gender balance (Senior Leadership Team)^	40 per cent men; 40 per cent women; 20 per cent flexible	45% M; 55% W
Gender balance (Organisation)^	61 per cent men; 39 per cent women	61% M; 39% W
Aboriginal & Torres Strait Islander inclusion*	2.5 per cent Aboriginal and/or Torres Strait Islander peoples employed	1.3%
Cultural & Linguistic Diversity* (language other than English or born overseas)	17.5 per cent cultural and linguistic diversity across the organisation	17.4%
People with a disability*	10 per cent of employees to identify as living with a disability	9.4%

*Actual progress = percentage of diversity and inclusion pulse survey respondents, Target = percentage of total workforce. This data is representative of a point in time based on those who responded to the survey. A current Belonging @ Barwon Water Inclusion Action Plan objective is to improve reporting to maintain stronger diversity data.

^Data from payroll system

PART 4 • Corporate information

Traineeship program

Barwon Water's traineeship program continues to provide access as an early career pathway from target communities, by providing appropriate education, work training and support, and achievement of a nationally recognised qualification.

Since 2016, in partnership with gforce, Barwon Water has supported 56 trainees in a dynamic program through which we also work with Wan-Yaari Aboriginal Consultancy Services.

Due to ongoing COVID-19 restrictions, the 2021 program was delivered through virtual and hybrid working including the delivery of coursework for the trainees. Barwon Water, gforce and Wan-Yaari collaborated to provide ongoing support to the trainees, supervisors and teams to facilitate successful outcomes.

Ten trainees joined the 2021 intake. Five females, four of who took up nontraditional female traineeships, and two trainees who identify as Aboriginal.

Of those 2021 trainees, two have obtained employment with us, three have gone on to further studies, and four have pursued their own career choice.

A highlight for the 2021 program; four of our trainees were nominated for the Apprenticeship Employment Network (AEN) awards. AEN is the peak industry body representing not-for-profit group training companies across Victoria.

The nomination categories included: Inspiration Award: Women in Trades, Apprentice Disability Achievement Award, with two trainees nominated for Inspiration Award: Indigenous Student of the Year. One trainee was nominated for and won both the "Inspiration Award: Indigenous Student of the Year" and the prestigious "Trainee of the Year" award. The Traineeship program plays an important role, not only supporting diversity across cultural and socio economic demographics, and Strategy 2030, it has served to increase females into traditional male dominated roles specifically in operations and construction. The trainee program provides us with additional skilled resources to support operational needs.

The program is an excellent way to contribute to the community by providing valuable work experience and upskilling trainees, further demonstrated through the partnership with the Empowr Mobility Driver pilot program. Traffic Accident Commission (TAC) is the sponsor for the pilot program led by Empowr Mobility, a social enterprise that aims to improve access to safe vehicles to people who face barriers in accessing them, while developing safe driving behaviours and habits. Two Barwon Water trainees are participating in the program and have access to two new vehicles as part of a three-month safe driving trial.

The program aligns with our Beyond Zero and Driver Safety strategies, which identifies driver safety as one of our biggest safety risks, as it is for young people in society more broadly. Safety, diversity and supporting young people who may experience barriers to accessing employment is a big part of the Belonging @Barwon Water Inclusion Action plan.

Compliance with the Disability Act 2006

The Disability Act 2006 reaffirms and strengthens the rights of people with a disability and recognises that this requires support across the government sector and within the community.

The All Abilities Action Plan 2022-25 is a strategic plan which helps us remove barriers that prevent people with a disability from using our goods, services and facilities, and from gaining and keeping employment. It is about raising awareness of disabilities which are both invisible and visible to others.

All abilities action planning strives to promote inclusion and participation in the community and achieve changes in attitudes and practices that may result in discrimination. This will help drive a safe culture where anyone who chooses to disclose any form of disability will be treated the same as they were before they disclosed. Monitoring of activity and measuring outcomes is included as part of the Belonging @ Barwon Water Inclusion Action Plan.

Barwon Water employment statistics

2022							
	Casual	Part-time	Full-time	Total (Headcount) 2022	Total (Percentage) 2022	FTE 2022	
Gender							
Women	3	53	79	135	39%	114.3	
Men	2	4	204	210	61%	207.44	
Self-described	0	0	0	0	0%	0	
Prefer not to answer	0	0	0	0	0%	0	
Age							
15-24	5	1	4	10	3%	4.55	
25-34	0	8	52	60	17%	56.58	
35-44	0	28	90	118	34%	109.76	
45-54	0	11	82	93	27%	89.77	
55-64	0	9	50	59	17%	56.09	
65+	0	0	5	5	1%	5	
TOTAL	5	57	283	345	100%	321.74	

Notes:

Excludes external contractors/consultants and temporary staff employed by employment agencies. Excludes State Government appointed Board Directors. FTE means full-time employee equivalent. Casual set as 1 hour.

Previous Barwon Water employment statistics

2021							
	Casual	Part-time	Full-time	Total (Headcount) 2021	Total (Percentage) 2021	FTE 2021	
Gender							
Women	1	50	79	130	38%	112.3	
Men	1	4	206	211	62%	209.46	
Self-described	0	0	0	0	0%	0	
Prefer not to answer	0	0	0	0	0%	0	
Age							
15-24	2	1	7	10	3%	7.47	
25-34	0	4	54	58	17%	55.93	
35-44	0	28	91	119	35%	110.43	
45-54	0	11	80	91	27%	87.86	
55-64	0	9	49	58	17%	55.22	
65+	0	1	4	5	1%	4.84	
TOTAL	2	54	285	341	100%	321.76	

Notes:

Excludes external contractors/consultants and temporary staff employed by employment agencies. Excludes State Government appointed board directors. FTE means full-time employee equivalent. Casual set as 1 hour.

ANZSCO - 2022

ANZSCO Occupation Classification	Headcount
Managers	22
Professionals	169
Technicians and Trade Workers	36
Clerical and Administrative Workers	74
Machinery Operators and Drivers	44
TOTAL	345

ANZSCO - 2021

ANZSCO Occupation Classification	Headcount
Managers	20
Professionals	168
Technicians and Trade Workers	35
Clerical and Administrative Workers	74
Machinery Operators and Drivers	44
TOTAL	341

Notes:

The Australian Bureau of Statistics (ABS) develops and maintains standard occupation coding structures for labour market analysis.

The primary ABS occupation coding structure is known as ANZSCO (Australian and New Zealand Standard Classification of Occupations). Barwon Water utilises ANZSCO as our occupational reporting model.

Total number of Senior Executive Service contracts for the Barwon Water Group, broken down by gender

Class	All		Women		Men		Self-described	
	Number	Variation	Number	Variation	Number	Variation	Number	Variation
SES-3	0	0	0	0	0	0	0	0
SES-2	6	6	2	2	4	4	0	0
SES-1	17	17	10	10	7	7	0	0
TOTAL	23	23	12	12	11	11	0	0

Notes:

SES class not provided in prior years, therefore listed as variance.

Reconciliation of executive numbers for the Barwon Water Group

	2022	2021
Executives (Financial Statement Note 9.8)	28	23
Accountable Officer	1	1
Less Separations	-5	1
TOTAL EXECUTIVE NUMBERS AT 30 JUNE	24	23

Health, Safety and Wellbeing (HSW)

HSW management system

A range of processes and initiatives were focussed on in the 2021–22 HSW management plan including:

- detailed review of processes and procedures against Victorian Occupational Health and Safety (OHS) legislation as part of a broader legal assurance project
- publication of monthly newsletter with discussion of safety performance trends, increased awareness of topics relevant to work and promotion of wellbeing events
- progressing a project to improve contractor safety management including refining rules and expectations for effective contractor safety management, to support the deployment of the Rapid Global software solution
- continued with the rollout of the Safety Leadership Program to the second and third cohort groups, following the success of the program targeting the Senior Leadership Team. This program will strengthen health and safety leadership mindsets and practices across all levels of the organisation
- planning and conducting a range of risk assessments including plant and equipment and noise. The process included extensive consultation with Health and Safety Representatives
- development and implementation of fit testing program for personnel required to use respiratory protective equipment

- establishing a lead–paint register for older assets including lead concentration and level of risk exposure associated with its presence in assets
- utilising the AIR System, (Asbestos Identification and Rating System) developed by the Victorian Asbestos Eradication Agency, as our asbestos register
- progressing the public safety project with focus on signage and access to assets based on the level of risk
- forming small work groups to effectively communicate and consult with respect to high risk tasks and other topics that have all of organisation impact. Process was streamlined through effective planning and subject matter experts
- continuing the review of HSW procedures, at the time the Standard Operating Procedure (SOP) upgrade project was taking place, to clearly align to legislative requirements and ISO 45001. Reviewed documents form part of the Corporate HSW Committee.

Health and Wellbeing program

The Health and Wellbeing program throughout 2021–22 involved a range of programs including:

- weekly Mental Health First Aider (MHFA) forums. Content from discussions promoted refinement of existing and proposed programs. Throughout the year we also had additional MHFA's trained
- introducing The Resilience Project and encouraging the simple messaging of Gratitude, Empathy and Mindfulness (GEM) at the workplace and at home
- ongoing promotion for donating to Life Blood

- nutrition webinars
- mental health and wellbeing webinars
- reducing sedentary work including promotion of physical activities such as weekly yoga program
- vaccinations and health monitoring (flu, skin checks)
- promoting recognised awareness events (Men's Health week, Diabetes, Breast Cancer, Women's Health)
- promoting R U OK? Day, including topic specific tool box
- ergonomics and desk set up management to ensure working in the office and from home is satisfactory in preventing injury associated with posture.
- assessing individuals and providing specialised office equipment to prevent repetitive use and ergonomic related injuries
- engaging local physiotherapists to review and treat employees pre claim
- providing support and communication to employees effected by non–work related injuries or illness
- through the intranet, internal media articles and monthly HSW newsletter promoting awareness of fatigue, sleep awareness and a range of other health and wellbeing topics.

HSW performance

In 2021–22 there were zero injuries resulting in a WorkCover claim.

The insurance premium increased marginally as a result of industry rate rises, not claims lodged during the year.

Barwon Water Occupational Health and Safety performance

Measure	KPI	2021-22	2020-21	2019-20	2018-19	2017-18
Injuries	First aid injuries	13	9	14	11	7
	Medical treatment only injuries	1	0	1	8	6
	Lost time injuries	0	0	1	1	3
	Total injuries	14	9	16	20	16
Incidents Claims	Number of incidents	34	54	59	130	114
	Rate per 100 FTE	9.4	16.7	18.09	39.5	35.6
	Number of standard claims	0	0	2	5	7
	Number of time lost claims	0	0	1	1	0
	Rate per 100 FTE	0	0	0.92	1.82	0.00
	Average cost per standard claim*	N/A	N/A	\$1959	\$15,341	\$10,610
	Number of OHS meetings held	32**	30**	36**	1,453	-
	Percentage of internal audits/ inspections conducted as planned***	89%	88%	89%	91.3%	-
Risk Management	Percentage of reported incidents investigated****	92%	90%	90%	74.6%	-

* There were no claims in 2021-22 and 2020-21.

** The figures are derived from Corporate HSW Committee meetings and numerous Designated Work Group Committee meetings, and does not include meetings held at a functional level.

*** Based on the business level audit plan, functional level inspections schedule for HSW team and HSW participation in Operational Safety Walks. Continued restrictions associated with COVID-19 impacted some site visits in 2021-22.

HSW training

Face-to-face training was reincorporated into the training program, along with virtual classrooms and online content, to progress the HSW training program in 2021-22.

The development and delivery of 'in house' training and other awareness information included the following topics:

- using respiratory protective equipment
- safe use of glyphosate herbicide
- preventing underground service strikes
- electrical safety
- fatigue
- mental health.

This involved written content, Barwon Water developed video footage and videos available within ELMO.

Training data has continued to be refined in the ELMO Learning Management System to support our tracking and reporting.

Following the successful program participated in by Senior Leadership Team, phase two of the Safety Leadership Program has taken place, to support the advancement of a positive safety culture through leadership mindsets and behaviours, and additional programs are being rolled out.

Supporting our people during COVID-19

We have undertaken an extensive program to ensure our people are supported during the pandemic. We have embedded all of the Department of Health and Human Services (DHHS) recommended actions for managing transmission of the virus and have continued to modify our ways of working to ensure our people operate in a safe, supported and productive way.

We have provided regular communications to keep our personnel informed about changes and impacts to our community, working and home environments, and established additional support systems to maintain health and wellbeing. These include training and toolbox talks, health, safety and wellbeing check in's, and flexible ways of working. We continue to actively incorporate new ways of working post-pandemic, demonstrating our agility and embedded flexibility.

Our COVID-Safe planning is reviewed on a weekly basis with requirements and improvements communicated widely, including to contractors and customers as needed. We look for opportunities for improvement from our own learning and investigation, as well as from external sources. These include industry

authorities and forums, customer and community feedback and specialist and government advice.

Our agile work cell structures, strong record keeping and monitoring systems (utilising personal logs, QR codes and our own SMS site access tool), along with our triage/ assessment tools, further enhance our preparation and responsiveness to COVID-19 risk and our ability to maintain reliable services and ensure the safety of our people.

Environmental performance

Highlights

The certification of our Environmental Management System under ISO 14001:20015 continued following the successful completion of an external recertification audit in 2022.

Some major highlights in the environmental management space included:

- protection and management of environmental values during capital project works and at operational sites
- development and roll-out of an Environmental Management e-Learn for all Barwon Water staff

- Further assessment of one of our Legacy sites and development of a plan for on-going monitoring and management
- continuing rollout of industrial waste management improvement activities
- completion of an in-practice gap analysis of our transition under the Environmental Protection Act
- installation of temporary fencing to protect the environmental and cultural values of the sand dunes along Black Rock foreshore
- delivered multiple environmental training modules across the business including Site Environment Plans, Tree Protection Zones, Cultural Awareness Training
- completed the annual Tree Management Plan assessing human risk at publically accessible sites. Initiated second stage, which includes nonadvertised, but publically accessible sites
- obtained planning and environmental approvals for the capital works program
- obtained planning and environmental approvals for operational and Barwon Asset Solutions works programs
- updated our internal environmental management tools.

We continue to enhance and adapt our management processes to meet both regulatory requirements, our General Environmental Duty, and industry best practice.



Temporary fencing to protect the dunes near our Black Rock Water Reclamation Plant

Safety, Quality, Environment (SQE) information

SQE integrated management system

A recertification audit of the safety, quality and environmental management system was conducted in April 2022.

One minor non-conformance was raised and closed out, enabling meaning certification to ISO 9001 Quality, ISO 14001 Environmental and ISO 45001 was maintained.

Emergency management

We continued to strengthen effective Emergency Management skills throughout 2021-22 by ensuring both existing and developing response personnel played an active role in operational and corporate response teams as these were put into effect.

Many face to face training and exercise programs were put on hold as COVID-19 changed the way we worked, resulting in exercises and key training sessions being conducted using remote working tools such as "Zoom".

This year we participated in activities such as:

- site based incident response exercise scenario and knowledge workshops
- sector-wide exercise for response to a cyber/ransomware attack
- online Fire Ready Program toolboxes and training
- warden training and general staff evacuation
- communication and implementation of new ways of working in our buildings.

As COVID-19 restrictions eased, we participated in inter-agency emergency management activities including an exercise with the SES (for coastal town evacuation and shelter-in-town considerations), at the Geelong Incident Control Centre.

We continued to conduct our Fire Ready program over the summer months. We extended the use of these processes to support safety and response for all hazard monitoring and early warnings for other events such as severe weather, flood and landslide and chemical incidents.

As well as maintaining a Pandemic Incident Management Team, we responded successfully to a number of events, where Incident Management Teams, supported by Crisis Management Team Leaders, were activated to ensure effective and efficient response, while maintaining the safety of our people, business continuity, and adhering to COVID-19 safety requirements.

In support of these learnings, we have implemented a program to further uplift our Emergency Management capability and processes. This program will run until the end of 2022, then transition to a business-as-usual format.

We continued to be actively involved in municipal Emergency Management Committees, industry resilience and community of practice forums, to ensure ongoing learning from others and enhance cooperation and understanding between agencies and communities.

The key agencies that we interact with include Emergency Management Victoria, emergency services, regulators, infrastructure operators and local government.

Access to information

Privacy and Data Protection Act 2014

Barwon Water complies with the Information Privacy Principles set out under the *Privacy and Data Protection Act 2014*.

Our Customer Charter and Privacy Charter both refer to our commitment to protect the privacy of customers.

We ensure the information we hold is protected and actively prevent any unauthorised access to, and improper use of, customer information.

A copy of our Privacy Charter can be viewed at barwonwater.vic.gov.au

Freedom of Information Act 1982

The *Freedom of Information Act 1982* (the FOI Act) allows the public a right of access to documents held by Barwon Water. The purpose of the FOI Act is to extend as far as possible the right of the community to access information held by government departments, local councils, Ministers and other bodies subject to the FOI Act.

An applicant has a right to apply for access to documents held by Barwon Water. This comprises documents both created by Barwon Water or supplied to Barwon Water by an external organisation or individual, and may also include maps, drawings, microfiche, photographs, audio recordings, CCTV footage, emails, any written material in hard-copy or electronic form. Information about the type of material produced by Barwon Water is available on our website under its Part II Information Statement.

The Act allows Barwon Water to refuse access, either fully or partially, to certain documents or information.

Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to us in-confidence.

The Freedom of Information (FOI) processing time for requests received is 30 days. However, when external consultation is required under ss29, 29A, 31, 31A, 33, 34 or 35, the processing time automatically reverts to 45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times. However, obtaining an applicant's agreement for an extension cannot occur after the expiry of the timeframe for deciding a request.

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

An application fee of \$30.60 applies from 1 July, 2022.

Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents can also be obtained through a written request to our Freedom of Information Officer, as detailed in section 17 of the *Freedom of Information Act 1982*.

When making a request under the FOI Act, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of Barwon Water should be addressed to:

Barwon Water Freedom of Information Officer

Mail: PO Box 659, Geelong VIC 3220

Phone: 1300 656 007

Email: info@barwonwater.vic.gov.au

FOI statistics/timeliness

During 2021–22, Barwon Water received nine FOI's, yet under S17 of the FOI Act, only seven became valid in that timeframe.

We made six decisions during 2021–22. All six decisions were made within the statutory time period. The average time taken to finalise requests in 2021–22 was 12 days from the request being valid.

No requests were subject to complaint/internal review by OVIC throughout the period.

The table below outlines the outcome of each of the requests.

FOI statistics/timeliness	
Full access granted	0
Partial access granted	5
Withdrawn / Time elapsed	1
Not proceeded with / FOI incomplete	0
No documents	1
Third party consultation by another agency	0
Outside the Act / publically available	0
Not yet finalised	2

Further information

Further information regarding the operation and scope of Freedom of Information can be obtained from the FOI Act; regulations made under the FOI Act; and ovic.vic.gov.au *Financial Management Act 1994*.

Other information

Other information as required under the *Financial Management Act 1994*, but not specifically referred to, has been retained by the Accountable Officer and is available to the Minister, Members of Parliament and the public on request.

This information includes:

- pecuniary interests of relevant officers
- shares held by a senior officer
- details of Barwon Water publications
- changes to fees and charges
- major external reviews carried out on Barwon Water
- research and development activities
- overseas visits
- major promotional, public relations and marketing activities
- assessments and measures to improve the occupational health and safety of employees
- major sponsorships.

Compliance with Building Act 1993

Barwon Water owns or controls two government buildings located at 55–67 Ryrie Street, Geelong, and 18 Kadak Place, Breakwater, and consequently is required to include a statement on its compliance with the building and maintenance provisions of the *Building Act 1993* in relation to these buildings.

We require that appropriately qualified consultants and contractors are engaged for all proposed works on land controlled by Barwon Water and that their work and services comply with current building standards.

All such consultants and contractors are required to have appropriate mechanisms in place to ensure compliance with the building and maintenance provisions of the *Building Act 1993*, Building Regulations 2018 and the National Construction Code.

In relation to existing buildings, Barwon Water Group’s facilities function is responsible for planned maintenance schedules to maintain building assets in accordance with relevant standards and essential safety measure requirements.

We employ an intranet-based work order system for staff to notify the organisation of maintenance and safety issues. In addition we conduct routine site inspections and also receive security and failure alerts through a variety of automated alarms.

Number of major works projects (greater than \$50 000):	0
Number of building permits, occupancy permits or certificate of final inspection issued in relation to buildings owned by the entity:	0 building permits 0 occupancy permits 0 certificates of final inspection
Number of emergency orders and building orders issued in relation to buildings:	0 emergency orders 0 building orders
Number of buildings that have been brought into conformity with building standards during the reporting period:	0 buildings brought into conformity

Other Acts

Carers Recognition Act 2012

Barwon Water has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012* (the Act).

Our employment policies, such as flexible working arrangements and leave provisions, comply with the statement of principles in the Act and are accessible to carers.

In addition to our obligations under the *Carers Recognition Act*, we regularly seek to further understand the caring responsibilities of our employees through our Belonging @ Barwon Water Employee Experience surveys. The data collected is used to inform our Belonging @ Barwon Water Inclusion action plans, ensure an inclusive approach to all employees including those with caring responsibilities and to measure our progress towards our Belonging @ Barwon Water Inclusion targets and metrics.

Compliance with the Public Interest Disclosures Act 2012

The *Public Interest Disclosures Act 2012* (the Act) enables people to make disclosures about improper conduct by public officers and public bodies.

The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a public interest disclosure?

A public interest disclosure is a complaint of corrupt or improper conduct by a public officer or a public body.

Barwon Water is a “public body” for the purposes of the Act.

What is ‘improper or corrupt conduct’?

Improper or corrupt conduct involves substantial:

- corrupt conduct
- criminal offence
- serious professional misconduct
- dishonest performance of public functions
- intentional or reckless breach of public trust
- intentional or reckless misuse of information
- substantial mismanagement of public resources
- substantial risk to health or safety of a person
- substantial risk to the environment
- conduct of any person that adversely affects the honest performance by a public officer of their functions
- conduct of any person that is intended to adversely affect the effective performance by a public officer of their functions for the benefit of the other person.

Conduct that is trivial will not constitute improper conduct for the purpose of the Act.

How do I make a ‘public interest disclosure’?

You can make a public interest disclosure about Barwon Water or its Board members, officers or employees by contacting the Independent Broadbased Anti-corruption Commission (IBAC), the Victorian Inspectorate (VI) or the Victorian Ombudsman (VO) on the contact details provided below.

Barwon Water is not able to receive public interest disclosures.

How can I access Barwon Water’s procedures for the protection of persons from detrimental action?

We have established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about Barwon Water or its employees. You can access our procedures on our website: barwonwater.vic.gov.au

Contacts

As noted earlier, the Act does not permit us to receive public interest disclosures. If you wish to make a disclosure about Barwon Water or any of its staff, please make that disclosure directly to the IBAC, the VO or the VI.

The IBAC can be contacted in writing at:

Independent Broad-Based Anti-Corruption Commission (IBAC) Victoria

Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000, or IBAC, GPO Box 24234, Melbourne Victoria 3001.

Website: ibac.vic.gov.au

Phone: 1300 735 135

Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

The VI can be contacted in writing at:

Victorian Inspectorate Level 8, 565 Bourke Street, Melbourne Victoria 3000.

Website: vicinspectorate.vic.gov.au

Phone: 1800 518 197

Email: info@vicinspectorate.vic.gov.au

The VO can be contacted in writing at:

Victorian Ombudsman Level 2, 570 Bourke Street Melbourne VIC 3000.

Website: ombudsman.vic.gov.au

Phone: 1800 806 314

The VO also offers an online form, available at: ombudsman.vic.gov.au/complaints

Local Jobs First - Victorian Industry Participation Policy

The *Local Jobs First Act 2003* introduced in August 2018, brings together the Victorian Industry Participation Policy (VIIP) and Major Project Skills Guarantee (MPSG) policy, which were previously administered separately.

Barwon Water is required to apply the Local Jobs First policy in all projects valued at \$3 million or more for metropolitan Melbourne and for statewide projects, or \$1 million or more for projects in regional Victoria.

MPSG applies to all construction projects valued at \$20 million or more. The VIIP and MPSG guidelines will continue to apply to all applicable projects respectively where contracts have been entered prior to August 15, 2018.

Projects commenced – Local Jobs First Standard:

During 2021–22, Barwon Water commenced seven Local Jobs First Standard projects totaling \$22,524,038.76 (excluding GST). All projects were located in regional Victoria.

The outcomes expected from the implementation of the Local Jobs First – VIIP to these projects where information was provided are as follows:

- an average of 84 per cent of local content commitment was made
- a total of 44.77 jobs (annualised employee equivalent (AEE)) were committed, including creation of 4.25 new jobs and retention of 35.9 existing jobs (AEE)
- a total of 5.48 positions for apprentices/trainees/cadets were committed, including 3.17 new apprenticeships/traineeships/cadets and retention of 2.31 existing apprenticeships/traineeships
- We did not commence any projects that met requirements of the MPSG.

Projects completed – Local Jobs First Standard:

During 2021–22, Barwon Water completed four Local Jobs First Standard projects collectively valued at \$7,290,348.01 (excluding GST). All projects were located in regional Victoria. The MPSG did not apply any of these projects.

The outcomes reported from the implementation of the policy where information was provided were as follows:

- an average of 96.5 per cent of local content commitment was made
- a total of 6.8734 jobs (AEE) were committed, 2.9716 new jobs were created and 1.8218 existing jobs were retained
- a total of 0.8729 positions for apprentices/trainees were committed, one new apprenticeship/traineeship was created
- the retention of zero existing apprenticeships/traineeships
- MPSG applicable projects provided a total of 0 hours to apprentices/trainees and engaged 0 apprentices/trainees (MPSG did not apply).

During 2021–22, there were 29 small to medium sized businesses that prepared a VIIP Plan or LIDP for contracts, with none prepared by large businesses.

During 2021–22 seven projects had the minimum formal weighting of 10 per cent applied for local content in the tender evaluation of the VIIP Plan or LIDP.

We commenced four contracts greater than \$1 million to which a VIIP Plan or LIDP was required.

Projects commenced – Local Jobs First Strategic:

During 2021–22, Barwon Water commenced zero Local Jobs First Strategic projects.

Projects completed – Local Jobs First Strategic:

During 2021–22, Barwon Water completed zero Local Jobs First Strategic projects.

Social Procurement

Barwon Water's first social procurement strategy was approved by the Department of Treasury and Finance in March, 2020 and has prioritised the following five objectives from the Victorian Government's Social Procurement Framework:

- opportunities for Victorian Aboriginal people
- opportunities for Victorians with disability
- women's equality and safety
- sustainable Victorian regions (regions experiencing entrenched disadvantage)
- implementation of the Climate Change Policy Objectives.

The social procurement strategy has a range of social procurement priority actions including procurement opportunities, employee capability development and supplier engagement.

During the year we achieved the following:

- social procurement spend of \$231,584
- Indigenous business spend of \$228,640
- continuation of nursery services contract with genU, an accredited Australian Disability Enterprise that provides direct economic and social benefit through employment and training of employees with a disability. The contract provides for on-going full-time employment and training of 3.2 employees and 12 supported employees
- ongoing signatory to GROW Compact (the primary objective of GROW is to address long-term, entrenched, placed based disadvantage in the G21 Region). Revision of the Barwon Water Group Action Plan, in collaboration with GROW, ensuring identification of targeted and achievable opportunities, including facilitation of introductions between GROW and Barwon Water suppliers and contractors.
- continuation of appointment to Barwon Water's Maintenance Services Panel of My Maintenance Crew, a social enterprise and not-for-profit community organisation with a long history of caring and supporting the disadvantaged and disengaged youth in the Geelong region.

PART 4 • Corporate information

Modern Slavery

The first Barwon Water Modern Slavery Statement was approved by the Board in December 2020; this statement was developed in accordance with the *Modern Slavery Act 2018*.

Barwon Water is committed to operating our business lawfully and ethically, and working with suppliers that are aligned to our values, including corporate responsibility, environmental and workplace safety protection, and staff inclusion and diversity. Barwon Water requires our suppliers to operate in accordance with all modern slavery laws.

We are a foundation member of the Water Industry Procurement Working Group (previously known as the VicWater Social Procurement Working Group), which aims to share information across the sector to enhance the sectors ability to achieve positive Environmental, Social and Governance (ESG) outcomes.

During the year we achieved the following:

- developed and submitted Board approved Modern Slavery Statement to the Department of Home Affairs
- reviewed and enhanced or developed contractual clauses, tender templates and evaluation tools to mitigate modern slavery risk
- conducted briefing sessions to staff on modern slavery
- Safety, Quality and Environment Contract Requirements (SQECR) document updated to reflect Barwon Water's commitment to address Modern Slavery
- HSW team conducted trial audits when on site to assess Modern Slavery risk.

'Competitive Neutrality' policy

The principle of Competitive Neutrality seeks to enable fair competition between government and private sector business. Any advantages or disadvantages that a government business may experience, simply as a result of government ownership should be neutralised.

The Barwon Water Group continues to comply with the requirements of the Victorian Government's Competitive Neutrality Policy.

Consultancy and contract expenditure

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

In 2021-2022, there were 70 consultancies where the total fees payable to the consultants were \$10,000 or greater.

The total expenditure incurred during 2021-22 in relation to these consultancies was \$5,624,059 (excl. GST).

Details of individual consultancies are outlined on our website: barwonwater.vic.gov.au.

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

In 2021-22, there were 50 consultancies where the total fees payable to the consultants were less than \$10,000.

The total expenditure incurred during 2021-22 in relation to these consultancies was \$216,384 (excl. GST).

Disclosure of major contracts

In 2021-2022, Barwon Water entered into three contracts with a value of over \$10 million.

One contract is for the design and construction of the Colac Water Reclamation Plant upgrade, awarded to Laurie Curran Water Pty Ltd.

The second one is for water main renewals awarded to DKM Earthworks.

The third contract is for major sewer mains relining, awarded to Interflow Pty Ltd.

Details about these contracts are available on the Buying for Victoria Website at tenders.vic.gov.au.

Government advertising expenditure

Barwon Water's expenditure in the 2021-22 reporting period on government campaign expenditure did not exceed \$100,000.

Information and Communications Technology (ICT) expenditure

For the 2021-22 reporting period, Barwon Water had a total ICT expenditure of \$15,803,248 with the details shown below.

All operational ICT expenditure		ICT expenditure relating to projects to create or enhance ICT capabilities	
Business As Usual (BAU) ICT expenditure	Non Business As Usual (non BAU) ICT expenditure	Operational expenditure (OPEX)	Capital expenditure (CAPEX)
\$8,425,560 (Total)	\$7,377,688	\$4,617,418	\$2,760,270

"ICT expenditure" refers to Barwon Water's costs in providing business enabling ICT services within the current reporting period. It comprises Business As Usual (BAU) ICT expenditure and Non-Business As Usual (Non-BAU) ICT expenditure.

"Non-BAU ICT expenditure" relates to extending or enhancing Barwon Water's current ICT capabilities.

"BAU ICT expenditure" is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

Minister’s Letter of Expectations Key Performance Indicators

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response	Page in the report of operations
Climate change Undertake activities and provide services that minimise environmental impacts, mitigate and adapt to climate change, increase renewable energy use, and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.	E1 Emission reductions Demonstration of reasonable progress toward achievement of the entity’s emission reduction target specified in the Statement of Obligations (Emissions Reduction). E2 Energy and renewable Electricity Consumption Demonstrate reasonable progress in contributing to sector achieving its renewable energy use target of 40% by 2025 as outlined in Victoria’s water plan, Water for Victoria.	E1 Total net greenhouse gas emissions in tonnes of CO2 equivalent. E2 Total electricity consumption, and total renewable electricity consumption, in megawatt hours.	<ul style="list-style-type: none"> • Driven by Strategy 2030 and the Statement of Obligations (Emissions Reduction), targets of 100 per cent renewable electricity by 2025 and zero net emissions by 2030, we are pursuing improved energy efficiency at high energy using activities and operations. • Operating renewable energy produced more than 9.2 GWh of zero emissions electricity in 2021-22 including: <ul style="list-style-type: none"> – Black Rock 3 megawatt solar farm – Wurdee Boluc 300 kilowatt solar array and battery energy storage system – Torquay 240 kilowatt solar array – Zero Emissions Water Power Purchase Agreement (ZEW PPA), supplying up to 30 per cent of our needs – 360kW biogas cogeneration facility, part of the Colac Renewable Organics Network – plus the recently announced Barwon Renewable Energy Partnership PPA, together with Barwon Health and GeelongPort, to take us the rest of the way to 100 per cent renewable electricity. • Looking further ahead, we are planning a comprehensive carbon sequestration program to mitigate our residual scope one emissions. 	Page 42-44 & 84
	E3 Adaptation to climate change and variability Application of the Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria for: - Urban Water Corporations: through their application in drought preparedness and urban water strategies b. Demonstration of reasonable progress in integrating climate change adaptation into planning and decisionmaking across the business (all sources of water, wastewater, and where relevant drainage and flood management) including in: <ul style="list-style-type: none"> • source waters and demand • built assets • natural environment • people and workplace • interdependencies • customer and product delivery. 	E3 a. Qualitative description of how the Guidelines will be used. b. Qualitative description of how adaptation will be undertaken in each of the six business areas. Include consideration of short, medium and long term changes.	Implementation of our new Climate Resilience Plan is underway. The Plan takes a risk based approach to prioritising actions. During 2021-22 our efforts have been focused on: <ul style="list-style-type: none"> • finalising our next Urban Water Strategy • finalising the Monitoring, Evaluating & Reporting Framework • completing staff climate change adaptation benchmarking assessment • commencing an infrastructure impact assessment, including scope a bushfire resilience project • reviewing how climate change hazards are integrated into our Drinking Water Quality Risk Management Plan • commencing embedding climate change adaptation thinking into key project management templates. 	Page 6, 33-35, 44, 71

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Priority area	Key Performance Indicator	Measure	Barwon Water activity/response	Page in the report of operations
Customer and community outcomes All aspects of service delivery will be customer and community centred and will continue to build extensive and effective community engagement and partnerships in planning and implementation of service delivery.	C1 Customer satisfaction Note this indicator includes both direct and proxy measures. Overall, reporting on measures identified for this indicator should demonstrate high or improving levels of customer satisfaction over time.	C1(U) Customer satisfaction survey The ESC will collect customer satisfaction survey data on an ongoing quarterly basis.	Barwon Water ranked number one for Value for Money, number two for Reputation, number three for Trust and number two for Overall Satisfaction in the latest ESC rankings. We continued to deliver our dedicated Customer Experience (CX) Program, developed through extensive customer engagement. In 2021-22, CX improvements have been delivered through: <ul style="list-style-type: none"> our Voice of Customer Program improved call handling and CX capability uplift staff engagement activities including CX Week improved customer correspondence, bill format and streamlined online forms multi-channel customer solutions. 	Page 28-29
		CR1 Water quality complaints	<ul style="list-style-type: none"> Water quality complaints for 2021-22 were 1.15 per 1,000 customers, below the current target of 3.00. 	Page 40-41 & 84
		CR4 Number of billing payment issues	<ul style="list-style-type: none"> Billing complaints for 2021-22 were 1.33 per 1,000 customers, slightly above the current target of 1.20. In line with the complaint definition change in late 2020 and work to increase reporting of all expression of dissatisfaction as complaints, total numbers continue to increase as anticipated. Improvements to the bill have been delivered this year and will continue into the next financial year, to reduce the need for customers to call and place downward pressure on billing complaints. We continue to provide coaching and training to frontline staff to ensure individual customer scenarios are understood and linked to customer support provisions where needed. 	Page 84
	C2 Customer and community engagement Stakeholder engagement based on best practice that demonstrates approaches to engagement that are open, honest and occur frequently. The DELWP Community Charter or IAP2 framework could be considered as a guide.	C2 Development and delivery of an engagement strategy/ plan/ policy and publication (via the water corporation's website) of the engagement strategy/plan/ policy or equivalent explanation.	Barwon Water does not have a dedicated / overarching communications and engagement strategy published on our website. Rather we have dedicated and detailed communications and engagement plans and strategies for projects. In 2021-22, we developed strategies and plans for: <ul style="list-style-type: none"> Regional and Colac Renewable Organics Networks 2023 Price Submission <i>Water for our Future</i> program Anglesea Borefield activation Boundary Creek remediation Forrest wastewater options Aqueduct and Porronggitj Karrong Recycled water including Class A Bellarine Basin Birregurra Sustainable Communities - Water Capital projects delivery, planned/Unplanned outages planned/unplanned outages. We will continue to engage extensively on a number of initiatives including: <ul style="list-style-type: none"> 2018 and 2023 Price Submission <i>Water for our Future</i> program Aqueduct and Porronggitj Karrong Regional and Colac Renewable Organics Network Birregurra Sustainable Communities Boundary Creek and Big Swamp remediation Recycled water including Class A Bellarine Basin Apollo Bay water supply upgrade and customer water efficiency. 	Page 37

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Priority area	Key Performance Indicator	Measure	Barwon Water activity/response	Page in the report of operations
Water for Aboriginal cultural, spiritual and economic values Recognise and support Aboriginal cultural values and economic inclusion in the water sector.	AC1 Engagement of Aboriginal communities Effective and genuine engagement and partnerships with Traditional Owners and Aboriginal Victorians for involvement in business opportunities and access to water for spiritual, customary, social, and economic purposes, and other self-determined purposes. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement and partnership, taking into account the relevant local context.	AC1.1 Implementation and reporting on a strategy that demonstrates how the water corporation is addressing procurement barriers and providing procurement opportunities to Aboriginal Enterprises. Aboriginal enterprises to supply goods/ services to water corporations* and number of Aboriginal enterprises procured in the last year.	Over the last 12 months Barwon Water has continued to deliver the actions outlined within our current RAP. Some of the key outcomes relating directly to the creation of opportunities within the water sector for the Aboriginal and Torres Islander community and businesses include: <ul style="list-style-type: none"> our Social Procurement Strategy (SPS) was approved by the Department of Treasury and Finance March, 2020, and revised July, 2021, with the objective to provide opportunities for Victorian Aboriginal people by purchasing from Victorian Aboriginal businesses and employment for Victorian Aboriginal people by suppliers to Barwon Water all tender and quotation documentation has been reviewed to ensure there are no barriers to procuring goods and services from Aboriginal and Torres Strait Islander businesses. All our tender and quotation templates include reference to purchasing goods and services from Victorian Aboriginal businesses and employment for Victorian Aboriginal people we have developed an Indigenous Procurement section within our internal Intranet. Employees can identify accredited Victorian Indigenous businesses through a link to Kinaway. Kinaway is an Aboriginal Chamber of Commerce based in Melbourne through which Aboriginal and/or Torres Strait Islander businesses and entrepreneurs have a collective voice both within the Aboriginal and/or Torres Strait Islander business community and the general business community. 	Page 6, 25, 27 & 71
		AC1.2 Number and description of offered and/or active sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships initiated in the last year.	<ul style="list-style-type: none"> Barwon Water has numerous commercial relationships with Aboriginal and Torres Strait Islander owned businesses. Some of the services and goods procured through these businesses during 2021-22 include stationary, cultural awareness training, facilitation, employment, consulting works, graphic design, and artwork. During 2021-22 we awarded 86 contracts, which included Request for Tenders (RFTs), self-managed Request for Quotations (RFQs) and construction contracts. Zero Aboriginal Enterprises responded to these procurement opportunities. Our Aboriginal spend during 2021-22 of \$228,640 has been with existing contracted suppliers or via purchase order. 	Page 62 & 71
		AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last year and working towards development of mandatory cultural safety training program/policy.	<ul style="list-style-type: none"> We continue to provide cultural awareness training to all staff periodically throughout the year. This training is conducted by Traditional Owner corporations. Teams where Aboriginal or Torres Strait Islander staff will be working have specific training provided to ensure that the new employee is entering a culturally safe working environment. Staff and community working groups involved in Aboriginal Partnership projects were provided with unconscious bias and cultural awareness terms of reference and training by an external facilitator or Traditional Owner corporation (as appropriate). 	Page 27
AC2 Engagement of Traditional Owners Effective and genuine engagement of Traditional Owners for inclusion of Aboriginal values in water planning. Measures related to this indicator will not be considered in isolation. Rather, reported information will be used to help build a broad picture of engagement, taking into account the relevant local context.	AC2.1 Number of effective engagements and partnerships with Traditional Owners in water planning and management, including a number of water projects completed that led to improved outcomes for Aboriginal Communities	<ul style="list-style-type: none"> The partnership agreement has been revised and updated for another three year term (2021-2024) with Wadawurrung Traditional Owner Aboriginal Corporation. It provides information on the topics and projects that we will be engaging with them on. We will continue to engage with all Registered Aboriginal Parties in relation to major water planning and management projects and strategies. This will include our <i>Water for our Future</i> Program, Urban Water Strategy and Land/ Water management opportunities. 	Page 6, 13, 25-27, 36	

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Priority area	Key Performance Indicator	Measure	Barwon Water activity/response	Page in the report of operations
Water for Aboriginal cultural, spiritual and economic values (Continued)		AC22.2 Demonstrate that Traditional Owners have had the opportunity to review and/or endorse, all sections of the annual report that include specific reference to Traditional Ecological Knowledge, values and wellbeing.	<p>Barwon Water has identified a number of opportunities to implement actions and programs that seek to achieve shared benefits with Traditional Owners and Aboriginal communities, including:</p> <ul style="list-style-type: none"> • Porronggitj Karrong - Barwon Water and Wadawurrung are working in partnership to develop a place that is designed and managed using traditional land management practices • Yarram Creek (Bellarine Basin) - Working in partnership with the Wadawurrung, local community, special interest groups and Government agencies, this project will restore and provide public access to the Yarram Creek headwaters and surrounding landscape • partnership Agreement in place with Wadawurrung Traditional Owner Aboriginal Corporation for a renewed three year term (2021-2024) • Aboriginal Partnerships Advisor appointed to work closely with this position, and other Traditional Owner and Aboriginal communities • supporting the Djilang initiative with the Geelong Football Club • exploring Caring for Country principles with Traditional Owners in the region. 	Page 25-27
	AC3 Aboriginal Inclusion Plan/ Reconciliation Action Plan To be considered in conjunction with AC1 and AC2, taking into account the relevant local context.	AC3 Development of either an Aboriginal Inclusion Plan or a Reconciliation Action Plan, reflecting measures AC1.1 to AC1.3 and AC2.1 as appropriate.	<ul style="list-style-type: none"> • We are continuing our reconciliation journey and have commenced planning our Stretch Reconciliation Action Plan which will run from 2022- 2025 • The new Reconciliation Action Plan will include actions to address previous measures (AC1.1 to AC1.3 and AC2.1) along with a range of other actions. • As per AC3.1, Traditional Owners will be given the opportunity to review and/or endorse all sections of the Plan that include specific reference to Traditional Ecological Knowledge, values and well-being. 	Page 25 & 59
Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high quality services and resilient environments.	L1 Integrated Water Management (IWM) (urban) In relevant IWM forum(s), actively facilitate and champion water's contribution to deliver liveability for cities and towns of the region consistent with the forum's objectives.	L1 Progress towards: A. Participation in, or establishment of IWM forum(s) in your region B. contribution to development and implementation of Strategic Direction Statement(s) in your region C. Implementation of priority IWM projects and plans, as applicable D. delivering IWM outcomes for the region.	<ul style="list-style-type: none"> • Barwon Water provides leadership and contributes to the functioning of the Barwon IMW Forum through chairing, and providing executive support to, the Forum. • Barwon Water, in partnership with the Barwon IWM Forum members and DELWP, updated the Forum's Strategic Directions Statement (SDS). The SDS is the Forum's key strategic document which sets out the strategic outcomes and 19 priority IWM projects for the next five years. • Continuing to embed integrated water cycle management early in urban planning for Geelong's long- term growth areas by working with the City of Greater Geelong to facilitate the implementation of the IWM Plan for the Northern and Western Geelong Growth Areas in upcoming Precinct Structure Plans. • We have been working with the IWM Forum members and various regional networks such as the Barwon Regional Partnership to explain the multiple community-wide benefits of IWM and attract investment for various projects. • Leading and contributing to significant regional IWM projects and processes including the delivery of fit-for-purpose recycled water to Deakin University's Waurin Ponds Campus, the Bellarine Peninsula's agricultural industry and Stead Park sporting complex in northern Geelong. We have also been providing strong support to the Surf Coast Shire which is investigating options to improve the health of the Karaaf Saltmarsh and provide regional IWM outcomes. 	Page 34-36

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Priority area	Key Performance Indicator	Measure	Barwon Water activity/response	Page in the report of operations
	L2 Water efficiency (urban) Implement water efficiency programs aligned with Target 155 (Metros) and Target Your Water Use (Regional Urban).	<p>L2 Continue to collaborate on the Victorian Water Efficiency Strategy by:</p> <p>A. Water corporations working together through a coordination group to develop Statewide initiatives and:</p> <p>B. Reporting the number of customers in need assisted by Community Rebate Program, and for participating organisations, the Community Housing Retrofit Program.</p>	<ul style="list-style-type: none"> Barwon Water is a member of the Victorian Water Efficiency Resources Group working collaboratively with other water corporations to develop state-wide initiatives aligned with Target Your Water Use. During 2021-22 we participated in a state-wide working group to assist with the review the restriction by-law and permanent water saving rules. As a result of this a new Model By-law was issued to all Victorian Water Corporations by the Minister for Water Lisa Neville, under the <i>Water Act (1989)</i> and we adopted the new <i>Water Restriction By-law (191)</i> in May 2022. We have implemented residential and non-residential initiatives as part of our five-year Sustainable Water Use Plan, including the Target Your Water Use Summer Campaign, WaterAssist Home, Coastal Partnerships, Business Water Grants, WaterSmart Council Program and Birregurra Sustainable Communities – Water programs. We are providing support to assist schools to participate in the Schools Water Efficiency Program (SWEP) by subsidising SWEP fees and providing leak repair rebates and grants. We continued to promote the Permanent Water Savings Rules (PWSR) through our website, social media channels, advertising and events. We have provided assistance to 255 customers as part of the Community Rebate and Home Plumbing Assessment (119 customers assisted) and Community Housing Retrofit Programs (136 customers assisted), with a total value of \$150,970 and an estimated 11.9 million litres in water savings. 	Page 22-23, 35-36
	L3 Water bills (urban) Victorian water bills are amongst the lowest in Australia. (not applicable to MW)	<p>L3 Total residential bill based on:</p> <p>A. average consumption</p> <p>B. 200kl consumption.</p>	<ul style="list-style-type: none"> The 2020-21 BoM National Performance Report showed Barwon Water having the fourth lowest typical bill across Australia among our peers (businesses with 100,000+ customers), with South East Water and City West Water ranking 5th and 7th. <p>‘200kL consumption’</p> <ul style="list-style-type: none"> National average \$1,414 Barwon Water bill \$1,121 For 2022-23, average residential owner customer bills – for occupiers and tenants (160kL) will increase to \$1,076 and \$314 respectively. 	Page 29
Financial Sustainability Delivering safe and cost-effective water and wastewater services in a financially sustainable way.	L4 Payment management and hardship (not applicable to MW) Overall improved access to instalment plans for management of payments. Understand year on year trends in hardship grants.	<p>L4</p> <p>A. Number of instalment plans at the end of the reporting period</p> <p>B. Number of customers awarded hardship grants</p>	<ul style="list-style-type: none"> Barwon Water’s number of instalment plans was 8,407 at the end of 2021-22, remaining stable compared to the 8,465 in place at the end of 2020-21. Maintaining this strong result is the outcome of an ongoing focus on soft skills training, as well as continual refinement in our pro-active outbound communication with customers, encouraging them to engage with support mechanisms. The number of customers awarded hardship grants was 3,518 customers during 2021-22, maintaining the high levels seen in the previous year (3,547). In addition, we have continued to increase our efforts under our Customer Support (hardship) Program, which has helped maintain the overall number of instalment plans. A shift in focus towards our Arrange & Save program has allowed us to realise an 18 per cent increase in the value of “bonus credit” hardship grants, from \$246,592 during 2020-21 up to \$290,564 during 2021-22. The growth in our customer support offering has been led by an industry-leading Customer Support (hardship) Program, bolstered by ongoing staff capability uplift. Initiatives include: improved customer awareness via bill and reminder inserts, improved direct communication, staff cross-training and recruitment, and data-led outbound calling campaigns to encourage assistance program uptake. These passive and proactive measures are continuing to result in an ongoing increase in these numbers. 	Page 29-31

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Priority area	Key Performance Indicator	Measure	Barwon Water activity/response	Page in the report of operations
<p>Recognising recreational values Support the wellbeing of rural and regional communities by considering recreational values in water management</p>	<p>Rec1 Recreational values Consideration of recreational values in carrying out functions and providing services (applicable to all water corporations except the three Melbourne metropolitan retail water corporations). Note – This applies only to the extent that water corporation manages water storages accessible for recreation.</p>	<ol style="list-style-type: none"> 1. Number of site-based projects delivered to improve recreational enjoyment of water storages, or other projects to improve or maintain access, infrastructure and facilities. 2. Efforts taken around the following three themes of Water for Victoria: <ol style="list-style-type: none"> A. Number of engagement processes that identified and considered recreational objectives relating to water and waterways B. Number of improvements to information sources (e.g. online) to help recreational users to plan their activities C. Collaboration with other organisations and government agencies to explore and progress opportunities to support recreational objectives D. Number of accessible major water storages with land and recreation management plans in place as per Water for Victoria action 7.3. 	<ul style="list-style-type: none"> • We continue to improve the visitor experience at our major water storages and surplus land holdings through partnering with our Traditional Owners to identify and develop opportunities. • We provide access to six major water storages; West Barwon, Wurdee Boluc, Painkalac, Bostock and Upper Stony Creek Reservoirs as well as Bolwarrah Weir, for walking, bird watching, horse riding, mountain biking, dog walking (on lead), sightseeing and picnicking. We co-ordinate fish stocking at our reservoirs through collaboration with Fisheries Victoria and community groups. We also support community events at our reservoirs, such as mountain biking or running festivals. • We have completed Public Safety Risk Assessments at all our recreational sites as well as land management activities such as weeding and path clearing to maintain safe access. • During 2021-22 we continued to progress two major site-based projects with engagement processes to improve recreational enjoyment. These were the Bellarine Basin rehabilitation and Porronggitj Karrong cultural precinct project. The projects focus on increasing public safety and amenity value of our facilities and developing new partnerships with the community, exploring opportunities to enhance the social and recreational values associated with water and water assets. • Bellarine Basin – We are working with the Wadawurrung, DELWP and the local community to remove the redundant Bellarine water storage basin, restore the natural headwaters of Yarram Creek and open up over 30ha of natural landscape and community space in the heart of the Bellarine Peninsula. • Porronggitj Karrong cultural precinct – In partnership with Wadawurrung Traditional Owners Aboriginal Corporation, we are restoring the ecological balance of 66 hectares of landscape on the Barwon River, in Breakwater, 5 km from the Geelong town centre. The project will promote regional prosperity through provision of a significant regional community asset where traditional owner practices, aboriginal heritage, European heritage and community and environmental values can be brought together on country, including: <ul style="list-style-type: none"> – re-establishment of safe access and circulation throughout the site for the broader Geelong community on both land and the Barwon River – interpretation of Aboriginal and European cultural heritage values – community education about Wadawurrung living culture – ‘on the ground’ Indigenous land management and water conservation practices. • We have a dedicated section of our corporate website outlining information on all public recreational spaces, which is regularly reviewed. During 2021/22, we increased promotion of these areas through our social media channels and local radio editorials. Work was also undertaken to develop interpretive signage for a number of reservoirs which celebrated Traditional Owner connection to land and waterways. Installation of the signage is expected in the 2022/23 reporting period. • We have also commenced early planning for the West Barwon Reservoir Master Plan, in collaboration with the Eastern Maar Aboriginal Corporation. This is our first formal Land and Recreation Management Plan (as per action 7.3) and it will form the basis of a roll out over progressive years across all our reservoirs if successful. Projects will focus on restoring and celebrating cultural values and re-opening community open space for the region to enjoy. 	<p>Page 25-26</p>

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Priority area	Key Performance Indicator	Measure	Barwon Water activity/response	Page in the report of operations
Leadership and Culture Water corporations reflect the needs of our diverse communities.	G1 Diversity and inclusion Improve gender and cultural diversity in workforce including gender equity in executive leadership. Diversity Inclusion plans to be based on best practice. The approach of the DELWP Diversity and Inclusion Strategy 2016–2020 could be considered as a guide.	G1.1 Development and delivery of a Diversity Inclusion Plan/s and publication (via the water corporation's website) of the Inclusion Plan or equivalent explanation.	Continuing to implement Barwon Water's Diversity, Inclusion and Gender Equity Strategy through implementing the Belonging @ Barwon Water Action Plan. This current plan, released in April 2022, has been expanded to ensure alignment with the requirements of the <i>Gender Equality Act 2020</i> .	Page 60–62
		G1.2 Number of females occupying senior executive positions over projected five-year period.	<ul style="list-style-type: none"> Representation at senior leadership level is currently 45 per cent men and 55 per cent women Barwon Water aims to maintain a balanced senior leadership team As part of the Belonging @ Barwon Water Inclusion Action Plan 2022–25, there are various targets and actions to support gender equality, as well as other diversity metrics relating to Disability, Cultural and Linguistic Diversity and aboriginal inclusion. 	Page 62
		G1.3 Adopt strategies and actions to achieve a 1% target for Aboriginal people in the business noting the Victorian Public Services has a 2% target and work to a stretch target of 3% by 2020 (DELWP policy).	<ul style="list-style-type: none"> We are working towards a stretch target through various programs, which are driven by our Aboriginal Employment & Retention Strategy, which was recognised at the state and national level for Organisational Excellence by the Australian Water Association. 	Page 61
		G1.4 Actions taken to improve participation by Traditional Owners in Board committees and other organisational Committees.	<ul style="list-style-type: none"> Corrina Eccles is on the Barwon Water Board as a non-executive Director. Corrina, who is a Wadawurrung Traditional Owner and has worked for more than 20 years with Aboriginal organisations, brings a unique insight into Indigenous culture, perspectives and values relating to water During 2021–22 we have continued to implement our partnership agreement with Wadawurrung Aboriginal Corporation. We have worked on a range of projects as part of the partnership including "Working with Traditional Owners to Care for Country", Porronggitj Karrong, Cultural Awareness Training and many more We employ a dedicated Aboriginal Partnerships Advisor, whose role includes, amongst a range of things, increasing Aboriginal participation across our business. 	Page 54 & 57
		G1.5 Number of respondents to the VPSC People Matter Survey from each water corporation.	Barwon Water did not participate in the People Matter Survey in 2021, due to conflicts with internal surveys and the risk of survey fatigue during the COVID-19 pandemic. We engaged with DELWP to confirm that we wouldn't participate and were supported in not participating in 2021 We did participate in the People Matter Survey 2022 which ran through late June to July, 2022.	n/a

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Priority area	Key Performance Indicator	Measure	Barwon Water activity/response	Page in the report of operations
	G3 Health and Safety Sustained annual improvement against H&S performance benchmarks (AS/NZS standard 4801).	G3 Performance indicators adopted to monitor occupational health and safety in line with FRD 22H, section 6.10.	<ul style="list-style-type: none"> We have used lead and lag performance indicators to inform initiatives and strategies associated with reducing the overall incident frequency rate and severity of injuries. This has been reflected in a steady decline of our Total Reportable Injury Frequency Rate (TRIFR) which reduced from 3.84 on 1 July, 2021 to 1.83 at end of June, 2022. 	Page 65
Financial Sustainability Delivering safe and cost-effective water and wastewater services in a financially sustainable way.	F1-F8 Financial Indicators Overall reporting on these measures should demonstrate financial sustainability and provide a positive picture of a corporations' financial sustainability over time.	F1 interest cover F2 gearing ratio F3 internal financing ratio F4 current ratio F5 return on Assets F6 return on equity F7 EBITDA Margin F8 Credit rating	<ul style="list-style-type: none"> Barwon Water continues to remain financially sustainable with all financial indicators remaining within VAGO benchmarks. This set of indicators are reported within the Performance Report contained within the Annual Report following the annual audit process undertaken by VAGO. Barwon Water's credit rating for 2021-22 (as determined by DTF's desktop rating) was A-. The upgrade to the rating resulted in a FAL rate of 0.64% for 2021-22 (BBB+ 0.79%) DTF undertook a desktop rating in June 2022 which determined that Barwon Water's credit rating would remain A- from 1 July, 2022. The FAL rate is reduced slightly in 2022-23 to 0.63%. 	Page 82





Tour of Black Rock Water Reclamation Plant by Matthew Flinders College



Part 5. Performance Report

Barwon Region Water Corporation (Barwon Water) and Barwon Asset Solutions Pty Ltd (BAS) (collectively "The Group")

Consolidated Performance Report 2021-22

1. Financial Performance Indicators

KPI No.	Key Performance Indicator	2020-21 Result	2021-22 Result	2021-22 Target	Variance to prior year	Notes	Variance to target	Notes
F1	Cash Interest Cover - Net operating cash flows before net interest and tax / net interest payments	3.42 times	2.53	4.30	-26.0%	1a	-41.2%	1b
F2	Gearing Ratio - Total debt (including finance leases) / total assets * 100	17.88%	17.24%	18.50%	-3.6%		-6.8%	
F3	Internal Financing Ratio - Net operating cash flow less dividends / net capital expenditure * 100	162.55%	108.07%	121.70%	-33.5%	2a	-11.2%	2b
F4	Current Ratio - Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	0.91 times	0.79 times	0.43 times	-13.2%	3a	83.7%	3b
F5	Return on Assets - Earnings before net interest and tax / average assets * 100	2.06%	1.80%	2.80%	-12.6%	4a	-35.7%	4b
F6	Return on Equity - Net profit after tax / average total equity * 100	1.08%	0.92%	2.00%	-14.8%	5a	-54.0%	5b
F7	EBITDA Margin - Earnings before interest, tax, depreciation and amortisation / total revenue * 100	54.08%	51.22%	58.71%	-5.3%		-12.8%	6b

Notes:

- 1a The unfavourable interest cash cover to prior year is reflective of; (i) the timing of receipts in relation to property sales associated with the Property Realisation Program, with the majority of receipts being received in the prior year, (ii) a wetter year in 2021-22 than the prior year resulting in a reduction in water consumption and less receipts for water volume revenues, and (iii) expenditure for operational activities being higher than budget due to uncontrollable expenditure streams.
- 1b The unfavourable interest cash cover to budget is reflective of; (i) the timing of receipts in relation to the property sales associated with the Property Realisation Program with the receipts received in the budget being evenly spread over these two years, (ii) a wetter year in 2021-22 than budgeted resulting in a reduction in water consumption and less receipts for water volume revenues, (iii) expenditure for operational activities being higher than budget due to uncontrollable expenditure streams, and (iv) an overestimated budget for developer revenue was incorporated into the budget, with investigation undertaken and a revised estimation methodology implemented.
- 2a While the net capital expenditure for the current year and the prior year are comparable, the impacts of net cash flows from operating activities being less in 2021-22 than 2020-21 results in an unfavourable internal financing ratio.
- 2b The internal financing ratio is unfavourable to budget due to the net cash flows from operating activities being less than budget and reflective of: i) the timing of receipts in relation to the property sales associated with the Property Realisation Program with the receipts received in the budget being evenly spread over these two years, (ii) a wetter year in 2021-22 than budgeted resulting in a reduction in water consumption and less receipts for water volume revenues, (iii) expenditure for operational activities being higher than budget due to uncontrollable expenditure streams, and (iv) an overestimated budget for developer revenue was incorporated into the budget, with investigation undertaken and a revised estimation methodology implemented.
- 3a The current ratio is unfavourable to the prior year primarily as a result of the higher value of assets held for sale in the current assets for the prior year than at 30 June 2022, resulting in a lower ratio for 2021-22.
- 3b The current ratio is favourable to budget primarily as a result of a current asset being recognised at 30 June 2022 for assets held for sale not budgeted, a number of larger one-off debtors for funding and a current financial derivative asset recognised in June 2022 related to the valuation of two Power Purchasing Agreements.
- 4a The return on assets ratio is unfavourable to the prior year primarily due to the impacts of the increase in operating expenditure from the prior year and reduced interest expense from the prior year contributing to the reduced earnings before interest and tax compared to the prior year.
- 4b The return on assets ratio is unfavourable to budget due to the impacts of reduced tariff revenue and increased operational expenditure compared to budget. This is combined with a higher value of average assets compared to budget resulting from the impacts of the full infrastructure assets revaluation at 30 June 2021 and the interim land revaluation recognised at 30 June 2022.
- 5a The return on equity ratio is unfavourable to the prior year primarily due to the impacts of the increase in operating expenditure from the prior year contributing to the reduced profit before tax compared to the prior year.
- 5b The return on assets ratio is unfavourable to budget due to the impacts of reduced tariff revenue and increased operational expenditure compared to budget. This combined with a lower value of average equity in the budget compared to 2021-22 results in the unfavourable ratio outcome.
- 6b The EBITDA margin ratio is unfavourable to budget due to lower earnings before tax, interest and depreciation in 2021-22 compared to budget. Earnings are lower due to the impacts of reduced tariff revenue and increased operational expenditure compared to budget.

2. Water and Sewerage Service Performance Indicators

KPI No.	Key Performance Indicator	2020-21 Result	2021-22 Result	2021-22 Target	Variance to prior year	Notes	Variance to target	Notes
WS1	Unplanned water supply interruptions - No. of customers receiving five unplanned interruptions in the year / total number of water (domestic and non-domestic) customers * 100	0.00%	0.00%	0.06%	0.0%		-100.0%	7b
WS2	Interruption time - Average duration of unplanned water supply interruptions	113.1 minutes	100.8 minutes	125.0 minutes	-10.9%	8a	-19.4%	8b
WS3	Restoration of unplanned water supply - Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions *100	93.4%	95.0%	96.5%	1.7%		-1.6%	
SS1	Containment of sewer spills - Sewer spills from reticulation and branch sewers contained within five hours / total sewer spills from reticulation and branch sewers *100	98.4%	98.4%	98.5%	0.0%		-0.1%	
SS2	Sewer spills interruptions - No. of residential sewerage customers affected by sewerage interruptions restored within five hours.	96.6%	96.6%	91.0%	0.0%		6.2%	9b

Notes:

- 7b The favourable variance to target is a result of risk-based prioritisation of renewals and upgrade initiatives for water mains, resulting in a reduction in failure rates and corresponding reduction in number of customers affected by unplanned water supply interruptions.
- 8a The favourable variance to last year's result is due to continued focus on pre-work preparation prior to the water supply being isolated, resulting in a reduction to the average duration of the unplanned water supply interruption.
- 8b The favourable variance to target is due to continued focus on pre-work preparation prior to the water supply being isolated, resulting in a reduction to the average duration of the unplanned water supply interruption.
- 9b The favourable variance to target is due to an ongoing focus on meeting sewerage interruptions restored within five hours.

3. Customer Responsiveness Performance Indicators

KPI No.	Key Performance Indicator	2020-21 Result	2021-22 Result	2021-22 Target	Variance to prior year	Notes	Variance to target	Notes
CR1	Water quality complaints No. of complaints per 1,000 customers	1.42	1.15	3.00	-19.0%	10a	-61.7%	10b
CR4	Billing complaints No. of complaints per 1,000 customers.	1.11	1.33	1.20	19.8%	11a	10.8%	11b

Notes:

- 10a There was a decrease in complaints for drinking water quality from last year, which could be attributed to a return to more typical water usage patterns following the loosening of restrictions related to COVID-19. When water usage patterns change from what is typical, they can influence disturbance of naturally occurring sediments, resulting in additional dirty water complaints, or an increase to the amount of chlorine residual that is present when a customer consumes the water, resulting in additional taste and odour complaints.
- 10b The favourable variance to the target in 2021-22 continues the favourable trend in recent years due to no events that created widespread complaint.
- 11a The unfavourable variance to last year is due largely to our continued effort to increase complaint reporting by frontline teams in the organisation. Customer facing staff receive regular training on identifying and registering any customer dissatisfaction as a complaint, which is then used to drive systemic improvements in customer experience. Although our complaint numbers have increased this year, referrals to the Ombudsman decreased 38 per cent on the previous financial year, which reflects improved complaint handling capability across the organisation. We did experience an unusual increase in billing complaints in March 2022, as customers queried bills reflecting summer consumption, in the context of increased customer focus on household budgets. This pattern did not continue in later months. In response to complaints in this category, Barwon Water continues to offer customers a range of support options, including tailored payment plans and grants. We have also delivered improvement initiatives including staff training to improve first call resolution, refinement of the bill format and sharing information on bill composition through customer communication channels.
- 11b Following the review and update of the definition of a complaint, the unfavourable result to target is a result of increased visibility of complaint data related to payment issues, assisting us to address root cause, keeping these complaints at a manageable level.

4. Environmental Performance Indicators

KPI No.	Key Performance Indicator	2020-21 Result	2021-22 Result	2021-22 Target	Variance to prior year	Notes	Variance to target	Notes
E1	Effluent re-use volume (end use)	12.5%	10.2%	20.0%	-18.4%	12a	-49.0%	12b
E2	Total net CO₂ emissions Net tonnes CO ₂ equivalent	30,082	28,166	29,627	-6.4%	13a	-4.9%	

Notes:

- 12a An unfavourable variance to prior year is due to increased inflow combined with lower reuse during the wetter summer months.
- 12b An unfavourable variance to target is due to increased inflow combined with lower reuse during the wetter summer months.
- 13a The favourable variance from the prior year is primarily a result of increased renewable electricity supply and reduced electricity consumption.

Certification of Performance Report for 2021-2022

We certify that the accompanying Performance Report for the Group in respect of the 2021-22 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the responsible Minister as set out in the 2021-22 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/ or between 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.



Jo Plummer
Chair



Tracey Slatter
Managing Director
(Accountable Officer)



Melissa Stephens
General Manager Organisational Performance
(Chief Financial Officer)

Dated this 20th day of October 2022.

Part 6. Financials



Stony Creek Reservoir May 2022

The Group has pleasure in presenting its audited general purpose financial statements for the financial year ended 30 June 2022. It is presented in the following structure:

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Consolidated Comprehensive Operating Statement for the financial year ended 30 June 2022

		2022	2021
	Notes	\$'000	\$'000
Revenue and income from transactions			
Service, usage and trade waste charges	2.1.1	199,784	195,094
Government grants and contributions	2.2	4,404	660
Developer contributions	2.1.2	31,327	42,302
Other income	2.3	18,903	9,269
Interest income		36	45
Rental income		691	664
Total revenue and income from transactions		255,145	248,034
Expenses from transactions			
Services and supplies	3.2	68,062	56,963
Interest expense	6.1.2	32,855	35,018
Depreciation, amortisation and impairment	4.1.3	72,720	73,839
Employee benefits	3.1.1	50,651	48,989
Environmental contribution	8.2	9,598	9,598
Other expense		521	1,203
Total expenses from transactions		234,407	225,610
Net result from transactions (net operating balance)		20,738	22,424
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.2	3,704	4,060
Net gain/(loss) on financial instruments	9.2	221	-
Other gains/(losses) from economic flows	9.2	446	982
Total other economic flow included in net result		4,371	5,042
Net result before tax		25,109	27,466
Income tax expense	8.1.1	5,724	6,593
Net result for the period		19,385	20,873
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in revaluation of infrastructure, property, plant & equipment	9.1.2	35,542	377,078
(Increase)/decrease in impairment of infrastructure, property, plant & equipment	9.1.2	(8,652)	(10,764)
Income tax relating to components of other comprehensive income	8.1.1	(5,027)	(106,395)
Total other economic flows - other comprehensive income		21,863	259,919
Comprehensive result		41,248	280,792

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

Consolidated Balance Sheet as at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.2	11,880	24,283
Receivables	5.1	26,447	17,678
Contract assets	5.2	20,362	17,379
Inventories		1,517	1,455
Prepayments		1,460	1,380
Non-financial physical assets classified as held for sale	4.3	3,279	10,059
Other financial assets	5.5	662	-
Total current assets		65,607	72,234
Non-current assets			
Receivables		28	31
Infrastructure, property, plant and equipment	4.1.1	3,150,563	3,125,608
Right-of-use assets		93	102
Intangible assets	4.2	11,779	13,901
Other financial assets	5.5	7,940	15
Total non-current assets		3,170,403	3,139,657
Total assets		3,236,010	3,211,891
LIABILITIES			
Current liabilities			
Payables	5.3	19,579	24,423
Contract liabilities	5.4	13,430	19,865
Interest bearing liabilities	6.1	54,489	46,645
Employee benefits - provisions	3.1.2	12,732	12,326
Other financial liabilities	5.5	33	72
Other provisions	5.7	4,221	3,780
Total current liabilities		104,484	107,111
Non-current liabilities			
Payables		9	83
Interest bearing liabilities	6.1	503,297	527,785
Employee benefits - provisions	3.1.2	866	916
Other financial liabilities	5.5	655	837
Other provisions	5.7	6,239	7,198
Net deferred tax liabilities	8.1.2	503,523	492,772
Total non-current liabilities		1,014,589	1,029,591
Total liabilities		1,119,073	1,136,702
Net assets		2,116,937	2,075,189
EQUITY			
Reserves	9.1.2	926,797	904,934
Contributed capital	9.1.1	459,598	459,098
Accumulated funds	9.1.3	730,542	711,157
Total equity		2,116,937	2,075,189

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

Consolidated Statement of Changes in Equity for the financial year ended 30 June 2022

		Contributed Capital	Reserves	Accumulated Funds	Total
	Notes	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 1 July 2020		459,098	645,015	690,284	1,794,397
Comprehensive income for the year					
Net result for the year	9.1.3	-	-	20,873	20,873
Increase/(decrease) in infrastructure, property, plant and equipment as a result of revaluation, net of income tax	9.1.2	-	259,919	-	259,919
Total comprehensive income for the year		-	259,919	20,873	280,792
Balance at 30 June 2021		459,098	904,934	711,157	2,075,189
Balance at 1 July 2021		459,098	904,934	711,157	2,075,189
Comprehensive income for the year					
Net result for the year	9.1.3	-	-	19,385	19,385
Increase/(decrease) in infrastructure, property, plant and equipment as a result of revaluation, net of income tax	9.1.2	-	21,863	-	21,863
Total comprehensive income for the year		459,098	926,797	730,542	2,116,437
Transactions with the State in its capacity as owner					
Contributions by owners	9.1.1	500	-	-	500
Balance at 30 June 2022		459,598	926,797	730,542	2,116,937

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

Consolidated Cash Flow Statement for the financial year ended 30 June 2022

		2022	2021
	Notes	\$'000	\$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Receipts			
Service, usage and tradewaste charges		191,950	197,170
Interest received		36	45
Developer contributions fees		13,279	12,261
Government contributions		3,309	660
GST received from the ATO		11,384	9,675
Other receipts		(1,218)	22,140
Payments			
Employees		(49,521)	(47,920)
Suppliers		(77,026)	(66,045)
Interest and other costs of finance paid		(32,625)	(34,666)
Environmental contribution paid		(9,598)	(9,598)
Net cash (outflow)/inflow from operating activities	6.2.1	49,970	83,722
Cash flows from investing activities			
Payments for purchase of infrastructure, property, plant and equipment		(63,393)	(76,845)
Proceeds from sale of infrastructure, property, plant and equipment		17,157	25,339
Net cash (outflow)/inflow from investing activities		(46,236)	(51,506)
Cash flows from financing activities			
Proceeds from new and paid down and refinanced borrowings		30,000	10,000
Payment of maturing borrowings paid down and refinanced		(45,000)	(51,600)
Proceeds from contributions by State in its capacity as owner		500	-
Payment of loans to ZEW Ltd		-	(15)
Repayment of lease liabilities		(1,637)	(1,330)
Net cash (outflow)/inflow from financing activities		(16,137)	(42,945)
Net increase/(decrease) in cash held		(12,403)	(10,729)
Cash and cash equivalents at the beginning of the financial year		24,283	35,012
Cash and cash equivalents at the end of the financial year	6.2	11,880	24,283

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

1. About this report

Basis of preparation

The financial report includes consolidated financial statements for Barwon Region Water Corporation (“Barwon Water”) and its wholly owned subsidiary, Barwon Asset Solutions Pty Ltd (“BAS”), collectively known as the Group. This financial report is a general purpose financial report, that consists of a Consolidated Comprehensive Operating Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and notes accompanying these statements for the year ended 30 June 2022.

The State Government of Victoria is the sole shareholder. The principal activities of BAS are the provision of operational and maintenance services for Barwon Water and other external entities.

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

The annual financial statements were authorised for issue by the Board on 20th day of October 2022.

The principal address is:

Barwon Region Water Corporation
55-67 Ryrie Street
Geelong VIC 3220

Barwon Asset Solutions Pty Ltd
55-67 Ryrie Street
Geelong VIC 3220

Principles of consolidation

BAS is 100 per cent owned by Barwon Water.

Information relating to the Parent is disclosed in Note 9.11. Barwon Water has made judgements and determined that the control test under AASB 10 Consolidated Financial Statements is satisfied based on:

1. Barwon Water having the capacity to affect the relevant activities of BAS that can significantly affect its returns.
2. Barwon Water has exposure to variable returns from BAS.
3. Barwon Water has sufficient discretion to direct the activities of BAS.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated. For details regarding the controlled entity, please refer to Note 9.10.

Accounting policies

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

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

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

Functional and presentation currency

Items included in this consolidated financial report are measured using the currency of the primary economic environment in which the Group operates (‘the functional currency’). The consolidated financial statements are presented in Australian

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months, being the Group's operational cycle, with the exception of employee benefits (refer note 3.1.2).

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars. Figures in the consolidated financial statements may not equate due to rounding.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain non-current assets which, as noted, are measured at fair value.

Accounting estimates

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

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

Significant judgement and estimation area	Note Number
The fair value of land, buildings, infrastructure, plant and equipment	7.3.1
Estimation of useful life	4.1.3
Estimated fair value of derivative financial instrument	5.5, 7.3.2
Assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates	3.1.2
Deferred tax	8.1.2
Contract assets	5.2
Other provisions	5.7

COVID-19

The Novel Coronavirus (COVID-19) outbreak first reported in late 2019 is currently having an unprecedented health and economic impact both internationally and domestically.

To reduce the spread of the virus, a series of public health measures were imposed across the world and in Australia, including travel restrictions, a nation-wide call to work from home and significantly reduced levels of activity in both the economy and community.

In response to the global health pandemic, the Federal and State governments have been providing a number of economic stimulus packages and policies in support of Victorian families and businesses.

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

- ensuring a strong response and putting provisions in place to continue to provide essential water and sewerage services for the Group's customers;
- support for employees transitioning to working from home;
- supporting customers experiencing financial difficulties through arrangements such as our hardship program, more time to pay arrangements and payment plans; and
- Maintaining external relationships and partnerships: Financial Inclusion Action Plan (FIAP) program, Thriving Communities, local support agency networks, local, state and federal government networks.

The following account balances have been reviewed for potential impact of COVID-19:

- Receivables and expected credit loss provision (Note 5.1)
- Payables (Note 5.3)
- Fair value of non-financial assets (Note 7.3.1)
- Impairment of non-financial assets (Note 4.1)
- Superannuation defined benefit assets and liabilities (Note 3.1.3)

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

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

Compliance information

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



2. Funding delivery of our services

Introduction

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

While continuing to deliver high quality water and sewerage services, the Group's objectives were to continue its commitment to financial sustainability and customer affordability. In achieving this, the Group's customers receive a Barwon Water funded Tenant Rebate Adjustment, while the substantial capital works program continued, driven by the need to respond to strong rates of urban growth in the region and the need to continue to invest in asset renewal programs to maintain service levels to customers.

The Group levies rates, tariffs and charges for water, sewerage and related activities under the authority of the Water Act 1989 and in accordance with other regulatory requirements as applicable. The dominating revenue stream is from water and sewerage service and usage charges, allowing the Group to fulfil its obligations and provide the outputs in

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

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

2.1 Revenue from contracts with customers

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

2.1.1 Service, usage and trade waste charges

	2022	2021
	\$'000	\$'000
Service Charges		
- Water service charges	22,894	23,965
- Sewerage service charges	85,675	84,594
- Recycled water service charges	1,342	1,343
	109,911	109,902
Usage Charges		
- Water usage charges	74,957	70,457
- Sewage disposal charges	5,508	5,323
- Recycled water usage charges	1,185	1,041
	81,650	76,821
Tradewaste charges		
- Trade waste usage charges	4,700	4,448
- Trade waste other fees and charges	3,523	3,923
	8,223	8,371
Total service, usage and trade waste charges	199,784	195,094

PART 6 • Financials

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Service charges (recycled water, water and sewerage)	<p>Service charges are billed quarterly based on a fixed fee and revenue is recognised over time as the customer simultaneously receives and consumes the services provided by the Group. 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,</p> <p>customers with major services will continue in perpetuity. As a result, the Group has applied the practical expedient given in AASB 15, paragraph 121(b), not to disclose this amount in relation to service charges.</p>	Revenue is recognised over time as service is provided.
Usage charges (recycled water, water and sewerage)	<p>Usage charges are billed quarterly in arrears and revenue is recognised over time as the Group has the right to receive an amount of consideration based on the unit of water consumed by and sewage, recycled water and trade waste disposed of during the financial year and the regulated price. Usage & trade waste charges are accrued, and contract assets are booked.</p> <p>The amount of right to invoice is based on meter readings. As meter reading is cyclical, an estimate is made at the end of the accounting period for water and recycled water usage and sewerage and trade waste disposal by customers. This revenue stream includes an estimate of the amount of water and recycled water consumed by, and sewage disposed, and trade waste disposed for customers that are not yet billed at the end of the period. An estimation of usage and disposal charges is made at the end of each accounting period for connections where meters were not read at balance date. Any difference between the amount invoiced and actual consumption is adjusted in the period in which the meter readings are finalised and are recovered or estimated amount is included in contract assets.</p>	Revenue is recognised over time as service is provided.
Trade waste disposal charges	Revenue related to trade waste disposal is based on the volume of waste disposed by customers.	Revenue is recognised over time as service is provided.

The impact of COVID-19 on revenue derived for the financial year ending 30 June 2022 was identified by management as not significant.

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2.1.2 Developer contributions

	2022	2021
	\$'000	\$'000
Developer contributions		
- Developer contributed assets	20,019	30,587
- New customer contributions	11,292	11,695
- Other capital contributions	16	20
Total Developer contributions	31,327	42,302

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	<p>Developer contributed assets arise when developers pay for the cost of the construction of new infrastructure assets, predominately in new land subdivisions and, on completion, gift these assets to the Group to maintain in perpetuity.</p> <p>Depending on the type of developer application, this can result in the performance obligation being satisfied when the Statement of Compliance is issued to the customer, or; when the customer is for the provision of water and sewerage services when no Statement of Compliance is required to be issued.</p> <p>assets by assessing the value of the works using a schedule of rates.</p>	Revenue is recognised at a point in time.
New customer contributions	<p>New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property sewerage infrastructure network. The charges contribute towards the cost of augmenting the sewerage disposal systems.</p> <p>Depending on the type of new customer contribution application, this obligation will vary depending on the type of application submitted by the customer. As a result, a performance obligation can occur when the Statement of Compliance is issued to the customer, the customer is connected provision of water and sewerage services when no Statement of Compliance is required to be issued, or the customer receives consent from the Group to proceed with their application.</p> <p>The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission.</p>	Revenue is recognised at a point in time.

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2.1.3 Timing of revenue recognition from customers

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

	2022 (\$'000)		2021 (\$'000)	
	Over time	Point in time	Over time	Point in time
Service charges	109,911	-	109,902	-
Usage charges	81,650	-	76,821	-
Tradewaste charges	8,223	-	8,371	-
Developer contributions	-	31,327	-	42,302
Sub Total	199,784	31,327	195,094	42,302
Total		231,111		237,396

2.2 Government grants and contributions

	2022 \$'000	2021 \$'000
Income recognised as revenue from contracts with customers		
Government grants	4,404	660
Total Government grants and contributions	4,404	660

The Group has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Group has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Group recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 Contributions ;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16 Leases ;
- a financial instrument, in accordance with AASB 9 Financial Instruments ; or
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets .

2.3 Other income

	2022	2021
	\$'000	\$'000
Other Income		
- Initial Recognition - income from derivative financial instruments	8,589	-
- Other	10,314	9,269
	18,903	9,269

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Income from derivative financial instruments	The initial recognition of income represents the fair value of the expected future settlements at the initial recognition, currently in a asset position. Subsequent fair value measurement of the derivative financial instrument is recognised as an other economic flow included in the net result (Note 9.2).	Accrual basis. Recognised in the Consolidated Comprehensive Operating Statement

Income from derivative financial instruments relates to the fair value on initial recognition of the B-REP power purchasing arrangement as detailed in Note 5.5.

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

The Group has initially recognised the CfD derivative financial instrument and is measured at fair value based on the best available information. The initial recognition of income represents the fair value of the expected future settlements at the initial recognition, currently in a asset position.

The initial recognition of the CfD derivative is treated as a “transaction” for the purposes of annual financial statements on the basis that it is an interaction between two entities by mutual agreement in respect to which no cash flows take place on effective date.

Refer to Note 7.1 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

3. The cost of delivering services

Introduction

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

3.1 Our people

3.1.1 Employee benefits – consolidated comprehensive operating statement

	2022	2021
	\$'000	\$'000
Employee benefits		
- Salaries and wages, annual leave and long service leave	44,298	42,941
- Employer superannuation contributions	4,632	4,272
- Termination benefit	71	168
- Other	1,650	1,608
Total employee benefit costs	50,651	48,989

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

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

The amount charged to the Consolidated Comprehensive Operating Statement in respect of superannuation represents contributions made or due by the Group to the relevant superannuation plans in respect to the services of the Group's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that the Group is required to comply with.

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

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3.1.2 Employee benefits provision – consolidated balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2022	2021
	\$'000	\$'000
Current provisions		
Annual leave		
Unconditional and expected to settle within 12 months	3,695	3,496
Long service leave		
Unconditional and expected to settle within 12 months	745	782
Unconditional and expected to settle after 12 months	6,602	6,664
Other		
Unconditional and expected to settle within 12 months	52	38
Provision for on-costs		
Unconditional and expected to settle within 12 months	651	573
Unconditional and expected to settle after 12 months	987	773
Total current provisions for employee benefits	12,732	12,326
Non-current provisions		
Employee benefits – Long service leave	755	821
On-costs	111	95
Total non-current provisions for employee benefits	866	916
Total provisions for employee benefits	13,598	13,242

Reconciliation of movement in on-cost provision

	2022	2021
	\$'000	\$'000
Opening balance	1,441	1,579
Net movement in provision during the period	146	21
Effect of changes in the discount rate	162	(159)
Closing balance	1,749	1,441
Current	1,638	1,346
Non-current	111	95
	1,749	1,441

Annual Leave

Employee benefits relating to annual leave are expected to be settled wholly within 12 months of the reporting date, are recognised in employee benefit liabilities in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values.

Regardless of the expected timing of settlements, liabilities in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

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On-costs

Provision for employee benefit on-costs, such as payroll tax, worker's compensation and superannuation, are recognised separately from the employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Long service leave

Current Liability – unconditional LSL (representing seven* or more years of continuous service) is disclosed as a current liability even where the Group does not expect to settle the liability within 12 months because it 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 Group expects to wholly settle within 12 months; or
- Present value – the component the Group does not expect to wholly settle within 12 months.

Non-Current Liability – conditional LSL (representing less than seven* years of continuous service) 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. Conditional LSL is required to be measured at present value.

In calculating present value, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flows included in the net result within the operating statement.

*Barwon Water – In accordance with Barwon Region Water Corporation Enterprise Agreement 2020

*Barwon Asset Solutions Pty Ltd – In accordance with Barwon Asset Solutions Enterprise Agreement 2018

3.1.3 Superannuation

Superannuation contributions

The Group makes the majority of its employer superannuation contributions in respect of its employees to Vision Super (the Fund). The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Consolidated Comprehensive Operating Statement, when they are made or due.

Contributions by the Group (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2022 and 30 June 2021 are detailed below:

Scheme	Type of scheme	Rate	2022	2021
			\$'000	\$'000
Vision Super	Defined Benefits	10.00% – 19.56%	812	881
Vision Super	Accumulation Plan	10.00%	1,997	1,887
Other Funds	Accumulation Plan	10.00%	1,862	1,630

There was \$60,316 in outstanding contributions owing to the above schemes at 30 June 2022 (2021: \$61,650) and no loans issued from or to the above schemes as at 30 June 2022 (2021: \$0).

The expected contributions to be paid by the Group to the defined benefits category of Vision Super for the year ending 30 June 2022 is estimated to be \$780,000.

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Accumulation

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

Defined Benefit

The Group does not use defined benefit accounting because the fund is a multi-employer sponsored fund and sufficient information is not available. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Group in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 Employee Benefits.

Funding arrangements

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

The 2020 full actuarial investigation

A full actuarial investigation was held in 2020 as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) was 104.6%. Because the VBI was above 100%, the full actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined

The 2021 interim actuarial investigation surplus amounts

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

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

	2021 (Interim) \$m	2020 (Triennial) \$m
• A VBI surplus	214.7	100.0
• A total service liability surplus	270.3	200.0
• A discounted accrued benefits surplus	285.2	217.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2021.

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

	2022 Interim investigation	2021 Interim investigation
Net investment return	5.5% pa 2.5%pa to 30 June 2023, and	4.80% pa
Salary inflation	3.5% pa thereafter	2.75% pa
Price inflation	3.0% pa	2.25% pa

Vision Super has advised that the estimated VBI at 30 June 2022 was 102.2% (2021: 109.8%).

An interim actuarial review is currently underway for the Defined Benefit category as at 30 June 2022 as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2022.

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Employer contributions

Regular contributions

On the basis of the results of the 2021 triennial actuarial investigation conducted by the Fund Actuary, the Group makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2022, this rate was 10% of members' salaries (9.5% in 2020/2021). This rate will increase in line with the SG increases. In addition, the Group reimburses benefits paid as a consequence of retrenchment retirement benefit.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including the Group) are required to make an employer contribution to cover the shortfall.

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

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be

3.2 Supplies and services

Supplies and services expenses represent the day-to-day running costs incurred in the normal operations of the business. They are recognised as an expense in the reporting period in which they are incurred.

	2022	2021
	\$'000	\$'000
Supplies and services		
- Direct operating expenses	41,397	36,926
- Administration expenses	21,214	12,152
- Bulk water supplies	5,451	7,885
Total Supplies and services	68,062	56,963

Expense	Description	Recognition Policy
Direct operating expenses	Costs are directly incurred in relation to the harvesting, storage, treatment and transfer of water, the production and delivery of recycled water and the collection, treatment and disposal of sewage; including the costs directly attributable to the maintenance and upkeep of the associated infrastructure.	Charges are recognised as an expense when incurred in the Consolidated Comprehensive Operating Statement.
Administration expenses	Costs are incurred by support service departments and management in support of the operational functions of the business. These costs where not directly identifiable as an operating expense include such functions as information technology, finance and procurement and includes all related salary and on-costs.	Charges are recognised as an expense when incurred in the Consolidated Comprehensive Operating Statement.
Bulk water supplies	Bulk water supplies are service and usage charges incurred for the supply and delivery of bulk water sourced from the Melbourne Water Yarra Thompson bulk water supply.	Charges are recognised as an expense when incurred in the Consolidated Comprehensive Operating Statement.

4. Key assets available to support output delivery

Introduction

The Group 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 Group to be utilised for delivery of those outputs.

4.1 Total infrastructure, property, plant and equipment

4.1.1 Carrying amount by asset class

Asset Class	Gross carrying amount		Accumulated depreciation and impairment		Net carrying amount	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land at fair value	202,130	165,776	-	-	202,130	165,776
Buildings at fair value	49,329	49,079	(1,244)	-	48,085	49,079
Heritage buildings at fair value	19,205	19,077	-	-	19,205	19,077
Infrastructure - Water Distribution at fair value	1,139,519	1,078,546	(22,367)	-	1,117,152	1,078,546
Infrastructure - Water Harvesting & Major Transfer at fair value	351,924	336,374	(7,711)	-	344,213	336,374
Infrastructure - Water Quality at fair value	106,743	90,844	(5,088)	-	101,655	90,844
Infrastructure - Sewer Collection at fair value	990,683	1,036,222	(18,971)	-	971,712	1,036,222
Infrastructure - Sewer Treatment & Disposal at fair value	249,150	233,993	(14,734)	-	234,416	233,993
Service concession assets	32,032	32,032	(2,867)	-	29,165	32,032
Plant, Equipment & Other at fair value	37,310	36,126	(21,590)	(19,800)	15,720	16,326
Capital Works in Progress at cost	67,110	67,339	-	-	67,110	67,339
Total infrastructure, property, plant and equipment	3,258,735	3,145,408	(94,572)	(19,800)	3,150,563	3,125,608

Initial recognition

Infrastructure, property, plant and equipment

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water, sewerage and drainage infrastructure, plant, equipment, assets under finance lease, works in progress and motor vehicles, used by the Group in its operations. Items with a cost or value in excess of \$1,000 (2020/21 \$1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Where assets are constructed by the Group, the cost at which they are recorded includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Items of infrastructure, plant & equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Assets acquired at no cost or for nominal consideration by the Group are recognised at fair value at the date of acquisition.

Service concession arrangements

The Group has entered into contractual arrangements with a third party to build, own and operate a biosolids drying facility at the Black Rock water reclamation plant. The contractor leases land from the Group and has built a thermal drying plant and will operate the facility for 20 years in exchange for a stream of payments. At the end of the contract period, the assets will be decommissioned and removed by the contractor and the site returned to the Group at no cost to the Group. This asset is recognised as a service concession asset under AASB 1059 Service concession arrangements: grantors.

The Group recognises a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the Group, when the Group controls the asset. The Group controls or regulates the services the operator must provide with the asset, price, and any significant residual interest in the asset at the end of the term of the arrangement.

The Group initially measures service concession assets at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. Subsequent to the initial recognition, or reclassification of the asset, the Group measures the service concession asset in accordance with AASB 116 Property, Plant and Equipment (AASB 116) or AASB 138 Intangible Assets (AASB 138) as appropriate as relevant. After initial recognition, the Group depreciates the service concession asset over its useful life using the principles in AASB 116. Service concession assets are subject to revaluation as required by Financial Reporting Direction 103I Non-Financial Physical Assets (FRD 103I). Refer to Note 7.3 Fair value determination for a summary of revaluation details by asset category with further details provided on accounting for revaluation in Note 4.1.1 Revaluations of Infrastructure, Property, Plant and Equipment.

Subsequent measurement

All non-current physical assets are subsequently recorded at fair value less accumulated depreciation and impairment in accordance with the requirements of Financial Reporting Direction (FRD) 103I Non-Financial Physical Assets. Fair value is determined with regards to the assets highest value in use. Assets which are acquired for no, or nominal cost i.e. developer contributions are valued at their fair value at the date the asset transfers to the Group.

Revaluation of infrastructure, property, plant and equipment

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

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

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103I. The Group, in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

The Group's assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that the coronavirus (COVID-19) outbreak has caused. The valuer had advised that the then 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.

The plant, equipment & other asset class has been assessed for fair value and, concluded that book value approximates fair value.

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

4.1.2 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 PPE, 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.

4.1.3 Depreciation, impairment and amortisation

Charge for the period

For a breakdown of the depreciation and impairment charge for the period by class of property plant and equipment refer to Note 4.1.4 reconciliation of movements in carrying values of infrastructure, property, plant and equipment.

	Notes	2022 \$'000	2021 \$'000
Depreciation of infrastructure, property, plant and equipment	4.1.4	66,179	67,631
Depreciation of service concession assets	4.1.4	2,867	2,617
Depreciation of right of use assets		10	16
Impairment of non-financial assets	4.1.4	7,989	10,764
Impairment of non-financial physical assets classified as held for sale		663	-
less impairment recognised through asset revaluation reserve	9.1.2	(8,652)	(10,764)
Total depreciation and impairment		69,056	70,264
Amortisation	4.2	3,664	3,575
Total depreciation, impairment and amortisation		72,720	73,839

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 on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The asset’s residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

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

Property, plant & equipment class	Useful life
Buildings	40 - 80 years
Infrastructure - distribution	20 - 90 years
Infrastructure - harvesting and major transfer	20 - 350 years
Infrastructure - quality	20 - 120 years
Infrastructure - collection	20 - 90 years
Infrastructure - treatment and disposal	20 - 350 years
Service concession asset	20 years
Plant, equipment and other	5 to 50 years

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 COVID-19 and climate-related emerging risks were taken into account when estimating the useful life of these assets.

Indefinite life assets

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

Impairment

Non-financial assets, including items of infrastructure, property, plant and equipment, are assessed annually for indicators of impairment. Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is impaired.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the Consolidated Comprehensive Operating Statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs of disposal. The impact of climate risk is not a key assumption of current replacement cost and fair value less costs to sell. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading asset revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the Consolidated Comprehensive Operating Statement, a reversal of that impairment loss is also recognised in the Consolidated Comprehensive Operating Statement.

Whilst the potential risks and related opportunities from climate related change are considered as part of the Group's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have an additional significant impact on the Group's principal activities, particularly from an asset impairment standpoint as at 30 June 2022.

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

	Carrying amount at 1 July	Additions	Disposals	Revaluation	Impairments	Transfers between Asset Classes	*Fair values of assets received free of charge	Depreciation	Closing WDV at 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021/22									
Land	165,776	1,703	(162)	35,542	(704)	(25)	-	-	202,130
Buildings	49,079	-	(60)	-	(73)	311	-	(1,172)	48,085
Heritage Assets	19,077	-	-	-	-	128	-	-	19,205
Water distribution	1,078,546	-	(1,557)	-	(351)	56,288	6,408	(22,182)	1,117,152
Water harvesting and major transfer	336,374	-	(5)	-	(2,878)	15,592	-	(4,870)	344,213
Water quality	90,844	-	(246)	-	(475)	16,166	-	(4,634)	101,655
Sewer collection	1,036,222	-	(2,250)	-	(446)	(56,634)	13,610	(18,790)	971,712
Sewer treatment and disposal	233,993	-	(639)	-	(3,062)	15,888	-	(11,764)	234,416
Service concession assets	32,032	-	-	-	-	-	-	(2,867)	29,165
Plant, equipment and other	16,326	79	(410)	-	-	2,492	-	(2,767)	15,720
Capital works in progress	67,339	75,187	-	-	-	(55,398)	(20,018)	-	67,110
Total infrastructure, property plant and equipment	3,125,608	76,969	(5,329)	35,542	(7,989)	(5,192)	-	(69,046)	3,150,563

	Carrying amount at 1 July	Additions	Disposals	Revaluation	Impairments	Transfers between Asset Classes	* Fair values of assets received free of charge	Depreciation	Closing WDV at 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2020/21									
Land	146,248	89	(489)	25,397	-	(5,469)	-	-	165,776
Buildings	49,051	-	(37)	30	-	1,254	-	(1,219)	49,079
Heritage Assets	-	6,672	-	12,405	-	-	-	-	19,077
Water distribution	963,377	-	(1,174)	120,323	(10,549)	21,132	9,210	(23,773)	1,078,546
Water harvesting and major transfer	352,160	-	(183)	(46,557)	(5)	35,239	-	(4,280)	336,374
Water quality	87,847	-	(1,550)	2,259	(1)	5,680	-	(3,391)	90,844
Sewer collection	745,016	-	(167)	258,237	-	31,489	21,377	(19,730)	1,036,222
Sewer treatment and disposal	230,944	-	(851)	2,216	(209)	14,454	-	(12,561)	233,993
Service concession assets	31,881	-	-	2,768	-	-	-	(2,617)	32,032
Plant, equipment and other	15,656	88	(329)	-	-	3,588	-	(2,677)	16,326
Capital works in progress	123,083	96,555	-	-	-	(121,711)	(30,587)	-	67,339
Total infrastructure, property plant and equipment	2,745,263	103,404	(4,780)	377,078	(10,764)	(14,344)	-	(70,248)	3,125,608

* Developer contributions

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

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

	2022	2021
	\$'000	\$'000
Proceeds on sale of infrastructure, property, plant and equipment	573	139
Less written down value	(5,329)	(4,780)
Net gain/(loss) on disposal	(4,756)	(4,641)

4.2 Intangible assets

	2022	2021
	\$'000	\$'000
At cost	35,099	33,557
Less: accumulated amortisation	(23,320)	(19,656)
Total intangible assets	11,779	13,901

	Software	Bulk Water Entitlement	Other	Total
	\$'000	\$'000	\$'000	\$'000
Opening WDV at 1 July 2021	7,976	5,922	3	13,901
Additions	1,482	-	60	1,542
Amortisation	(3,664)	-	-	(3,664)
Closing WDV at 30 June 2022	5,794	5,922	63	11,779
Opening WDV at 1 July 2020	9,683	5,922	-	15,605
Additions	1,868	-	3	1,871
Amortisation	(3,575)	-	-	(3,575)
Closing WDV at 30 June 2021	7,976	5,922	3	13,901

Note: The consumption of intangible assets is included in the 'depreciation, amortisation and impairment' line item on the comprehensive operating statement.

Recognition and measurement

Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets are recognised at cost. 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 carried at cost less accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Group. The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

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

	Software	Bulk Water Entitlement
Useful lives	Finite	Indefinite
Amortisation method used	3.6 - 10 years straight line	Not amortised or revalued
Internally generated/ acquired	Acquired and internally generated	Acquired
Impairment test/ recoverable amount testing	Assessed annually and where an indicator of impairment exists	Tested and assessed annually

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Software costs

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

Bulk permanent water entitlements

Bulk permanent water entitlements purchased are treated as an intangible asset on the Consolidated Balance Sheet at cost (in accordance with AASB 138 Intangible Assets and FRD 109A Intangible Assets), and will not be subject to amortisation, as the bulk permanent water entitlements have an indefinite life. These entitlements are tested annually for impairment.

4.3 Non-financial physical assets classified as held for sale

	2022	2021
	\$'000	\$'000
Freehold land held for sale	3,279	10,059
Total non-financial physical assets classified as held for sale	3,279	10,059

Freehold land classified as held for sale form part of the Group's property realisation program whereby assets identified as excess to the business' requirements are progressively being made ready for sale. At 30 June 2022 the assets are available for immediate sale and will remain as held for sale until settlement.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. The Group considers that the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets.

5. Other assets and liabilities

Introduction

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

5.1 Receivables

	2022	2021
	\$'000	\$'000
Current		
Contractual		
Service and usage	21,387	15,233
Allowance for expected credit losses	(290)	(250)
Other receivables	1,247	1,014
Statutory		
Amount owing from Victorian Government	2,746	656
GST input tax credit receivables	1,357	1,025
Total current receivables	26,447	17,678

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Receivables consist of:

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

The amounts recognised as owing from the Victorian Government are in the nature of grants for water saving incentives, concessional and pensioner rebates applied to water and sewerage tariffs, and tariff charges applicable to the Department of Justice and Community Safety.

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

5.1.1 Impairment of contractual receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contractual receivables.

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for receivables – service and usage charges and other receivables:

30 June 2022	More than 30				Total
	Current	days past due	More than 60 days past due	More than 120 days past due	
Expected loss rate %	0.16%	0.59%	2.44%	4.83%	1.28%
Gross carrying amount – receivables from tariffs and sundry \$'000	14,188	1,366	999	4,834	21,387
Gross carrying amount – other receivables \$'000	1,247	–	–	–	1,247
Loss allowance \$'000	25	8	24	233	290

30 June 2021	More than 30				Total
	Current	days past due	More than 60 days past due	More than 120 days past due	
Expected loss rate %	0.12%	0.44%	1.45%	4.37%	1.54%
Gross carrying amount – receivables from tariffs and sundry \$'000	7,999	1,388	779	5,067	15,233
Gross carrying amount – other receivables \$'000	1,014	–	–	–	1,014
Loss allowance \$'000	11	6	11	222	250

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

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Loss allowance on receivables from service and usage charges are presented in other operational expenses within the consolidated comprehensive operating statement. There are no material financial assets that are individually determined to be impaired.

Contractual receivables are written off when there is no reasonable expectation of recovery. Indicators include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due. Subsequent recoveries of amounts previously written off are credited against the same line item.

5.1.2 Reconciliation of the expected credit loss allowance

	2022	2021
	\$'000	\$'000
Opening Balance 1 July	250	290
Net provision movements including expected credit losses recovered	40	(40)
Balance as at 30 June	290	250

The ongoing impact of coronavirus (COVID-19) on the expected credit loss model was identified by management as not significant. Whilst there have been customers who have utilised the measures put in place by the Group to support those impacted by financial hardship, it is expected that recovery of debts owed at 30 June 2022 will not be impacted as a result of COVID-19.

5.2 Contract assets

	2022	2021
	\$'000	\$'000
Current		
Service and usage charges	20,318	17,352
Other	44	27
Total current contract assets	20,362	17,379

	Service and usage charges	Other	Total
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2020	15,525	65	15,590
Add: Amount accrued at year end (to be billed)	17,352	27	17,379
Less: Amounts billed during the year	(15,525)	(65)	(15,590)
Carrying amount as at 30 June 2021	17,352	27	17,379
Opening balance as at 1 July 2021	17,352	27	17,379
Add: Amount accrued at year end (to be billed)	20,318	44	20,362
Less: Amounts billed during the year	(17,352)	(27)	(17,379)
Carrying amount as at 30 June 2022	20,318	44	20,362

	2022	2021
	\$'000	\$'000
Represented by		
Current contract assets	20,362	17,379
Non-current contract assets	-	-

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Receivable	Description	Recognition
Contract assets relating to service and usage charges - Accrued revenue	Accrued revenue is recognised for water and sewage 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 Group issues a bill to the customer.

5.3 Payables

	2022	2021
	\$'000	\$'000
Current		
Contractual		
Trade creditors	6,115	7,518
Accrued expenses	11,228	15,263
Other creditors	1,677	1,543
Statutory		
Payroll tax payable	469	99
Withholding tax payable	90	-
Total current payables	19,579	24,423

Payables consist of:

- contractual payables, such as trade and other creditors and accrued expenses. These represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid, and arise when the Group becomes obliged to make future payments in respect of the purchase of those goods and services.
- statutory payables, such as payroll tax payable and withholding tax payable.

Contractual payables are classified as financial instruments and categorised as financial liabilities at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Contractual payables are unsecured and under normal circumstances, paid within 30 days of recognition. Due to coronavirus (COVID-19), the Group has complied with a State Government directive to reduce its payment terms in accordance with its policy to suppliers from 30 days to 10 days.

5.3.1 Ageing analysis of contractual payables

	Total*	Maturity Dates				
		Less than 1 month	1-3 months	3 months - 1 year	1-5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022						
Trade creditors	6,115	6,099	1	15	-	-
Accrued expenses	11,228	11,228	-	-	-	-
Other creditors	1,677	1,677	-	-	-	-
Total	19,020	19,004	1	15	-	-
2021						
Trade creditors	7,518	7,377	56	85	-	-
Accrued expenses	15,263	15,263	-	-	-	-
Other creditors	1,543	1,543	-	-	-	-
Total	24,324	24,183	56	85	-	-

* Carrying amount is the same as nominal amount

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5.4 Contract liabilities

	2022		2021		
	\$'000		\$'000		
Current					
Service usage charges – Customers paid in advance		5,414		5,129	
Property realisation program – Settlement of property		841		8,558	
Developer contributions – Unearned income		4,339		2,368	
Grants and contributions – Unearned income		2,836		3,810	
Total current contract liabilities		13,430		19,865	
	Service and usage charges	Property realisation	Developer contributions	Grants and contributions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2020	4,418	-	2,915	423	7,756
Add: Payments received for performance obligations yet to be completed during the period	5,129	8,558	2,368	3,437	19,492
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(4,418)	-	(2,915)	(50)	(7,383)
Carrying amount as at 30 June 2021	5,129	8,558	2,368	3,810	19,865
Opening balance as at 1 July 2021	5,129	8,558	2,368	3,810	19,865
Add: Payments received for performance obligations yet to be completed during the period	5,414	841	4,339	3,430	14,024
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(5,129)	(8,558)	(2,368)	(4,404)	(20,459)
Carrying amount as at 30 June 2022	5,414	841	4,339	2,836	13,430

	2022	2021
	\$'000	\$'000
Represented by		
Current contract liabilities	13,430	19,865
Non-current contract liabilities	-	-

Contract liability	Description	Recognition
Contract liabilities relating to service and usage charges – Customers paid in advance	Payments received in advance of the provision of goods or services or performance obligation required to be performed by the Group to settle the terms of receipt of income.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Contract liabilities relating to property realisation – Settlement of property	Payments received for property sales under contract that have not settled as at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments, which is on settlement date.
Contract liabilities relating to developer contributions – Unearned income	Payments received for developer contributed assets, new customer contributions, application fees and rental received in the reporting period, but the performance obligations are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Contract liabilities relating to grants and contributions – Unearned income	Payments received for received for services where the performance obligations under the funding agreement are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments.

The significant decrease in contract liabilities was due to a large number of property contracts having settled post 30 June 2021. As at 30 June 2022 there was a lower number of contracts awaiting settlement.

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5.5 Other financial assets and liabilities

	2022	2021
	\$'000	\$'000
Other financial assets		
Current financial assets		
Derivative financial instrument	662	-
Non-current financial assets		
Derivative financial instrument	7,925	-
Investment in Zero Emissions Water (ZEW) Ltd	15	15
Total other financial assets	8,602	15
Other financial liabilities		
Current financial liability		
Derivative financial instrument	33	72
Non-current financial liabilities		
Derivative financial instrument	655	837
Total other financial liabilities	688	909

5.5.1 ZEW transactions and balances

The Group is one of 12 water corporation Members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility(ies) in Victoria and in turn supply these products to its Members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

On 30 October 2018, a Members' Agreement was entered into between the water corporations and ZEW in order to regulate their rights and obligations as members of ZEW and as participants in the project. The Members' Agreement establishes the operating activities of ZEW and the decision making responsibilities of the ZEW Directors.

Under the Members' Agreement the Group as a member is limited to \$10 in the event of a winding up. As required by Australian Accounting Standards, the Group has assessed the nature of its relationship with ZEW, and has concluded that it does not have control, joint control or significant influence over ZEW. The Group will account for its investment in ZEW as a financial instrument within the scope of AASB 9 Financial Instruments. ZEW is a related party of the Group.

The Members' Agreement specifies that ZEW may call on the Group to make a loan available to ZEW amounting to \$14,500. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. At 30 June 2025, ZEW had requested and received a loan payment of \$14,500. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water corporations. The PPA contains a contract for difference ("CfD") payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates ("LGC") from the facility.

The solar farm energy generator experienced a construction delay due to the redesign of electrical infrastructure and a connection delay relating to generator restrictions and revised connection procedures advised by the Australian Electricity Market Operator (AEMO).

Along with the settlement funds, the Group was also able to purchase 4,218 replacement LGCs at the PPA price which have been recognised as intangible assets.

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On 22 January 2021, the conditions precedent in the PPA were completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised as an other economic flow included in the net result. Refer to Note 7.3.2 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

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

5.5.2 Barwon Region Renewable Energy Partnership ("B-REP") transactions and balances

On 16 June 2022, Barwon Water entered into an 10 year Power Purchasing Agreement (PPA) with a wind farm energy generator with an operating start date of 1 December 2022. The PPA contains a CfD payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGCs) from the facility.

The CfD derivative was recognised as a financial asset measured at its fair value on 30 June 2022. Subsequent changes in the derivative's fair value will be recognised as an other economic flow included in the net result. Refer to Note 7.3.2 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

The financial impact of the B-REP PPA has resulted in increased income and the recognition of a derivative financial instrument. From 1 December 2022, Barwon Water will be entitled to purchase LGC's under the agreement which will be recognised as intangible assets on receipt.

5.6 Other non-financial assets

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

	2022	2021
	\$'000	\$'000
Current provisions		
Remediation works	749	1,750
Heritage asset maintenance works	3,472	2,000
Other	-	30
Total current provisions	4,221	3,780
Non-current provisions		
Remediation works	3,039	2,526
Heritage asset maintenance works	3,200	4,672
Total non-current provisions	6,239	7,198
Total other provisions	10,460	10,978

5.7.1 Reconciliation of movements in other provisions

	Remediation works \$'000	Heritage asset maintenance works \$'000	Other \$'000	Total \$'000
Opening balance	4,276	6,672	30	10,978
Additional provisions recognised	(65)	-	(30)	(95)
Unwind of discount and effect of changes in the discount rate	131	-	-	131
Reductions arising from payments for costs incurred	(554)	-	-	(554)
Closing balance	3,788	6,672	-	10,460

Other provisions are recognised when the Group 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, the receivable is recognised as an asset if it is virtually certain that a recovery will be received and the amount can be measured reliably.

Remediation works - Boundary Creek

As a result of the Group utilising a borefield as a water source intermittently over 38 years, environmental impacts have occurred to localised creek and swamp and surrounding area. As a consequence, the Group has a legal obligation at 30 June 2022 to remediate the creek and swamp and surrounding area. The remediation works provision is currently planned to be incurred over 5 years.

Heritage asset maintenance works - Ovoid sewer aqueduct

Under the Heritage Act 2017, the Group has a legal obligation to maintain Heritage overlays that it holds in its asset register. Heritage Victoria has granted Barwon Water a permit to remove four of the 14 spans of the heritage-listed Ovoid Sewer Aqueduct in Breakwater and perform works surrounding the asset to fulfil its obligations. The maintenance works provision is currently planned to be incurred within the next two years.

6. How we financed our operations

Introduction

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

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

6.1 Interest bearing liabilities

	Note	2022 \$'000	2021 \$'000
Current interest bearing liabilities			
Borrowings*		52,500	45,000
Lease liabilities		8	8
	6.4	1,981	1,637
Total current interest bearing liabilities		54,489	46,645
Non-Current interest bearing liabilities			
Borrowings*		461,900	484,400
Lease liabilities		92	99
	6.4	41,305	43,286
Total non-current interest bearing liabilities		503,297	527,785
Total interest bearing liabilities		557,786	574,430

* All borrowings have been transacted with the approval of the Treasurer of Victoria and hence are subject to Statutory Guarantee by the State of Victoria in accordance with the Borrowing and Investment Powers Act 1987. As a result, all borrowings are classified as secured; that is, all borrowings are secured by a State of Victoria guarantee which reduces the risk associated with borrowing.

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Financial liabilities – Service concession arrangements (“SCA”) are measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the Group and the operator. Interest bearing liabilities are subsequently measured at amortised cost.

Interest bearing liabilities in the Consolidated Balance Sheet are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

None of the Group’s interest bearing liabilities are readily traded on organised markets in standardised form.

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6.1.1 Maturity analysis

	Carrying Amount	Nominal Amount	Maturity dates				
			Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022							
Borrowings	514,400	514,400	5,000	27,500	20,000	211,000	250,900
Lease liabilities	100	123	1	2	6	40	51
Financial liabilities	43,286	71,239	152	309	1,519	12,274	29,032
Total	557,786	585,762	5,153	27,811	21,525	223,314	279,983
2021							
Borrowings	529,400	529,400	-	20,000	25,000	208,500	275,900
Lease liabilities	107	136	1	1	6	38	61
Financial liabilities - SCA	44,923	77,502	125	254	1,257	10,429	32,858
Total	574,430	607,038	126	20,255	26,263	218,967	308,819

6.1.2 Interest expense

	2022	2021
	\$'000	\$'000
Interest on government borrowings	21,737	23,372
Interest on lease liabilities	5	5
Financial accommodation levy	6,486	6,861
	4,627	4,780
Total interest expense	32,855	35,018

Interest expense includes costs incurred in connection with the borrowing of funds. Interest costs include short term and long-term borrowings, financial liabilities recognised for service concession arrangements, amortisation of discounts or premiums relating to borrowings and lease charges.

Borrowing costs include interest on short-term and long-term borrowings held with the Treasury Corporation of Victoria (TCV) and costs relating to the Financial Accommodation Levy (FAL) set by the Treasurer of the State of Victoria under section 40N(2) of the Financial Management Act 1994. The FAL is in place to remove the financial benefit obtained by the Group in securing lower than market interest rates as a result of being guaranteed by the State of Victoria.

Interest expenses are recognised as expenses in the period in which they are incurred and measured at fair value.

6.1.3 Borrowings

	2022	2021
Financing Facilities	\$'000	\$'000
Secured loan facilities		
Amount used at balance date	514,400	529,400
Amount unused at balance date	77,000	57,500
	591,400	586,900

Security for loans is by way of Treasurer's guarantee in favour of the TCV dated 24 June 1999. Loan interest is payable every six months and loans have a maturity up to 10.3 years (2021: 11.3 years).

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All loans are with the TCV borrowed under the Treasurer's approval. Any unused facilities are not automatically carried over in the next financial year with a fresh approval required for each financial year. Treasurer's approval was obtained in June 2022 which included refinancing of \$47.5 million (2021: \$45 million) of loans maturing in 2022-23 and obtaining new loans of \$73.9 million (2021: \$57 million) between 1 July 2022 and 30 June 2023. The Treasurer's approval also includes \$25.0 million refinancing of non-maturing debts and \$5.0 million in temporary finance accommodation.

The Group has \$200,000 credit card facilities of which \$31,125 was utilised at 30 June 2022 (2021: \$33,400) and bank guarantees of \$2,685,950 of which \$2,301,813 was utilised at 30 June 2022 (2021: \$2,167,326).

The Group has \$5,450,000 in facilities with Transaction Negotiation Authority of which nil was utilised at 30 June 2022 (2021: \$0).

6.2 Cash flow information

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and those highly liquid investments with original maturity of three months or less.

	2022	2021
	\$'000	\$'000
Cash at bank	11,880	24,283
Balance as per consolidated cash flow statement	11,880	24,283

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

	2022	2021
	\$'000	\$'000
Net result for the period after income tax	19,385	20,873
Non-cash movements		
Depreciation, amortisation and impairment	72,720	73,839
(Gain)/Loss on disposal of non-current assets	4,756	4,641
(Gain)/Loss on disposal of assets held for sale	(8,460)	(8,702)
Non-cash capital contributions	(20,019)	(30,587)
Non-cash interest expense on finance lease	5	5
Increase/(decrease) in net deferred tax liability	5,724	6,593
Initial recognition - (income)/expense from derivative financial instruments	(8,589)	909
Changes in assets and liabilities		
Increase/(decrease) in employee benefits provisions	355	(288)
Increase/(decrease) in other provisions	(519)	5,712
Decrease/(increase) in trade & other receivables	(8,766)	(324)
Decrease/(increase) in other financial assets	-	(15)
Decrease/(Increase) in derivative financial instruments	(221)	-
Decrease/(increase) in contract assets	(2,982)	(1,789)
Decrease/(increase) in assets held for sale	6,779	2,103
Decrease/(increase) in inventories	(62)	(105)
Decrease/(increase) in prepayments	(80)	827
Increase/(decrease) in payables	(3,621)	(2,078)
Increase/(decrease) in contract liabilities	(6,435)	12,108
Net cash provided by operating activities	49,970	83,722

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6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from non-cancellable contractual sources.

These commitments are disclosed 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

	Note	2022	2022	2021	2021
		\$'000	\$'000	\$'000	\$'000
Total commitments payable		Nominal value	Present value	Nominal value	Present value
Environmental contribution commitments	8.2.1	19,196		28,794	
Operating commitments	6.3.2	12,066		3,424	
Capital commitments	6.3.3	50,418		16,780	
Service concession arrangement expenditure commitments - Biosolids drying facility	6.3.4	103,483	74,312	109,732	76,223
Commissioned SCA related liability	6.4	71,239	43,286	77,502	44,923
Total commitments (inclusive of GST)		256,402		236,232	
Less GST recoverable		(21,564)		(18,858)	
Total commitments (exclusive of GST)		234,838		217,374	

6.3.2 Operating commitments

Nominal \$ - 2022	Between 1 and 5		Total
	Less than 1 year	years	
	\$'000	\$'000	\$'000
Operating commitments payable			
External consultants	2,571	-	2,571
Maintenance and meter services	661	1,188	1,849
Other operating expenditure	5,276	2,370	7,646
Total operating commitments payable (inclusive of GST)	8,508	3,558	12,066
Less GST recoverable	(773)	(323)	(1,097)
Total operating commitments payable (exclusive of GST)	7,735	3,234	10,969

Nominal \$ - 2021	Between 1 and 5		Total
	Less than 1 year	years	
	\$'000	\$'000	\$'000
Operating commitments payable			
Maintenance and meter services	277	416	693
Other operating expenditure	1,039	1,692	2,731
Total operating commitments payable (inclusive of GST)	1,316	2,108	3,424
Less GST recoverable	(119)	(192)	(311)
Total operating commitments payable (exclusive of GST)	1,197	1,916	3,113

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6.3.3 Capital commitments

Capital commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

	2022	2021
	\$'000	\$'000
Capital expenditure commitments payable		
Infrastructure, property, plant and equipment		
Less than 1 year	27,810	6,540
Longer than 1 year but not longer than 5 years	22,608	10,240
Total commitments (inclusive of GST)	50,418	16,780
Less GST recoverable	(4,583)	(1,525)
Total commitments (exclusive of GST)	45,835	15,255

6.3.4 Service concession arrangement expenditure commitments

	2022	2021
	\$'000	\$'000
Service concession arrangement expenditure commitments		
Less than 1 year	8,903	8,443
Longer than 1 year but not longer than 5 years	38,620	36,601
Longer than 5 years	55,960	64,688
Total commitments (inclusive of GST)	103,483	109,732
Less GST recoverable	(9,408)	(9,976)
Total commitments (exclusive of GST)	94,075	99,756

6.4 Service concession arrangements

The Group sometimes enters into arrangements with private/public sector participants to design and construct or upgrade assets used to provide public services. These arrangements usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as public private partnerships (PPPs).

The Group has adopted AASB 1059 Service Concession Arrangements: Grantors to account for PPP arrangements that meet the definition of a service concession arrangements (SCAs) in accordance with AASB 1059. Where a PPP is not considered a SCA, the Group determines whether the arrangement is a lease (and accounted for under AASB 16) or a construction contract (and accounted for under AASB 116 and AASB 9) and accounts for them under those relevant standards.

The Group has taken up the SCA under the 'financial liability' model where the Group pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset, and the components related to the ongoing operation and maintenance of the asset.

For arrangements within the scope of AASB 1059 that use the 'financial liability' model, the Group records the asset used in the SCAs at current replacement cost in accordance with the cost approach to Fair Value under AASB 13: Fair Value Measurement, with a related financial liability(s).

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The thermal drying plant was commissioned on 3 September 2012, at which time a leased asset and leased liability were recognised in the balance sheet at \$49,316,314 respectively, while payments to the contractor for the operation of the facility also commenced at that time.

The terms and conditions of the financial liability consist of monthly repayments comprising a service charge associated with the throughput of the plant, recognised in the Consolidated Comprehensive Operating Statement, and a lease component incorporating both interest and principle repayments based on an implicit interest rate of 10.99% (2020–21 10.99%). Please refer to note 6.3.4 for SCA operating expenditure commitments.

The table below illustrates the lease commitments for the service concession arrangement.

	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
	Minimum future payments		Present value of minimum future payments	
Commissioned SCA related				
Less than 1 year	6,420	6,263	6,069	5,921
Longer than 1 year but not longer than 5 years	27,325	26,658	19,977	19,490
5 years or more	37,494	44,581	17,240	19,512
Minimum future payments	71,239	77,502	43,286	44,923
less future finance charges	(27,953)	(32,579)	-	-
Present value of minimum payments	43,286	44,923	43,286	44,923
Included in the financial statements as:				
Current liabilities (Note 6.1)			1,981	1,637
Non-current liabilities (Note 6.1)			41,305	43,286
			43,286	44,923

7. Risks, contingencies and valuation judgements

The Group 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 Group related mainly to fair value determination.

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid and/or recovered in full by the end of the 2022-23 reporting period.

These financial instruments include:

Financial Assets	Financial Liabilities
Cash and deposits Receivables: <ul style="list-style-type: none"> · Tariffs and sundry · Other receivables Investment in Zero Emissions Water (ZEW) Derivative financial assets	Payables: <ul style="list-style-type: none"> · Trade creditors · Other payables Interest bearing liabilities: <ul style="list-style-type: none"> · Borrowings · Lease liabilities · Service concession arrangement Derivative financial liabilities

Categories of financial instruments

Financial Instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include:	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: objective is to collect the contractual cash flows, and that are solely payments of principal and interest
Financial assets at fair value through net results		
Derivative instruments	Fair value through net result	Fair value through net result
Financial liabilities at amortised cost		
Financial liabilities include:	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.

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Financial Instrument	Initial measurement	Subsequent measurement
Derivative financial instruments		
Derivative financial instruments	Fair value on the date on which a derivative contract is entered into.	<p>Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.</p> <p>Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the Consolidated Comprehensive Operating Statement as an</p>

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 Group 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 Group 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 Group has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Group'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

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Climate-related matters may be relevant in the calculation of expected credit losses if, for example, they impact the range of potential future economic scenarios or assessment of significant increases in credit risk. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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

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

Impairment losses are recognised in the Consolidated Comprehensive Operating Statement.

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Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Present are met and on subsequent measurement. The initial revenue recognised represents the fair value of the expected future settlements at initial recognition (refer note 2.3).

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

7.1.1 Financial instruments: Categorisation

	Note	Financial assets / liabilities designated at fair value through profit/loss (FVTPL) \$'000	Financial assets/liabilities at amortised cost (AC) \$'000	Total \$'000
2022				
Contractual financial assets				
Cash and deposits	6.2	-	11,880	11,880
Receivables				
Service and usage charges	5.1	-	21,097	21,097
Other receivables	5.1	-	1,247	1,247
Investment in Zero Emissions Water Ltd	5.5	15	-	15
Derivative financial assets				
Financial assets designated at fair value through profit or loss	5.5	8,587	-	8,587
Total contractual financial assets		8,602	34,224	42,826
Contractual financial liabilities				
Payables				
Trade creditors	5.3	-	6,115	6,115
Accrued expenses	5.3	-	11,228	11,228
Other creditors	5.3	-	1,677	1,677
Borrowings				
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	514,400	514,400
Lease Liabilities	6.1	-	100	100
Financial liabilities – Service concession arrangements	6.1	-	43,286	43,286
Derivative financial liabilities				
Financial liabilities designated at fair value through profit or loss	5.5	688	-	688
Total contractual financial liabilities		688	576,806	577,494

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2021	Note	Financial assets / liabilities designated at fair value through profit/loss (FVTPL) \$'000	Financial assets/liabilities at amortised cost (AC) \$'000	Total \$'000
Contractual financial assets				
Cash and deposits	6.2	-	24,283	24,283
Receivables				
Tariff and Sundry	5.1	-	14,983	14,983
Other receivables	5.1	-	1,014	1,014
Investment in Zero Emissions Water Ltd	5.5	15	-	15
Total contractual financial assets		15	40,280	40,295
Contractual financial liabilities				
Payables				
Trade creditors	5.3	-	7,518	7,518
Accrued expenses	5.3	-	15,263	15,263
Other creditors	5.3	-	1,543	1,543
Borrowings				
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	529,400	529,400
Lease Liabilities	6.1	-	107	107
Financial liabilities - Service concession arrangements	6.1	-	44,923	44,923
Derivative financial liabilities				
Financial liabilities designated at fair value through profit or loss	5.5	909	-	909
Total contractual financial liabilities		909	598,754	599,663

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

	Note	Net holding gain/(loss)	Total interest income/(expense)	Total
2022		\$'000	\$'000	\$'000
Contractual financial assets				
Financial assets at amortised cost		-	36	36
Total contractual financial assets		-	36	36
Contractual financial liabilities				
Financial liabilities designated at fair value through profit/loss	9.2	221	-	221
Financial liabilities at amortised cost	6.1.2	-	(32,855)	(32,855)
Total contractual financial liabilities		221	(32,855)	(32,634)
2021		\$'000	\$'000	\$'000
Contractual financial assets				
Financial assets at amortised cost		-	45	45
Total contractual financial assets		-	45	45
Contractual financial liabilities				
Financial liabilities at amortised cost	6.1.2	-	(35,018)	(35,018)
Total contractual financial liabilities		-	(35,018)	(35,018)

7.1.3 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This note presents information about the Group's exposure to each of these risks and the objectives, policies and processes for measuring and managing risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and ageing analysis.

Risk management is carried out under policies recommended by the Risk Management/Audit Committees and ratified by the Group's Board of Directors. The Group identifies and evaluates financial risks in close co-operation with the Group's operating units. The Group's Board provides written principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk, non-derivative financial instruments and investment of excess liquidity.

The main risks the Group is exposed to through its financial instruments are as follows.

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Credit risk

Credit risk is the risk of financial loss to the Group as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Group's other receivables.

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The service and usage receivables balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant as the Group has in place a Billing and Collection Policy for the collection of overdue receivables.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. Refer Note 5.1.

The Group is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, the Group has adjusted the credit risk profile in assessing the expected loss allowance in 2021-22.

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

At 30 June 2022, the Group has no other significant credit risk. There has been no material change to the Group's credit risk profile in 2021-22.

Credit quality of financial assets

	Financial institution (A-1+ rating)(a)	Government agencies (A-1+ rating)(a)	Other	Total
30 June 2022	\$'000	\$'000	\$'000	\$'000
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and deposits	11,880	-	-	11,880
Statutory receivables (with no impairment loss recognised)	-	4,103	-	4,103
Financial assets with loss allowance measured at lifetime expected credit loss:				
Contractual receivables applying the simplified approach for impairment	-	-	22,344	22,344
Investments & other financial assets	-	-	8,603	8,603
Total	11,880	4,103	30,947	46,931
30 June 2021				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and deposits	24,283	-	-	24,283
Statutory receivables (with no impairment loss recognised)	-	1,681	-	1,681
Financial assets with loss allowance measured at lifetime expected credit loss:				
Contractual receivables applying the simplified approach for impairment	-	-	15,997	15,997
Investments & other financial assets	-	-	15	15
Total	24,283	1,681	16,012	41,976

Climate related risk

Climate change is a risk to the Group. Climate change risk includes the physical risk which can cause direct damage to assets or property as a result of rising global temperatures as well as transition risks which arise from the transition to low-carbon economy. As at 30 June 2022, the Group considered climate-related risk in the preparation of the financial statements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Under a current State Government directive resulting from COVID-19, the Group’s policy is to settle financial obligations within 10 days; and, in the event of dispute, make payments within 30 days from the date of resolution.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. The Group’s liquidity risk is assessed to be immaterial.

The table below illustrates the maturity analysis of the derivative financial assets/(liabilities):

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5 + years \$'000
30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Derivative asset	8,589	11,868	0	0	662	3,672	4,255
Derivative liability	(688)	(881)	29	(10)	(52)	(462)	(193)
Total	7,901	10,987	29	(10)	610	3,210	4,062
30 June 2021							
Derivative liability	(909)	(995)	(5)	(11)	(88)	(653)	(152)
Total	(909)	(995)	(5)	(11)	(88)	(653)	(152)

Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Group’s financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Group’s exposure to market risk is primarily through interest rate risk, there is no exposure to foreign exchange risk and insignificant exposure to other price risks.

Objectives, policies and process used to manage these risks are disclosed in the paragraphs below:

a) Interest Rate Risk

The Group’s exposure to market interest rates relates primarily to the Group’s long-term borrowings and funds invested on the money market. The Group minimises its exposure to interest rate changes on borrowings by holding fixed rate debt with an even spread of maturity profiles, at Board approved limits.

The Group has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. Exposure to changes in interest rates has been deemed immaterial to the Group and no sensitivity analysis has been disclosed.

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The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the table that follows. Disclosure is limited to financial instruments exposed to interest rate risks:

	Fixed interest maturing in							Total
	Floating Int rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	
30 June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash and cash equivalents	11,880	-	-	-	-	-	-	11,880
Total financial assets	11,880	-	-	-	-	-	-	11,880
Financial liabilities								
Borrowings	(5,000)	(47,500)	(50,000)	(56,000)	(55,000)	(50,000)	(250,900)	(514,400)
Service concession liability	-	(1,981)	(2,366)	(2,799)	(3,284)	(3,825)	(29,031)	(43,286)
Lease liabilities	-	(9)	(9)	(10)	(10)	(11)	(52)	(101)
Total financial liabilities	(5,000)	(49,490)	(52,375)	(58,809)	(58,294)	(53,836)	(279,983)	(557,787)
Net financial assets/liabilities	6,880	(49,490)	(52,375)	(58,809)	(58,294)	(53,836)	(279,983)	(545,907)
Weighted average interest rate	1.02%	4.26%	4.50%	4.13%	4.35%	4.67%	3.94%	

	Fixed interest maturing in							Total
	Floating Int rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	Over 5 years	
30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets								
Cash and cash equivalents	24,283	-	-	-	-	-	-	24,283
Total financial assets	24,283	-	-	-	-	-	-	24,283
Financial liabilities								
Borrowings	-	(45,000)	(47,500)	(50,000)	(56,000)	(55,000)	(275,900)	(529,400)
Service concession liability	-	(1,635)	(1,982)	(2,366)	(2,799)	(3,283)	(32,858)	(44,923)
Lease liabilities	-	(8)	(9)	(9)	(9)	(10)	(62)	(107)
Total financial liabilities	-	(46,643)	(49,491)	(52,375)	(58,808)	(58,293)	(308,820)	(574,430)
Net financial assets/liabilities	24,283	(46,643)	(49,491)	(52,375)	(58,808)	(58,293)	(308,820)	(550,147)
Weighted average interest rate	0.00%	4.71%	4.71%	4.50%	4.13%	4.35%	4.13%	

b) Foreign Exchange Risk

The Group has no exposure to changes in the foreign exchange rate.

Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Refer to note 7.3 for accounting policy relating to disclosure of fair value measurement hierarchy.

Fair value of financial assets and liabilities not carried at fair value

Cash and cash equivalents, receivables, payables, service concession liabilities and lease liability carrying values approximate their fair values.

The fair value of borrowings is \$514,251,604 (\$603,572,395 in 2020/21) and is based on discounting the expected future cash flows at current market interest rates for liabilities with similar risk profiles.

The fair value of the service concession liability is \$43,286,050 (\$44,922,506 in 2020/21).

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

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7.2.1 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.

The Group had no contingent assets at 30 June 2022 (30 June 2021: \$Nil).

7.2.2 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.

Contingent liabilities of the Group are:

	2022	2021
	\$'000	\$'000
Details and estimates of maximum amounts of possible contingent liabilities for which no provision is included in the financial report, are as follows:		
Claims or possible claims in relation to a rainwater tank rebates scheme in a subdivision in the Geelong region.	1,337	1,272
Total Contingent liabilities	1,337	1,272

7.3 Fair value determination

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Group.

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

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result or other comprehensive income; and
- land, buildings, infrastructure, plant and equipment.

Consistent with AASB 13 Fair Value Measurement and Financial Reporting Directions, the Group determines the policies and procedures for recurring fair value measurements such as infrastructure, property, plant and equipment and financial instruments.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

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

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

7.3.1 Fair value determination: Non-financial physical assets

The fair value measurement hierarchy for non-financial assets at 30 June 2022 is presented below. Please note this does not reconcile to the tables presented in note 4.1.1 and note 4.1.4 as this only includes those assets measured at fair value, which excludes capital works in progress.

Classificaton	30 June 2022	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
		\$'000	\$'000	\$'000
Specialised Land		-	-	202,130
Specialised Buildings		-	-	48,085
Heritage Assets		-	-	19,205
		-	-	1,117,152
		-	-	344,213
		-	-	101,655
		-	-	971,712
		-	-	263,581
Plant and Equipment		-	-	15,720
	Total	-	-	3,083,453

Classificaton	30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
		\$'000	\$'000	\$'000
Specialised Land		-	-	165,776
Specialised Buildings		-	-	49,079
Heritage Assets		-	-	19,077
		-	-	1,078,546
		-	-	336,374
		-	-	90,844
		-	-	1,036,222
		-	-	266,025
Plant and Equipment		-	-	16,326
	Total	-	-	3,058,269

Notes:

- (i) Classified in accordance with the fair value hierarchy, see Note 7.3
- (ii) Includes service concession assets

There have been no transfers between levels during the period.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing 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.

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

The Group's assets are subject to a revaluation model, as directed by the State's financial reporting directions. The Group records non-current assets at fair value, with revaluations completed every five years as required by FRD 103I.

During the interim years, the Group, in conjunction with Valuer-General Victoria (VGV), monitors changes in the fair value of land & buildings, property, plant and equipment and infrastructure through relevant data sources to determine whether revaluation is required and to assist the assessment for impairment of these classes of assets. Management perform interim valuations when the triggers of FRD103 are met.

Non-specialised land and non-specialised buildings

An independent valuation was performed by Liquid Pacific Asset Consultants 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.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

A fair value assessment was undertaken using the compounded impact of the VGV indices for the year ended 30 June 2022. The movement in the fair value of non-specialised land was assessed to have increased by 22.43 per cent cumulatively over a one year period, resulting in a managerial revaluation. There were no changes in valuation techniques throughout the period to 30 June 2022.

Specialised land and specialised buildings

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

Land assets have been valued using a market based direct comparison approach by comparing properties to recent land sales and adjusting for points of difference to establish the fair value. A community service allowance (CSO) is applied to reflect the difference between unrestricted freehold land and assets held with constraints/restrictions.

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.

An independent valuation of the Group's specialised land and specialised buildings was performed by Liquid Pacific Asset Consultants on behalf of the VGV. The valuation was performed based on the depreciated replacement cost for non-land assets. The effective date of the valuation is 30 June 2021.

A fair value assessment was undertaken using the compounded impact of the VGV indices for the year ended 30 June 2022. The movement in the fair value of non-specialised land was assessed to have increased by 22.43 per cent cumulatively over a one year period, resulting in a managerial revaluation. There were no changes in valuation techniques throughout the period to 30 June 2022.

Heritage assets

For the Group's heritage assets, the current replacement cost method is used, adjusting for the associated depreciation. This cost represents the replacement cost of the heritage asset after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. 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.

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.

An independent valuation of the Group's heritage assets was performed by the VGV using the current replacement cost method. The effective date of the valuation was 30 June 2021.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. As depreciation adjustments are considered as significant unobservable inputs in nature, specialised plant and equipment are classified as Level 3 fair value measurements.

There were no changes in valuation techniques throughout the period to 30 June 2022.

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

Water and sewer infrastructure and service concession assets

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.

Where it has not been possible to examine hidden works such as underground water and sewerage pipes and fittings, 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 surface reinstatement works as applicable.

Due to the nature of the service concession arrangement (Biosolids treatment plant), the Group classifies this asset within the wastewater infrastructure asset category. Service concession assets are valued using the current replacement cost method adjusted for the associated depreciations. Service concession assets are classified as level 3 fair value measurements as they contain significant unobservable inputs and adjustments.

An independent valuation of the Group's water and sewer infrastructure was carried out by KPMG on behalf of the VGV. These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable. The effective date of the valuation is 30 June 2021.

These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable. There were no changes in valuation techniques throughout the period to 30 June 2022.

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Climate change factors

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

Management have considered the impact of climate risk on the fair value of Level 3 categorised assets held at fair value. Based on what is currently known, there are no significant unobservable inputs into the Level 3 valuations.

Reconciliation of Level 3 fair value movements

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

	Specialised Land	Specialised Buildings	Heritage Assets	Water Distribution	Water Harversting	Water Quality	Sewer Collection	Sewer Treatment	Plant, Equipment & Other
June 2022	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	165,776	49,079	19,077	1,078,546	336,374	90,844	1,036,222	266,025	16,326
Purchases, (sales) & Adjustments	1,516	251	128	61,139	15,587	15,920	(45,274)	15,249	2,161
Depreciation	-	(1,172)	-	(22,182)	(4,870)	(4,634)	(18,790)	(14,631)	(2,767)
Impairment loss	(704)	(73)	-	(351)	(2,878)	(475)	(446)	(3,062)	-
Revaluation	35,542	-	-	-	-	-	-	-	-
Subtotal	36,354	(994)	128	38,606	7,839	10,811	(64,510)	(2,444)	-
Closing balance	202,130	48,085	19,205	1,117,151	344,213	101,655	971,712	263,581	15,720

	Specialised Land	Specialised Buildings	Heritage Assets	Water Distribution	Water Harversting	Water Quality	Sewer Collection	Sewer Treatment	Plant, Equipment & Other
June 2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	146,248	49,051	-	963,377	352,160	87,847	745,016	262,825	15,656
Purchases, (sales) & Adjustments	(5,869)	1,217	6,672	29,168	35,056	4,129	52,699	13,603	3,347
Depreciation	-	(1,219)	-	(23,773)	(4,280)	(3,390)	(19,730)	(15,178)	(2,677)
Impairment loss	-	-	-	(10,549)	(5)	(1)	-	(209)	-
Revaluation	25,397	30	12,405	120,323	(46,557)	2,259	258,237	4,984	-
Subtotal	19,528	28	19,077	115,169	(15,786)	2,997	291,206	3,200	670
Closing balance	165,776	49,079	19,077	1,078,546	336,374	90,844	1,036,222	266,025	16,326

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Description of significant unobservable inputs to Level 3 valuations

2022 and 2021	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Average cost per square metre adjusted for community service obligations
Specialised buildings	Current replacement cost	Average cost per asset Useful life of specialised buildings
Heritage Assets	Current replacement cost	Average cost per unit Useful life of heritage asset
Infrastructure - Sewer Collection		
Sewer Retic Mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Sewer Rising Mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Sewer Pump Station	Current replacement cost	Average cost per facility Number of pump stations Useful life of the infrastructure
Infrastructure - Sewer Treatment		
Wastewater Treatment Plants	Current replacement cost	Average cost per facility Number of treatment plants Useful life of the infrastructure
Wastewater Treatment Plants Mechanical/Electrical	Current replacement cost	Average cost per asset Useful life of the infrastructure
Specialised Buildings	Current replacement cost	Average cost per asset Useful life of the infrastructure
Infrastructure - Water Distribution		
Reticulation Mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Service Basins & Tanks	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Infrastructure - Water Harvesting		
Channels	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Reservoirs	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Groundwater	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Infrastructure - Water Quality		
Specialised Buildings	Current replacement cost	Average cost per asset Useful life of the infrastructure
Water Treatment Plants	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Water Treatment Plants Mechanical/Electrical	Current replacement cost	Average cost per asset Useful life of the infrastructure
Plant & Equipment		
Computer Hardware	Current replacement cost	Average cost per asset Useful life of the asset
Vehicles	Current replacement cost	Average cost per asset Useful life of the asset

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7.3.2 Fair value determination: Derivative financial instruments

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

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

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

30 June 2022	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Derivative financial assets/(liabilities) at fair value	\$'000	\$'000	\$'000	\$'000
Derivative instrument - Zero Emissions Water ("ZEW")	(688)	-	-	(688)
Derivative instrument - Barwon Region Renewable Energy Partnership ("B-REP")	8,589	-	-	8,589
Total Derivative financial assets/(liabilities) at fair value	7,901	-	-	7,901

2022	Financial derivative at fair value through profit or loss	
		\$'000
Opening balance		(909)
Initial recognition of BREP derivative financial instrument		8,589
Subsequent measurement of ZEW derivative financial instrument		221
Closing balance		7,901

30 June 2021	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Derivative financial assets/(liabilities) at fair value	\$'000	\$'000	\$'000	\$'000
Derivative instrument - Zero Emissions Water	(909)	-	-	(909)
Total Derivative financial assets/(liabilities) at fair value	(909)	-	-	(909)

Reconciliation of Level 3 fair value movements

2021	Financial derivative at fair value through profit or loss	
		\$'000
Opening balance		-
Initial recognition of derivative financial instruments		(909)
Closing balance		(909)

Description of significant unobservable inputs to Level 3 valuations

2022	Valuation technique	Significant unobservable inputs	2022 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Derivative financial instruments - ZEW	Income approach (discounted cash flow)	Wholesale electricity price forecasts	\$21.91/MWh to \$57.31/MWh (\$38.58/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$363,836.
		free rates of zero coupon government bonds	2.3793% to 3.6580% (3.3188%)	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$2,075.84.
		Credit value Australian Corporate Bond Spreads and Yields FNFSBBB10M	322.80	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$2,075.84.
Derivative financial instruments - BREP	Income approach (discounted cash flow)	Wholesale electricity price forecasts	\$46.87/MWh to \$107.72/MWh (\$72.31/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$3,049,805.
		free rates of zero coupon government bonds	2.3793% to 3.6580% (3.3188%)	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$402,892.
		Credit value Australian Corporate Bond Spreads and Yields FNFCBBB10M	322.80	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$402,892.

8. Statutory obligations

Introduction

This section includes disclosures in relation to the Group's statutory obligations.

8.1 Tax

8.1.1 Income Tax

The Group has formed an income tax consolidated group consisting of Barwon Region Water Corporation and Barwon Asset Solutions Pty Ltd. Barwon Region Water Corporation is the head entity of the Group.

The Group 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 tax payable on the current period's taxable income based on the national corporate income tax rate of 30% adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

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

	2022	2021
	\$'000	\$'000
Income statement		
Current income tax expense	(14,980)	(2,144)
Deferred income tax expense		
Temporary differences	20,932	11,714
Under/(over) provided in current year	(228)	(2,977)
Income tax on net result before tax	5,724	6,593
Tax reconciliation		
Net result before income tax expense	25,110	27,466
Tax at the Australian tax rate of 30% (2021: 30%)	7,533	8,240
Under/(over) provided in current year	(217)	40
Non deductible items	-	-
Pre-CGT Gains on Properties and CGT Indexation discounts *	(1,592)	(1,687)
Other	-	-
Income tax on net result before tax	5,724	6,593
Statement of Changes in Equity		
Net deferred tax - debited/(credited) directly to Equity (refer Note 9.1.2)	5,027	106,395
Income tax reported in Equity	5,027	106,395

* CGT - Capital Gains Tax

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, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the balance sheet.

The recoverability of the deferred tax asset has been assessed based on long term corporate planning cash flow projections. This assessment includes a consideration of the NTER taxation provisions.

Deferred tax assets	2022	2021
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated operating statement		
Provisions and accrued expenditure not deductible	19,926	19,939
Tax losses	58,081	42,874
Deferred tax assets	78,007	62,813
Movements		
Opening balance at 1 July	62,813	58,612
Credited/(charged) to the consolidated operating statement	(14)	(921)
(Under)/over provided in current year	-	-
Tax losses recognised/(utilised)	15,208	5,122
Closing balance at 30 June	78,007	62,813
Deferred tax asset to be recovered after more than 12 months	76,566	61,972
Deferred tax asset to be recovered within 12 months	1,441	841
	78,007	62,813

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Deferred tax liabilities	2022	2021
	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated operating statement		
Depreciation	147,374	137,982
Expenditure capitalised	29,110	20,160
CfD derivative financial asset	2,576	-
Amounts recognised in equity:		
Asset revaluations	402,470	397,443
Deferred Tax Liabilities	581,530	555,585
Movements		
Opening balance at 1 July	555,585	438,398
Credited/(charged) to the consolidated operating statement	20,918	10,792
Under/(over) provided in prior years	-	-
Other adjustment to asset revaluation	5,027	106,395
Closing balance at 30 June	581,530	555,585
Deferred tax liability to be recovered after more than 12 months	581,530	555,585
Deferred tax liability to be recovered within 12 months	-	-
	581,530	555,585
Net deferred tax liabilities	503,523	492,772

8.2 Environmental contribution

Environmental contribution levy	2022	2021
	\$'000	\$'000
Environmental contribution levy	9,598	9,598

The Water Industry (Environmental Contributions) Act 2004 ("Act") amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by water supply authorities. The Act establishes an obligation for authorities to pay into the consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each corporation. The Victorian Government has committed to a fifth round or ('tranche') of the environmental contribution. The four-year tranche commenced on 1 July 2020.

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

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

8.2.1 Environmental commitments

	Less than 1 year	1 and 5 years	Over 5 years	Total
30 June 2022	9,598	9,598	-	19,196
30 June 2021	9,598	19,196	-	28,794

9. Other disclosures

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

9.1 Equity

9.1.1 Contributed Capital

	2022	2021
	\$'000	\$'000
Opening balance at 1 July	459,098	459,098
Contribution by the State in its capacity as owner	500	-
Closing balance at 30 June	<u>459,598</u>	<u>459,098</u>

Contributions by owners are treated as equity transactions where they have been designated as capital contributions by the owners. Additions to net assets that have been designated as contributions by owners are recognised as contributed capital.

9.1.2 Reserves

	2022	2021
	\$'000	\$'000
Opening balance at 1 July	904,934	645,015
Revaluation increment on non-current assets	35,542	377,078
(Impairment)/increment on non-current assets	(8,652)	(10,764)
Tax effect of impairment of assets/revaluation of non-current assets	(5,027)	(106,395)
Closing balance at 30 June	<u>926,797</u>	<u>904,934</u>

9.1.3 Accumulated Funds

	2022	2021
	\$'000	\$'000
Opening balance at 1 July	711,157	690,284
Net result for the period	19,385	20,873
Closing balance at 30 June	<u>730,542</u>	<u>711,157</u>

9.2 Other economic flows included in net results

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

the revaluation of the present value of the long service leave liability due to changes in the bond interest rates;

reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets; and

The revaluation gain or loss on the fair value of derivative financial instrument.

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	Notes	2022 \$'000	2021 \$'000
Net gain/(loss) on non-financial assets			
Net gain/(loss) on property realisation		8,460	8,701
Net gain/(loss) on disposal of infrastructure, property, plant and equipment (including intangible assets)	4.1.5	(4,756)	(4,641)
Total net gain/(loss) on non-financial assets		3,704	4,060
Net gain/(loss) on financial instruments			
Net gain/(loss) arising from revaluation of CfD financial derivatives at fair value through net result	7.1.2	221	-
Total net gain/(loss) on financial instruments		221	-
Other gains/(losses) from economic flows			
Net gain/(loss) arising from revaluation of long service liability	3.1.2	315	1,142
Unwinding of other provision	5.7.1	131	(160)
Total other gains/(losses) from economic flows		446	982
Total other gains/(losses) from economic flows		4,371	5,042

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

9.3 Events occurring after the balance date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

9.4 Remuneration of executives

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. 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, 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 superannuation contributions where the benefit is realised post-employment.

Other long-term benefits include long service leave paid.

Termination benefits include coaching support benefits paid or payable on a discrete basis when employment had ceased.

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Executive remuneration

	2022	2021
Remuneration	\$'000	\$'000
Short-term employee benefits	4,299	4,275
Post-employment benefits	427	371
Other long-term benefits	192	-
Termination Benefits	-	-
Total remuneration (a)	4,918	4,646
Number of executive officers	29	23
Total annualised employee equivalent (AEE) (b)	23	22

Notes:

(a) No executive officers met the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and therefore not reported within the related parties note disclosure (Note 9.5).

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period. This is based on paid working hours of 38 ordinary per week over the 52 weeks for a reporting period.

9.5 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period, as required by AASB 124 Related Party Disclosures.

The persons who held the positions of Ministers, Directors and Accountable Officers in Barwon Water are as follows:

Name	Title	Period of appointment
The Hon. Harriet Shing MP	Minister for Water	25 June 2022 to 30 June 2022
The Hon. Lisa Neville MP	Minister for Water	23 August 2021 to 24 June 2022
The Hon. Richard Wynne MP	Acting Minister for Water	1 July 2021 to 22 August 2021
J E Plummer *	Director - Chair	1 July 2021 to 30 June 2022
E C Carbines	Director - Deputy Chair	1 July 2021 to 30 June 2022
R M Leonard	Director	1 July 2021 to 30 September 2021
J J Gavens *	Director	1 July 2021 to 30 June 2022
B C Walsh*	Director	1 July 2021 to 30 June 2022
D Powell	Director	1 July 2021 to 30 June 2022
A E Lansberry *	Director	1 July 2021 to 30 June 2022
C Eccles	Director	1 July 2021 to 30 June 2022
P Maddy*	Director	1 October 2021 to 30 June 2022
N Devidas*	Director	1 October 2021 to 30 June 2022
T A Slatter *	Managing Director (Accountable Officer)	1 July 2021 to 30 June 2022

* These responsible persons were also Directors for Barwon Asset Solutions Pty Ltd. As part of those responsibilities the non-executive directors collectively received a total remuneration of \$28,304 for the period 1 July 2021 to 30 June 2022 (1 July 2020 to 30 June 2021 \$26,280).

Responsible persons remuneration

	\$	\$	2022	2021
	0	-	9,999	-
	10,000	-	19,999	1
	20,000	-	29,999	1
	30,000	-	39,999	4
	40,000	-	49,999	3
	90,000	-	99,999	1
	430,000	-	439,999	1
	440,000	-	449,999	-
Total Numbers			11	9
Total Remuneration Amount			807,899	812,001

Remuneration received or receivable by the Accountable Officer in connection with the management of the Group during the reporting period was in the range: \$430,000 – \$439,999 (\$440,000 – \$449,999 in 2020-21).

Consistent with Victorian Public Sector Circular 2020-20 issued on the 5 February 2020, a contractual remuneration adjustment was processed for the Accountable Officer’s remuneration in the 2020-21 period (this was due to termination of the contractual bonus clause).

Remuneration paid to the respective Minister is shown in the financial statements of the State of Victoria’s Annual Financial Report.

9.6 Related parties

The Barwon Region Water Corporation is a wholly owned and controlled entity of the State of Victoria. Barwon Water wholly owns and controls BAS.

Related parties of the Group 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.

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Significant transactions with government-related entities

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

Government-related entity receipts			
Entity Name	Brief Description of main activity	2022 \$'000	2021 \$'000
Central Highlands Water	Services and minor project works	621	287
Barwon Health	Renewable energy project contributions	-	38
Corangamite Catchment Management Authority	Human Resources and OH&S Business Support Services	98	61
Department of Education and Training	Funding grants for major projects works	2,015	-
Department of Environment, Land, Water and Planning (DELWP)	Other operational funding grant, Anglesea River Project Operation, Community rebate and other	423	283
Department of Families, Fairness and Housing	water, sewerage and dialysis	9,380	-
Department of Health	COVID-19 monitoring program	73	1
Department of Human Services	water, sewerage and dialysis	-	11,217
Melbourne Water	Capital works options study contribution	-	110
State of Victoria	Rental contribution	28	27
Treasury Corporation Victoria (TCV)	Net borrowing drawn, Sale of large scale generation certificates, Net repayment during the year	14,863	41,404
Wannon Water	Services and minor project works	-	439
Greater Western Water	Pipeline access contribution for Melbourne-Geelong Pipeline (MGP) and employee entitlements transfer	220	-
Government-related entity receivables			
Entity Name	Brief Description of main activity	2022 \$'000	2021 \$'000
Barwon Health	Barwon Region Renewable Energy Project contribution	44	-
Central Highlands Water	Provision of agreed services	14	22
Department of Education and Training	Funding grants for major projects works	1,205	-
Department of Families, Fairness and Housing	water, sewerage and dialysis	1,042	-
City West Water	Pipeline access contribution for MGP	-	208
Department of Environment, Land, Water and Planning (DELWP)	Anglesea River Project Operation	264	148

PART 6 • Financials

Government-related entity payments

Entity Name	Brief Description of main activity	2022 \$'000	2021 \$'000
Barwon Health	Other. Shared water asset payment	-	2
Central Highlands Water	Employee entitlements transfer	23	105
City West Water	Employee entitlements transfer and other costs	-	56
Greater Western Water	Water usage fee and vehicle purchase	88	-
Corangamite Catchment Management Authority	River health programs and provision of agreed services	62	160
Department of Environment, Land, Water and Planning (DELWP)	Environmental Contribution Levy, Monitoring program, Other	13,310	10,236
Department of Human Services	SDW Act Administration Levy	-	151
Department of Treasury and Finance (DTF)	Financial Accommodation Levy	6,586	6,974
Environment Protection Authority	License fee	4	267
Essential Services Commission	Regulatory recovery fee	124	135
Melbourne Water	MGP water supply	5,464	8,185
North East Water	Employee entitlements transfer	51	-
South East Water	Managing Network Faults	9	10
Treasury Corporation Victoria (TCV)	Finance costs	22,072	23,829
Yarra Valley Water	Schools Water Efficiency Program	14	-

Government-related entity payables

Entity Name	Brief Description of main activity	2022 \$'000	2021 \$'000
Corangamite Catchment Management Authority	River health programs	130	200
Department of Environment, Land, Water and Planning (DELWP)	Environmental Contribution Levy, other	30	1,393
Department of Health	SDW Act Administration Levy	3	3
Essential Services Commission	Regulatory recovery fee	179	-
Yarra Valley Water	Schools Water Efficiency Program	-	14
Treasury Corporation Victoria (TCV)	Finance costs	5,370	5,704

Barwon Asset Solutions Pty Ltd

Barwon Asset Solutions Pty Ltd ("BAS") is a wholly owned subsidiary of Barwon Region Water Corporation ("Barwon Water"). During the financial year ended 30 June 2022 Barwon Water purchased goods and services and provided accounting and administrative assistance to BAS. All financial transactions between Barwon Water and BAS are eliminated upon consolidation. In addition, Barwon Water also provides BAS with a daily cash flow facility equivalent to a loan facility outlined in note 9.10.

PART 6 • Financials

Key management personnel

Key management personnel ("KMP") are those persons having authority and responsibility for planning, directing and controlling the activities of the Group (comprising the company and subsidiary), directly or indirectly, this comprises independent Directors and the Managing Director. Key management personnel (as defined in AASB 124 Related Party Disclosures) includes the Portfolio Minister and all Directors listed under responsible persons in note 9.4 and B Windmeyer - Executive Director of BAS who have the authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, during the financial year.

Compensation of KMP's	2022 \$'000	2021 \$'000
Short-term employee benefits	983	980
Post-employment benefits	81	72
Total	1,064	1,052

Transactions with key management personnel and other related parties

Given the breadth and depth of the Group's activities, related parties transact with the Group in a manner consistent with other members of the public (e.g. water and sewerage fees and charges). Further employment of processes within the Group 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 Group, the only related party transactions that involved key management personnel and their close family members are as follows:

Jo Plummer - Director & non-executive director (Chair) of the Victorian Water Industry Association (VicWater) during 2021-22	2022 \$'000	2021 \$'000
--	----------------	----------------

Barwon Water payments to VicWater during the year included membership/subscription fees and other transactions being minor or commercial in nature. Barwon Water received payments from VicWater for minor services of commercial nature.	70	216
---	----	-----

Net payments/(receipts) made to related parties	70	216
--	-----------	------------

Tracey Slatter - Barwon Water Managing Director during 2021-22 is a non-executive director of Institute of Public Administration Australia and Zero Emission Water Pty Ltd.	2022 \$'000	2021 \$'000
---	----------------	----------------

Barwon Water payments to Institute of Public Administration Australia during the year included minor transactions which were commercial in nature.	3	25
--	---	----

Barwon Water net payments and (receipts) to Zero Emissions Water Pty Ltd. Refer to the entity related party disclosure for details.	112	(19)
---	-----	------

Barwon Water payments to Water Services Association of Australia during the year included membership fees, benchmarking services and other transactions being minor and commercial in nature.	99	-
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Net payments/(receipts) made to related parties	214	6
--	------------	----------

PART 6 • Financials

John Gavens – Barwon Water Director during 2021–22	2022	2021
	\$'000	\$'000

Barwon Water payments to a related party of John Gavens were made in relation to the provision of specialised pipe fitting installation services during 2021–22. These transactions were made on commercial terms and all being at arm's length in accordance with the Group's procurement policies and procedures, with recognition as either operating expenditure or capital works in progress at the time of payment.

	378	72
Total payments made to related parties	378	72

Peta Maddy – Barwon Water Director during 2021–22	2022	2021
	\$'000	\$'000

Payments by the Group to Aither for technical consulting services during the year. Peta Maddy was a Senior Associate at Aither Pty Ltd during 2021–22. These transactions were made on commercial terms and all being at arm's length in accordance with the Group's procurement policies and procedures, with recognition as either operating expenditure or capital works in progress at the time of payment.

	144	-
Net payments/(receipts) made to related parties	144	-

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scarce resources.

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

Zero Emissions Water Pty Ltd ("ZEW") transactions

ZEW is a related party of the Group. Below is a summary of transactions and holdings with ZEW.

	2022	2021
	\$'000	\$'000
Payments	177	120
Receipts	65	154
Investment in ZEW	-	15

9.7 Remuneration of auditors

	2022	2021
	\$'000	\$'000

Amounts received, or due and receivable, by the Victorian Auditor-General for auditing the financial report.

121,000	120,500
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PART 6 • Financials

9.8 Ex-gratia expense

Barwon Water made the following ex-gratia payments	2022	2021
	\$'000	\$'000
Forgiveness or waiver of debt (i)	392	413
Other (ii)	283	199
Total ex-gratia expenses	675	612

(i) Grants or forgiveness of debt provided under Barwon Water's various Customer Support (Hardship) programs. These programs assist customers who are in financial hardship by offering credits to reduce the value of their debt. Major grant programs include Arrange & Save (payment plans where a customer is provided a "bonus credit" of one instalment payment if they meet their payment plan for five consecutive instalments), Utility Relief Grant matching, and leak allowances for hardship reasons.

(ii) Other ex-gratia expenses: Reductions of charges due to leaks or unexplained high consumption events experienced by customers who satisfy the requirements of our write-off policy (\$277k during 2021-2022). Rebates offered to customers undertaking dialysis or suffering severe medical conditions that require higher than usual water consumption (\$6k during 2021-2022) offered over and above government funded rebates.

Ex-gratia expenses are recorded in the Services and Supplies expenditure line within the Consolidated Comprehensive Operating Statement.

9.9 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Balance Sheet.

Cash flows arising from operating activities are included in the Consolidated Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

9.10 Controlled entity

The consolidated financial statements at 30 June 2022 include the following controlled entity. The financial reporting period for the controlled entity is 1 July 2021 to 30 June 2022.

Controlled	Entity	Place of incorporation	Book value of parent				Contribution to the	
			\$		% shares held		2022	2021
			2022	2021	2022	2021		
Barwon Asset Solutions Pty Ltd	Australia	2	2	100	100	775	360	

The relevant activities of BAS include:

- For Barwon Water, the civil maintenance services for planned and unplanned water and sewerage systems and minor low cost capital works projects, and
- External to the Group, civil maintenance services for planned and unplanned.

9.11 Parent entity information – Barwon Region Water Corporation

	2022	2021
	\$'000	\$'000
Current assets	62,542	69,656
Non-current assets	3,172,648	3,203,603
Total assets	3,235,190	3,273,259
Current liabilities	105,005	107,098
Non-current liabilities	1,015,403	1,092,352
Total liabilities	1,120,408	1,199,450
Reserves	926,798	904,934
Contributed capital	459,598	459,098
Accumulated funds	728,386	709,777
Total equity	2,114,782	2,073,809
Net result after income tax of the parent entity	18,610	20,513
Comprehensive result of the parent entity	40,473	280,432

Contractual requirements

The funding agreement between Barwon Water and BAS is for Barwon Water to provide daily cash flow if requested. This is equivalent to a loan facility with BAS to pay Barwon Water interest if utilised. The interest rate payable by BAS on the funding balance will be the aggregate of the Treasury Corporation Victoria (TCV) 11am loan rate and Barwon Water's Financial Accommodation Levy (FAL) rate applicable on the date the interest accrues. The only borrowing limit that BAS is subject to is that total borrowings of Barwon Water do not exceed the Treasurer approved annual limit. This loan facility is repayable at call.

Barwon Water has contractual obligations to BAS under the Maintenance Services Agreement including the provision of vehicles, plant and equipment.

BAS is a proprietary limited company and Barwon Water is the sole shareholder. Being company limited by shares, it limits the liability of shareholders to the value of their shares. The value of the shares in BAS are \$2 (2 x \$1 shares).

There are no contingent assets or liabilities resulting from the contractual arrangements. Refer Note 7.2 for the Group's contingent assets and liabilities.

9.12 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated. Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2022 reporting period. The following applicable standards and interpretations had been issued but were not mandatory for financial year ended 30 June 2022. The Group has not and does not intend to adopt these standards early.

Standard/Intepretation	Summary	Effective date	Estimated impact on the Group
AASB 2020-1 Amendments to Australian Accounting Liabilities as Current or Non Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	1 January 2023	The Group is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.
AASB 2020-3 Amendments to Australian Accounting Improvements 2018-2020 and Other Amendments	Amendments to existing accounting standards. Particularly in relation to: AASB 1 - simplifies the application of AASB 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences. AASB 3 - to update a reference to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. AASB 9 - to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. AASB 116 - to require an entity to recognise the sales proceeds from selling items produced while preparing infrastructure, property, plant and equipment for its intended use and the related cost in profit or loss, instead of deducting the amounts received from the cost of the asset. AASB 137 Provisions, Contingent Liabilities and Contingent Assets - to specify the costs that an entity includes when assessing whether a contract will be loss-making. AASB 141 Investment Property - to remove the requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in AASB 141 with those in other Australian Accounting Standards.	1 January 2022	The Group has applied the changes. No significant impacts were noted.

The AASB has also issued a number of other amending standards that are not effective for the 2021-22 reporting period, however preliminary assessment suggests these will not impact the Group.

Barwon Region Water Corporation Directors' and Chief Finance and Accounting Officer's declaration

The attached financial statements for the Group have been prepared in accordance with Standing Directions 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Consolidated Comprehensive Operating Statement, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and accompanying Notes, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of the Group at 30 June 2022.

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

We authorise the attached financial statements for issue on 20 October 2022.



Jo Plummer
Chair



Tracey Slatter
Managing Director
(Accountable Officer)



Melissa Stephens
General Manager Organisational Performance
(Chief Financial Officer)

Dated this 20th day of October 2022.

Independent Auditor's Report

To the Board of the Barwon Region Water Corporation

Opinion	<p>I have audited the consolidated financial report of the Barwon Region Water Corporation (the corporation) and its controlled entity (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated balance sheet as at 30 June 2022 • consolidated comprehensive operating statement for the year then ended • consolidated statement of changes in equity for the year then ended • consolidated cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • director's and chief finance and accounting officer's declaration. <p>In my opinion, the consolidated financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the corporation as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a consolidated financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the consolidated financial report, the Board is responsible for assessing the corporation and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the consolidated financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated 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:

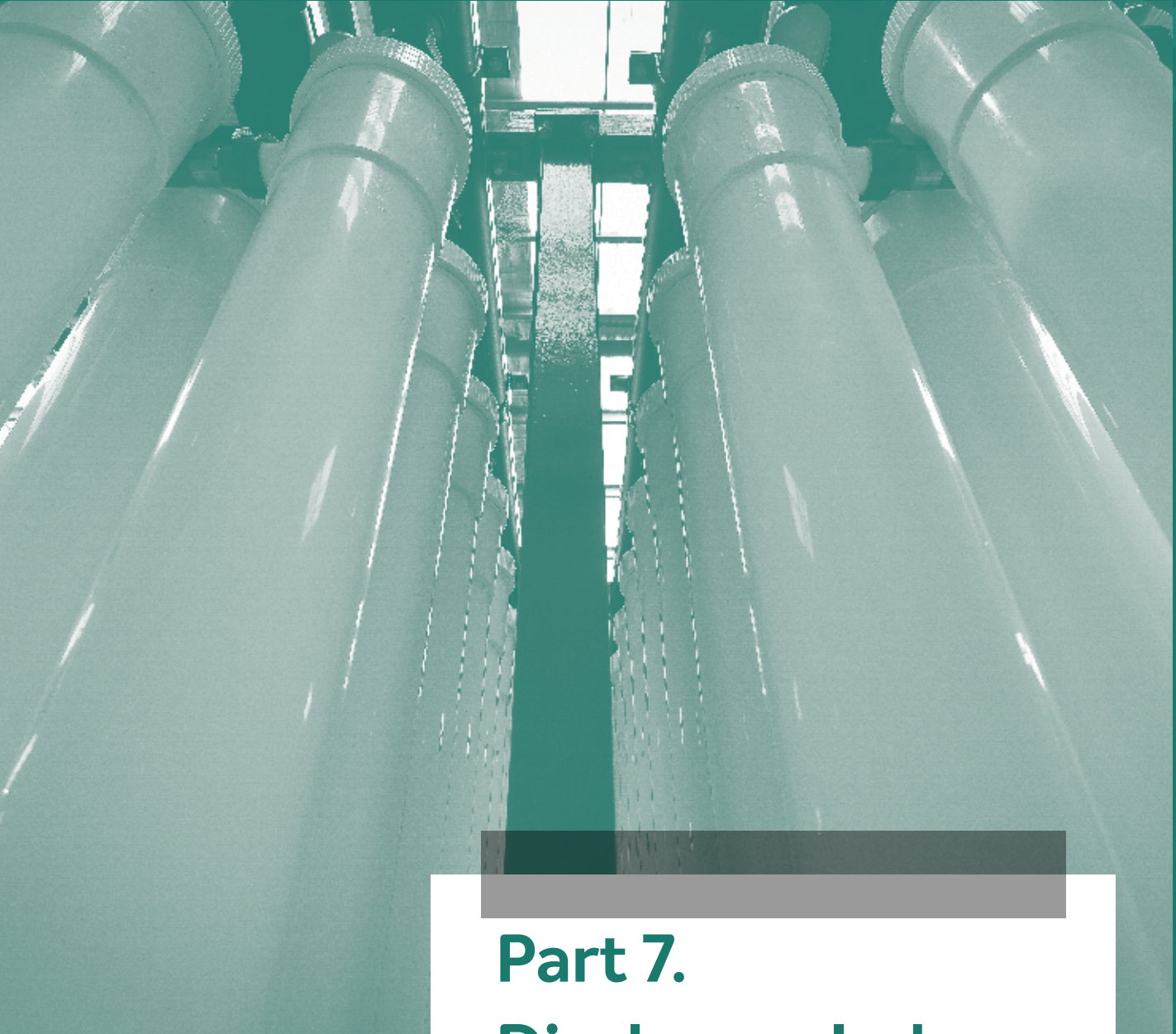
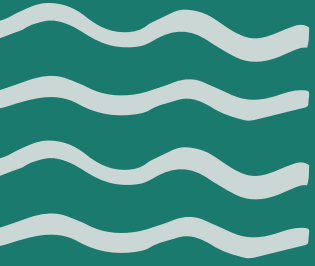
- identify and assess the risks of material misstatement of the consolidated financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not 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 and the consolidated entity'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 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 and the consolidated entity'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 and the consolidated entity 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
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the consolidated financial report. I remain responsible for the direction, supervision and performance of the audit of the corporation and the consolidated entity. I remain solely responsible for my audit opinion.

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.



Paul Martin
as delegate for the Auditor-General of Victoria

MELBOURNE
2 November 2022



Black Rock Water Reclamation Plant

Part 7. Disclosure Index

Disclosure Index

The 2021–22 Annual Report of Barwon Region Water Corporation is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the authority's compliance with statutory disclosure requirements.

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Part 8. Appendices



Celebrating winning the AWA Award for our Aboriginal Employment Strategy with (l to r) Member for Geelong, Christine Couzens, our Deputy Chair Elaine Carbines, Barwon Water Managing Director Tracey Slatter and staff member Hayley Jones.

PART 8 • Appendices

Strategy	Web address
Strategy 2030	www.barwonwater.vic.gov.au/about-us/strategy-2030
Reconciliation Action Plan	www.barwonwater.vic.gov.au/about-us/reconciliation
Urban Water Strategy	www.barwonwater.vic.gov.au/water-and-waste/urban-water-strategy

Additional copies

This annual report is available for viewing or download from Barwon Water's website barwonwater.vic.gov.au

As part of our goal to continually improve environmental performance, we encourage those with internet access to view the report online. If you require a printed copy, please contact us on 1300 656 007.

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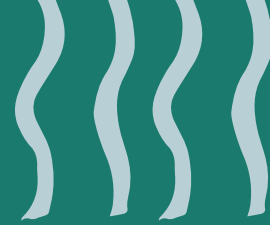
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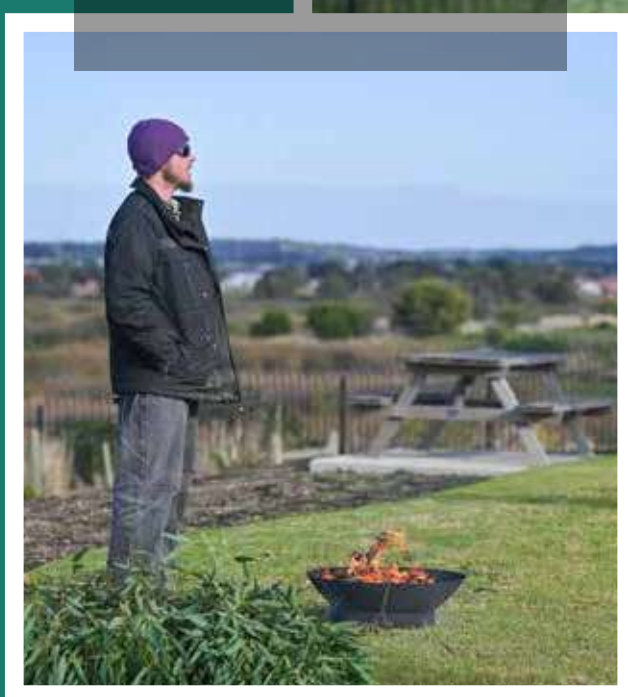
We are always looking for ways to improve our practices to reduce our environmental footprint. This extends to the paper and processes we use.



Lorne foreshore in the peak of summer



Welcome to Country at Kadak Place Regional Leaders event in December, 2021



Welcome to Country at Kadak Place Ministerial Event in June 2022



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