



 Barwon Water

Annual Report



2020 - 2021



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.

.....

Contents

PART 1. Year in review	4	Drought Response Report	36
About us	5	Water restrictions by-law	37
Our customers	6	Drinking water quality	37
At a glance	7	Greenhouse gas and energy reduction	39
Message from the Chair and Managing Director	8	Climate change resilience	41
Strategy 2030 highlights	11	Bulk entitlement reporting	42
Summary of financial results	14		
PART 2. Water consumption	17	PART 4. Corporate Information	49
Weekly household water consumption	18	Organisational structure	50
Corporate water consumption	20	Board committees	51
Major non-residential water users	20	Board Directors	53
Non-residential water efficiency	21	Employment data	56
		Health, Safety and Wellbeing	61
PART 3. Social and environmental sustainability	23	Safety, Quality, Environment information	64
Aboriginal values	24	Access to information	65
Social sustainability	26	Other Acts	68
Caring for customers	26	Social Procurement	69
Community service obligations	28	Minister's Letter of Expectations	71
Environmental sustainability	29		
Sustainable water use	29	PART 5. Performance Report	79
Water for our Future Program	30		
Residential water conservation	32	PART 6. Financial Statements	86
Community and Stakeholder Engagement	34		
		PART 7. Disclosure index	147
		PART 8. Appendices	150



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 June 30, 2021.



Jo Plummer
Chair

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 80,000 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 2020–21 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 340,000 permanent residents 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 employees
- Barwon Asset Solutions, our dedicated maintenance services company (BAS) – 106 full time 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.

2020–21 has seen us continue to deliver upon this vision whilst keeping our community COVID safe and examples of this are detailed throughout this report.

Our values

Significant engagement with staff was undertaken to review the organisation's values during the year. The Barwon Water Group's new values are:

- **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 2020–21 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.

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 per cent of the customer base, with the industrial and commercial sectors accounting for the remaining 8 per cent. Approximately 35 per cent of metered consumption is attributed to non-residential (business) customers.

Assets

We own and operate:

- 12 major reservoirs
- 8 water treatment plants
- 2 water pre-treatment plants
- 11 water reclamation plants
- 2 Class A recycled water plants
- 1 groundwater field (we no longer have a licence to access groundwater at Barwon Downs)
- 240 pumping stations (49 water – including raw water, 191 sewerage)
- 20 water basins
- 40 water tanks
- 6,866 kilometres of pipes.

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 (MGP).

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 MGP is able to supply up to 16 GL/year, approximately 50 per cent of the Greater Geelong region's annual water demand. We can also access groundwater from Anglesea Borefield, which has been placed in standby mode since July 2020.

Due to current healthy water storage levels water restrictions won't be needed in the short-term.

Water supply in the Colac and Otway regions 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 2020-21. 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 2020-21, 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 2020-21, we received 52,184 tonnes of wet biosolids and produced 7,527 tonnes of dried biosolids product, which is then sold to be used as a commercial fertiliser product. The proven benefits of this product has result 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).

Future growth

Over the next five years, we will commit \$659.4 million to capital works 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.

Corporate Governance

Barwon Water is established under the *Water Act 1989*. The responsible Minister for the period from July 1, 2020, to June 30, 2021, was the Honourable Lisa Neville MP, Minister for Water. Due to extended leave during this time, the Honourable Richard Wynne MP, was the acting Minister for Water for part of the year.

Since July 28, 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 noncompliance.

On January 1, 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

	2020-21	Change (%)	2019-20	Change (%)	2018-19	Change (%)	2017-18	Change (%)	2016-17	Change (%)
Population served (water)	341,410	3.3	330,462	2.8	321,562	3.0	312,235	2.8	303,858	1.7
Population served (sewerage)	315,055	3.5	304,411	2.8	296,262	4.0	284,905	2.7	277,290	1.8
Connected properties (water)	170,759	3.0	165,804	2.5	161,695	2.3	158,109	2.5	154,266	1.9
Connected properties (sewerage)	155,238	3.2	150,417	2.8	146,272	4.2	140,319	1.8	137,852	1.7
Water treatment plant volumes (megalitres)	35,807	-0.8	36,104	-7.0	38,822	6.0	36,608	9.0	33,600	-6.1
Water reclamation plant volumes (megalitres)	32,591	15.3	30,806	8.9	28,278	-7.3	30,500	8.8	28,042	0.8
Employee numbers ^{1,2}	322	1.025	314	-0.1	314	-0.2	314	0.0	314	-1.9
Number of days lost to injury	0	-600	6	500	1	-88.9	9	-67.9	28	100
Total revenue (\$'000)	252,094	0.9%	249,901	4.1	240,078	2.4	234,470	9.7	213,448	-2.1
Net operating result (before income tax) (\$'000)	27,466	4.6%	26,250	-2.2	25,692	42.9	17,975	278.0	4,671	-81.3
Total assets (\$'000)	3,211,891	12.9%	2,844,693	1.7	2,797,204	2.6	2,725,452	-0.2	2,730,251	1.2
Capital expenditure (\$'000)	65,840	-15.0%	77,438	-4.4	81,025	22.6	66,104	-20.1	83,290	4.2

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.



Message from the Chair and Managing Director

On behalf of Barwon Water, we are pleased to present our Annual Report for the 2020–21 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 80,000 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.

We have continued our commitment to disciplined financial management, customer experience excellence, ongoing planning for the future water needs of our region, protecting the environment, partnering with our community to improve liveability and having a diverse and highly skilled workforce who care about the region they work in.

Our organisational values – *caring, safe, inclusive, accountable and courageous* – are demonstrated in the many examples throughout this report. Our deep engagement with our customers and community is helping us harness opportunities that keep customer prices low, grow the local economy and respond to critical issues such as climate change, growth and community expectations about water use, protecting the environment and helping customers experiencing hardship.

Our five customer outcomes:

This annual report covers year three of our 2018–23 price period.

It shows how we continue to deliver upon the five key service outcomes our customers told us they most valued and expected from us during 18 months of engagement leading up to our price determination.

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.

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 2020–21 financial year we:

- Continued to progress the *Water for our Future* (WFOF) program, which recognises that with a hotter, drier climate and population growth, we need to think differently about how we use water and where it comes from. Through deep and genuine community engagement we have developed a vision for our regions’ water future and criteria to assess future supply and demand ideas in order to develop our next Urban Water Strategy.
- Continued to build strategic partnerships with councils and the Victorian Government to develop Integrated Water Management (IWM) solutions for sustainable communities. This includes leading the development and implementation of IWM Plans for Geelong’s future northern and western growth areas, in collaboration with the City of Greater Geelong and other stakeholders.
- Implemented recycled water and water efficiency initiatives, including planning to increase recycled water use on the Bellarine, promoting the state-wide permanent water saving rules and introducing smart networks to identify leaks and minimise water loss.

- Partnered with the Birregurra community to lead the way on sustainable water use with the launch of a 'Sustainable Communities- Water project', which includes digital meters, exploring recycled water opportunities and supporting water efficiency in homes, businesses and the local school.

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 2020–21 financial year, we provided a positive service experience for our customers by:

- Progressing our award winning Customer Experience (CX) transformation program, which has included continuing to strengthen our Customer Support and 'voice of customer' insights programs, improved complaints management, improved communication and processes for planned and unplanned outages, and increased use of e-billing and SMS alerts.
- Proactively and empathetically managing debt collection by reaching out to customers earlier in the billing cycle to encourage and support them to pay well ahead of the overdue notice, including helping customers experiencing financial difficulty.
- A pilot program for innovative new "Smart Networks" technology to predict and prevent faults and water loss before they occur.
- Growing the business of Barwon Asset Solutions (BAS), a 100% locally based maintenance services company, and a wholly owned subsidiary of Barwon Water. BAS provides high quality, smart, asset maintenance and management services and solutions to us and other clients in the South-West region of Victoria, with profits returned to Barwon Water to keep customer prices low.
- Replacing up to 20 kilometres of old and damaged water pipes annually, at a cost of around \$4 million. This important ongoing maintenance program minimises repairs, reduces supply interruptions and ensures continued water quality.

- Replacing up to 150 kilometres of old and damaged sewerage pipes over the next three years at a cost of around \$21 million. This important ongoing maintenance program renews the mains, extending their life and minimising risk of blockages, sewer spills and improves sewerage services.

Outcome 3: A healthier environment for all

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

In the 2020–21 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 and engaging them more deeply in our water planning and water management to help guide us in how we source water and move it around.
- Implementing and planning for Renewable Organics Networks for Colac and the broader G21 region to reduce organic waste to landfill, create renewable energy, generate jobs and drive economic growth through a circular economy.
- Partnering with 13 other water corporations on the Zero Emissions Water Power Purchase Agreement from the Kiamal Solar Farm, which came online this year. It is expected to supply more than 7 gigawatt-hours a year to Barwon Water and help keep customer bills down thanks to expected cost savings of up to \$1.7 million over the life of the project.
- Establishing an Energy Efficiency Project – targeting reduced energy performance at our water reclamation plants and water treatment plants, as well as improved energy management more broadly.
- Continuing to carefully implement the extensive environmental monitoring and assessment program for the Anglesea Borefield with involvement and oversight from the Anglesea River Working Group.
- In partnership with our community, continuing to implement the remediation plan for Boundary Creek and Big Swamp to remediate the impacts from the historic management of groundwater pumping of the Barwon Downs groundwater borefield.

- Further developing our strong relationship with the Corangamite Catchment Management Authority (CCMA) and Victorian Environmental Water Holder (VEWH) and continuing to work together to deliver key projects such as environmental flows for the Barwon and Moorabool rivers.
- Administering water conservation programs, including our WaterAssist Home program for high water using households to fix leaking appliances and fixtures, our Schools Water Efficiency Program and a new grants program to help schools and businesses fix water leaks.

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 2020–21 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, where we set our commitment to work together on key projects.
- Developing our relationship with Eastern Maar Aboriginal Corporation, which has been appointed as the Registered Aboriginal Party in the western part of our region.
- Working with Reconciliation Australia, local Traditional Owners and Aboriginal groups on the development of our second Reconciliation Action Plan (RAP).
- Planning to open up 66 hectares of land we own on the banks of the Barwon River in Geelong for the public to enjoy. Heritage Victoria has granted Barwon Water a permit to remove four of the 14 spans of the heritage-listed Ovoid Sewer Aqueduct to make the area safe and accessible. In partnership with Wadawurrung Traditional Owners, we're also gathering information about the landscape and water, and will engage other interested stakeholders to develop a plan for the area that will be unique for its high ecological, heritage, cultural and recreational values.



- Launching a project to transform our disused Bellarine Basin site into more than 30 hectares of environmental and public open space. Working closely with Wadawurrung Traditional Owners and the local community, the project will see the removal of the old reservoir, enabling the natural headwaters of Yarram Creek to be restored and wetlands to be established.

Outcome 5: Affordability for all our customers

In the 2020-21 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:

- Continuing to have the lowest average residential bills for water businesses with more than 100,000 customers. This includes absorbing in this current price period, the additional costs for alternate water supplies.
- Working collaboratively with local agencies and councils to deliver our Customer Support Strategy and help customers experiencing hardship particularly as communities recover from coronavirus (COVID-19), including by proactively phoning 400 customers a week to offer support.
- 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 \$24.9 million in savings already delivered.
- Our operating expenditure productivity rate of 2.3% per annum (excluding CPI) is one of the most ambitious of all Victorian water corporations.
- Regional growth saw revenues exceed \$252 million in the 2020-21 year.
- Stable cash flows have allowed borrowings to be managed within Treasurer set limits.
- The 2020-21 financial year saw us meet an operating budget of \$117 million, which included \$65.8 million of capital investment to deliver services and maintain service quality to the region and deliver infrastructure to support regional growth.
- As part of our COVID-19 response, we closely monitored cash flows, managing the impact of the challenging economic climate. By proactively providing customer support to those who needed it, our tariff debtors have been maintained at pre COVID-19 levels.

- Borrowing requirements have not changed as we continue to support our customers through a period of financial stress and to do our part to ensure our region continues to prosper by delivering our planned capital program.

These examples and more are showcased throughout this annual report showing that at Barwon Water, we have set ourselves ambitious targets that we are meeting, and while changes in our operating environment have presented challenges, 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.

It is with pleasure that I commend to you Barwon Water's 2020-21 Annual Report.

Jo Plummer
Chair

Tracey Slatter
Managing Director



Strategy 2030 highlights

Why we exist

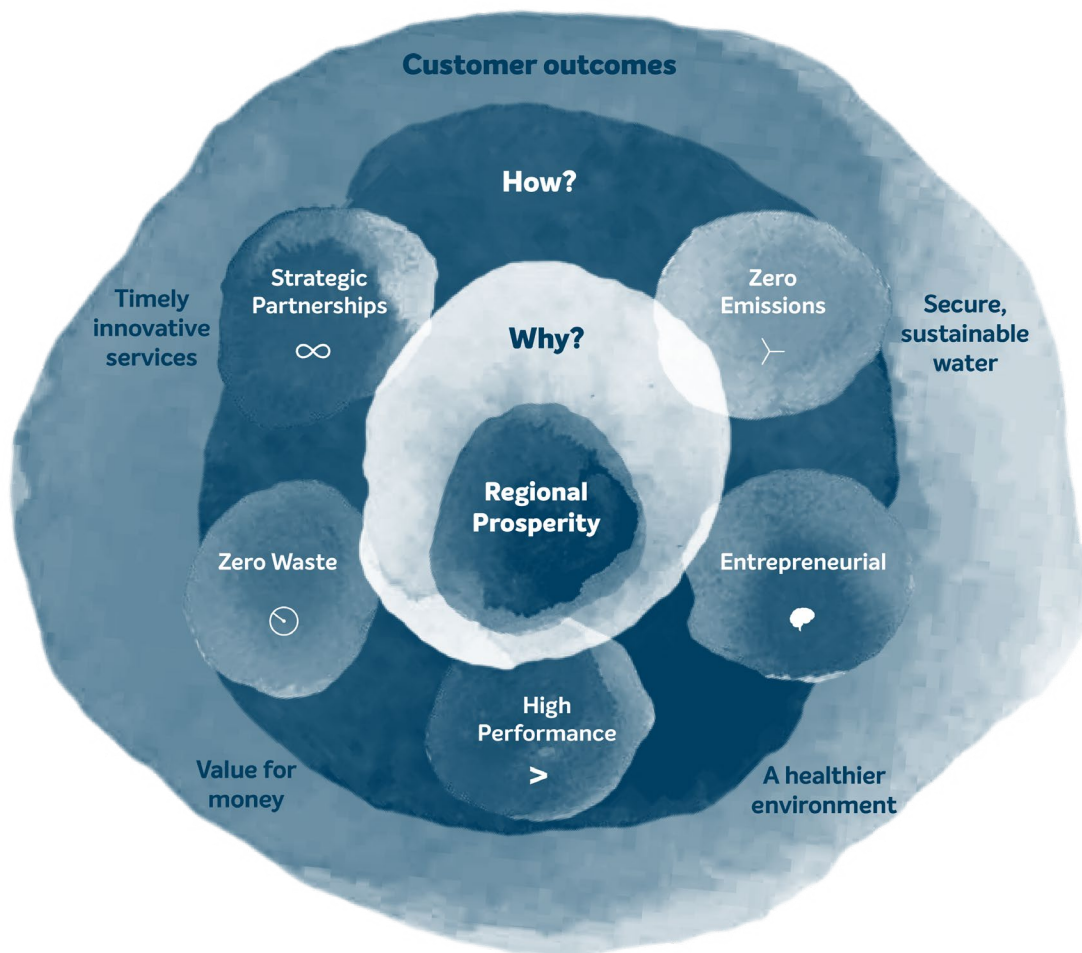
To be an enabler of regional prosperity.

What we do

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

In 2020-21, we delivered the following key outcomes:

- **Continued to progress the Water for our Future (WFOF) program.** Through deep and genuine community engagement we have developed a vision for our regions' water future and criteria to assess future supply and demand ideas in order to develop our next Urban Water Strategy.
- **Started Implementing Renewable Organics Networks for Colac and the broader G21 region,** to reduce organic waste to landfill, create renewable energy, generate jobs and drive economic growth through a circular economy.
- **Progressed our Customer Experience (CX) transformation program,** which included a commitment from all staff to "I care, we care" across all customer touchpoints, a new 'voice of customer' insights program, improved complaints management, improved communication and processes for planned and unplanned outages, and increased use of e-billing and SMS alerts. We also supported thousands of customers, many of whom were experiencing hardship due to the impacts of COVID-19.



In relation to the five key 'How we will deliver' 2030 strategies, 2020-21 has seen significant progress in all five areas, including:

Strategic partnerships with customers, industry, the community, agencies and internally across the organisation to identify, plan and deliver outcomes from high value opportunities and initiatives. 2020-21 has seen continued work with strategic partners in the region, including:

- Building on our partnership agreement with Wadawurrung Traditional Owners, where we set our commitment to work together on key projects, and developing our relationship with Eastern Maar Aboriginal Corporation, which has been appointed as the Registered Aboriginal Party in the western part of our region.
- Working with Reconciliation Australia, local Traditional Owners and Aboriginal groups on the development of our second Reconciliation Action Plan (RAP).
- Working closely with Wadawurrung Traditional Owners and the local community on an exciting project to transform our disused Bellarine Basin site into more than 30 hectares of environmental and public open space. The project will see the removal of the old reservoir enabling the natural headwaters of Yarram Creek to be restored and wetlands to be established.
- Continuing our work with the City of Greater Geelong, the Department of Environment, Land, Water and Planning and regional stakeholders to deliver an Integrated Water Management plan for the Northern and Western Geelong Growth Area.
- Continued to work with our customer and environmental advisory committees to proactively seek input, build understanding and opportunities for greater community partnerships.

- Working collaboratively with local agencies and councils to deliver our Customer Support Strategy and help customers experiencing hardship, particularly as communities recover from COVID-19.
- As an enabler of regional prosperity and a healthy environment, Barwon Water has a commitment to undertake applied and focused Research & Development (R&D). We have five R&D focus areas: (1) Safe Drinking Water, (2) 'Smart' Networks, (3) Healthy Environment, (4) Circular Economy, and (5) Healthy Communities.
- Through targeted partnerships with Deakin University, the Higher Education sector, and the broader water sector (including Water Research Australia), we contribute through collaborative projects to deliver high-quality research outcomes on topics of operational and strategic interest.
- Barwon Water has six PhD research projects with Deakin University, these include community attitudes to climate, independent water sources, the beneficial reuse of water treatment by-products, "smart sewer" technologies, and a number of water quality and water security research projects for a healthy environment.
- Other activities have included:
 - Student (undergraduate and Honours level) research projects
 - Student scholarships (total of 6 per year)
 - Deakin Regional Research meetings with Central Highlands Water and Wannon Water.

Zero emissions through action on climate change. In 2020-21, we progressed further on our journey to achieve zero emissions by 2030. Key highlights from this year included:

- Establishing the Barwon Region Renewable Energy Project – together with Barwon Health and Geelong Port, to take us the rest of the way to 100% renewable electricity.
- Switching on the Colac Reclamation Plant biogas cogeneration facility – part of the Colac Renewable Organics Network, with the first 360kW unit capable of generating up to 3 gigawatt-hours of renewable electricity and 10 terajoules of renewable heat per year. This is enough renewable energy to take the plant off grid.

- Commencing operation of the Zero Emissions Water Power Purchase Agreement – with Kiamal Solar Farm in January 2021, expected to supply us with more than 7 gigawatt-hours a year.

All of these initiatives not only reduce emissions but also reduce energy costs, helping to keep customer bills affordable.

Improved productivity through a goal of **Zero Waste**, driving us to optimise the benefits of our resources, to help grow the regional economy and continuously improve organisational processes and practices. Works in 20-21 included:

- Partnering with the Birregurra community to lead the way on sustainable water use with the launch of a 'Sustainable Communities- Water project' which includes digital meters, exploring recycled water opportunities and supporting water efficiency in homes, businesses and the local school. This project identified 11 million litres of water savings in the first three months.
- Continuing to work with local councils and major export manufacturers on opportunities for two Renewable Organic Networks, to transform significant amounts of organic municipal and trade waste into renewable energy and agricultural soil enhancers. The projects will create a circular economy for the region's organic waste, reduce landfill costs for business and councils and reduce water infrastructure energy costs for Barwon Water customers.
- We also continue to investigate opportunities for increasing the beneficial reuse of recycled water, actively leading exploration and promoting possible recycled water schemes in our region. This includes beginning implementation of the Bellarine recycled water scheme Stage 2 (extension pipeline to new customers), plus significant progress on Stage 3 to improve the quality of recycled water produced on the Bellarine.
- Works were completed that assist in our understanding of how we can reduce the amount of industrial and construction waste we send to landfill.

A more **entrepreneurial** mindset by driving a culture of innovation that proactively identifies and explores new commercial and community opportunities to harness water resources and core competencies for the best possible regional outcomes and customer value. Progress in this area has included:

- Our Customer Affordability Pipeline program, which is on track to meet its \$40 million target over five years. To date we have realised over \$24.9 million of efficiencies, ensuring customer bills are kept low, as set out in our 2018–2023 price submission.
- Continued delivery of culture change programs and leveraging our innovation and continuous improvement framework (FLOW). This has translated into faster delivery of business improvements with a stronger commercial mindset, and the willingness to pursue changes that push the boundary of our traditional water utility role.
- The recent commercialisation of an After Hours Call and Dispatch Service with BAS improves management of faults and generates new revenue via BAS.

High performance by building a more diverse and accountable organisation, underpinned by inclusive leadership to deliver outstanding customers and community value. 2020–21 saw an expanded focus embedding existing elements in the Barwon Water High Performance Plan, including:

- Continuing roll out of the ‘Lead 2030’ leadership development program to all people leaders across the business and introducing a Community of Practice with bi-monthly forums for all people leaders.
- Introducing new programs to embed LEAD 2030 principles including Advanced Coaching, Group Coaching Fundamentals, Achievement & Strategic Focus, Positive Performance and Coaching & Managing Underperformance.
- Enhancing the ‘DEVELOP 2030’ program – focussed on developing employees in our core competencies through online learning resources, group coaching and action planning.

- Continuing to support staff with work from home conditions and isolated work groups, including providing all staff with the opportunity to participate in Energy Management workshops focussed on physical, mental, emotional and spiritual health and wellbeing.
- Continuing the traineeship program, providing an early career pathway from target communities, by providing appropriate education, work training and support, and achievement of a nationally recognised qualification.
- Progressing the ‘Beyond Zero’ safety strategy, which is supported by an ambitious program of work to implement safety initiatives that will advance a positive safety culture.

Summary of financial results

I, Joanne Plummer, on behalf of the Barwon Region Water Corporation, certify that the Barwon Regional 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

28 September, 2021

Financial summary

The 2020–21 financial year saw Barwon Water continue its 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, in light of the continued extraordinary operating environment and challenges caused by the coronavirus (COVID-19) global pandemic.

Our operations made a significant positive contribution to our region's economy and liveability. During 2020–21, we generated revenues of \$252 million supported by \$3.2 billion in assets and spent \$65.8 million in capital and related infrastructure works.

We have delivered a strong and financially sustainable result. 2020–21 was the third year of the 2018 Price Submission, where we continued our commitment to keeping prices low and delivering affordable water services to our customers.

Borrowings decreased by \$41.6 million to \$529.4 million and maintaining cash on hand at \$24.3 million while continuing 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 has provided us with the opportunity to demonstrate organisational agility, as it has continued to be the single largest challenge for Barwon Water and our community during 2020–21.

Working collaboratively with local agencies and councils we have delivered our Customer Support Strategy to help customers experiencing hardship, particularly as communities recover from COVID-19. This includes phoning 400 customers a week to offer support. By proactively providing support to those who needed it, our tariff debtors have been maintained at pre COVID-19 levels.

The workforce transitioned to a new hybrid way of working in May, 2021, which included flexible working conditions for all employees. We continue to follow the Government's stay at home directions when required. Investment in people and technology has enabled the uninterrupted delivery of water and sewer services to our region when restrictions occur.

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 \$24.9 million in savings already delivered.

The organisation undertook the five-yearly non-financial infrastructure, property, plant and equipment asset revaluation during the financial period. The revaluation process provided an uplift in total assets of \$366 million, contributing to the increase in total assets to \$3.21 billion from \$2.84 billion at 30 June, 2020.

We also continued to progress the sale of surplus property under the Barwon Water Property Realisation Program – \$25.2 million in proceeds are being utilised to maintain borrowing levels, to keep customer bills low.

These initiatives will result in customers' bills increasing by less than 1 per cent per annum, excluding inflation.

Major changes or factors affecting performance

Barwon Water's net result before tax was a surplus of \$27.5 million, which is \$1.2 million higher than the prior year. A combination of factors contributed to achieving this result, including the continuation of strong regional development and growth resulting in higher revenues and customer connections and continued demand for water.

Significant changes in financial position

Investment in infrastructure was funded through \$83.7 million in funds from operations.

Net of repayments the total debt decreased by \$41.6 million. Cash and cash equivalents decreased to \$24.3 million, maintaining maximum liquidity during the continuing 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 \$65.8 million of capital works expenditure being delivered.

Key capital works focus areas have been the West Gellibrand Reservoir upgrade and the Colac pipeline upgrade.

The largest investment was for the Colac Reclamation Plant upgrade, followed by our sewerage and then water mains replacement and rehabilitation across the network.

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	2020-21 (\$'000)	2019-20 (\$'000)	2018-19 (\$'000)	2017-18 (\$'000)	2016-17 (\$'000)
Tariff revenue	195,094	193,181	193,222	181,199	171,861
Capital revenue	42,302	44,026	36,989	44,018	33,066
Government contributions	660	389	511	386	362
Other revenue	14,038	12,305	9,356	8,548	8,159
Total revenue	252,094	249,901	240,078	234,470	213,448
Operating expenditure	104,970	107,271	99,651	94,157	88,279
Depreciation expenditure	73,839	70,816	68,424	75,969	74,281
Finance costs	35,018	36,845	37,712	39,436	39,347
Other expenditure	10,801	8,719	8,599	6,933	6,870
Total expenditure	224,628	223,651	214,386	216,495	208,777
Net result before tax	27,466	26,250	25,692	17,975	4,671
Current assets	72,234	83,670	70,444	52,211	68,117
Non-current assets	3,139,657	2,761,023	2,726,760	2,673,241	2,662,134
Total assets	3,211,891	2,844,693	2,797,204	2,725,452	2,730,251
Current liabilities	107,111	111,301	112,003	94,547	78,728
Non-current liabilities	1,029,591	938,995	910,514	900,877	933,452
Total liabilities	1,136,702	1,050,296	1,022,517	995,424	1,012,180
Net cash flows from operations	83,722	77,699	87,317	71,679	48,474
Payments for property, plant and equipment (including infrastructure)	76,845	79,299	82,408	67,858	84,514

Barwon Water's financial performance to 30 June 2021

Financial result	2020-21	2019-20	2018-19	2017-18	2016-17
Internal financing ratio	162.55%	103.90%	100.91%	118.7%	60.3%
Gearing ratio	17.88%	21.70%	21.2%	21.8%	22.5%
Interest cover (EBIT)	1.79 times	1.71 times	1.68 times	1.45 times	1.12 times
Interest cover (Cash)	3.42 times	3.10 times	3.17 times	3.09 times	2.42 times
Return on assets	2.06%	2.23%	2.29%	2.09%	1.61%
Return on equity	1.08%	1.11%	1.03%	0.74%	0.22%



Capital expenditure

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

We had a turnover of \$252.1 million, \$3.2 billion in assets and spent \$65.8 million in capital and related infrastructure works during 2020-21.

The \$6.0 million spent on water headworks projects included:

- \$1.9 million for West Gellibrand Reservoir Upgrade
- \$1.4 million for the Colac Pipeline Upgrade sections 19, 20, 23 & 25.

The \$10.7 million spent on major water transfer and distribution projects included:

- \$2.3 million for the Lethbridge Water Supply Improvements Stage 2 Feeder Main
- \$1.7 million for Teddys Lookout Tank Augmentation
- \$1.2 million for Fyansford Feeder Main Stage 1b.

Other major water infrastructure projects included:

- \$3.2 million for water mains replacements
- \$1.2 million for the Lorne Water Treatment Plant Control System Upgrade
- \$1.0 million for the Colac Water Treatment Plant Control System Upgrade.

The \$1.1 million spent on recycled water infrastructure included:

- \$0.2 million for Portarlinton PSV
- \$0.2 million for Bannockburn Water Reclamation Plant Recycled Water Infrastructure.

The \$25.5 million spent on investment in sewerage infrastructure included:

- \$3.7 million for Colac Water Reclamation Plant Upgrade
- \$3.5 million for Mains Replacement & Rehabilitation
- \$3.4 million for the Black Rock Water Reclamation Plant sludge dewatering.





PART 2.

Water

consumption

.....

*Black Rock Water
Reclamation Plant*

Weekly household water consumption (kilolitres)

Month	Week 1	Week 2	Week 3	Week 4
January	3.8	3.8	3.8	3.8
February	3.8	3.8	3.8	3.8
March	3.8	3.8	3.8	3.8
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	2.8	2.8	2.8	2.8
August	2.8	2.8	2.8	2.8
September	2.8	2.8	2.8	2.8
October	3.0	3.0	3.0	3.0
November	3.0	3.0	3.0	3.0
December	3.0	3.0	3.0	3.0
Total	39.2	39.2	39.2	39.2

Regional metered water consumption (megalitres)

Region	2020-21	Change (%)	2019-20	Change (%)	2018-19	Change (%)	2017-18	Change (%)	2016-17	Change (%)
Apollo Bay	233	-1.0%	235	-13.0%	271	1.6	266	10.0	242	-8.4
Aireys Inlet	134	2.9%	130	-2.1%	133	7.5	123	7.5	115	-10.4
Anglesea	387	1.7%	380	2.3%	372	6.2	350	5.3	332	-12.3
Bellarine Peninsula	5,073	4.0%	4,879	-8.2%	5,318	11.3	4,779	8.2	4,418	-6.3
Colac and district	2,573	-3.6%	2,746	-2.9%	2,829	2.0	2,774	9.2	2,541	-10.8
Geelong urban	22,721	-2.6%	23,248	-6.0%	24,740	7.6	23,001	4.1	22,102	-5.3
Lorne	312	2.5%	304	-6.2%	324	-0.1	325	6.4	305	-9.9
Skenes Creek	32	11.1%	29	-13.6%	34	12.6	30	2.5	29	-7.3
Torquay	2,067	-1.6%	2,100	3.1%	2,038	11.0	1,836	11.6	1,645	1.2
Total	33,533	-1.5%	34,051	-5.6%	36,057	7.7	33,486	5.5	31,729	-5.8

Bellarine Peninsula:

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

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.

Residential and non-residential metered potable water consumption

Region	Residential			Non-residential			Total consumption (ML)	Per capita consumption (litres/person /day)	Average annual consumption (ML) ³
	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) ²			
Geelong and district	144,815	22,862	439,653	11,242	7,227	30,088	194	30,172	
Colac and district	6,933	1,378	26,500	1,210	1,266	2,644	267	2,721	
Apollo Bay/Skenes Creek	2,263	211	4,051	169	89	300	260	307	
Lorne	2,290	228	4,385	159	84	312	410	314	
Aireys Inlet/Fairhaven	1,631	178	3,421	47	10	188	466	177	
Total	157,932	24,857	478,011	12,827	8,676	33,533	199	33,691	

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

2. Metered consumption excludes non-revenue water.

3. 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	21	779	54	1,005	9,757	314	2,098	2,607
Colac and district	3	11	N/A	N/A	N/A	N/A	10.6	14
Apollo Bay/Skenes Creek	1	0	N/A	N/A	N/A	N/A	0.2	0
Lorne	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aireys Inlet/Fairhaven	3	-	N/A	N/A	N/A	N/A	-	31
Total	28	790	54	1,005	9,757	314	2,109	2,653

* One customer, Viva Energy Australia, used the stated amount of Class A recycled water.

Non-revenue water (ML) 2020-21

	Leakage	Firefighting*	Other**	Total
Barwon Water service region	2,090	-	185	2,275

*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 15th year Barwon Water has 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	2020-21				
	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	2	0.01	0.33
Total	322	6,071	2	0.01	0.33

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	9
Equal to or greater than 200 ML and less than 300 ML	0
Equal to or greater than 300 ML and less than 400 ML	2
Equal to or greater than 400 ML and less than 500 ML	1
Equal to or greater than 500 ML and less than 750 ML	0
Equal to or greater than 750 ML and less than 1,000 ML	0
Greater than 1,000 ML	1
Total no. of customers	13

*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 customers through leak detection programs, business water grants and using recycled water as an alternate water source.

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, 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.

We also supported Colac Otway Shire Council with a water efficiency project at the regional saleyards, through a new WaterSmart Council initiative.

In early 2021, we launched a new Business Water Grants program for our business and agricultural customers. The grants aim to achieve permanent water savings through substitution of drinking water with alternative sources, recycling wastewater, or upgrading equipment to improve water efficiency.

Three businesses were awarded grants for a diverse range of projects including a Reverse Osmosis plant at a Nursery, data logger installation at Geelong Port and tanks for rainwater capture and reuse at a medium size fruit distributor. Together these projects have an estimated water saving benefit of 48 megalitres.

Our coastal partnership project continued to be rolled out where we worked closely with our coastal committees of management to educate visitors to our region on the importance of using water sustainably. Our data logger program also continued to support 80 non-residential customers to detect and rectify leaks and this, together with our dedicated Colac on-farm project, helped to save approximately 27 ML of drinking water in 2020-21.

We look forward to continuing to support our non-residential customers in 2021-22 through these targeted programs, as well as introducing the new WaterSmart Council initiative more broadly and support program to assist our small to medium businesses use water more efficiently.

To read about our water efficiency programs for residential customers see page 32.

Water management and recycling at Geelong Refinery

VIVA Energy has introduced a host of programs to improve the environmental performance of its operations. One of those is the highly successful water management and recycling program at the refinery, which saves the local community over a billion litres of water each year.

As with most manufacturing businesses, considerable amounts of water are used daily in production, maintenance and administration activities. However, waste management processes implemented at the Geelong Refinery since 2013 mean that 100 per cent of waste water from its operations is now recycled back to the refinery for re-use, which saves water and minimises the impact on the local environment.

Barwon Water's Northern Water Plant is a state-of-the-art water recycling facility that combines both domestic and industrial waste water treatment.

Water used in refinery processes, or 'trade waste', is sent to the Northern Water Plant, where it is mixed with domestic sewage from Geelong's northern suburbs then run through a three-stage process consisting of biological reduction, ultra-filtration and reverse osmosis. Once the trade waste has been put through the treatment processes, it is returned to the refinery as clean water, for re-use.

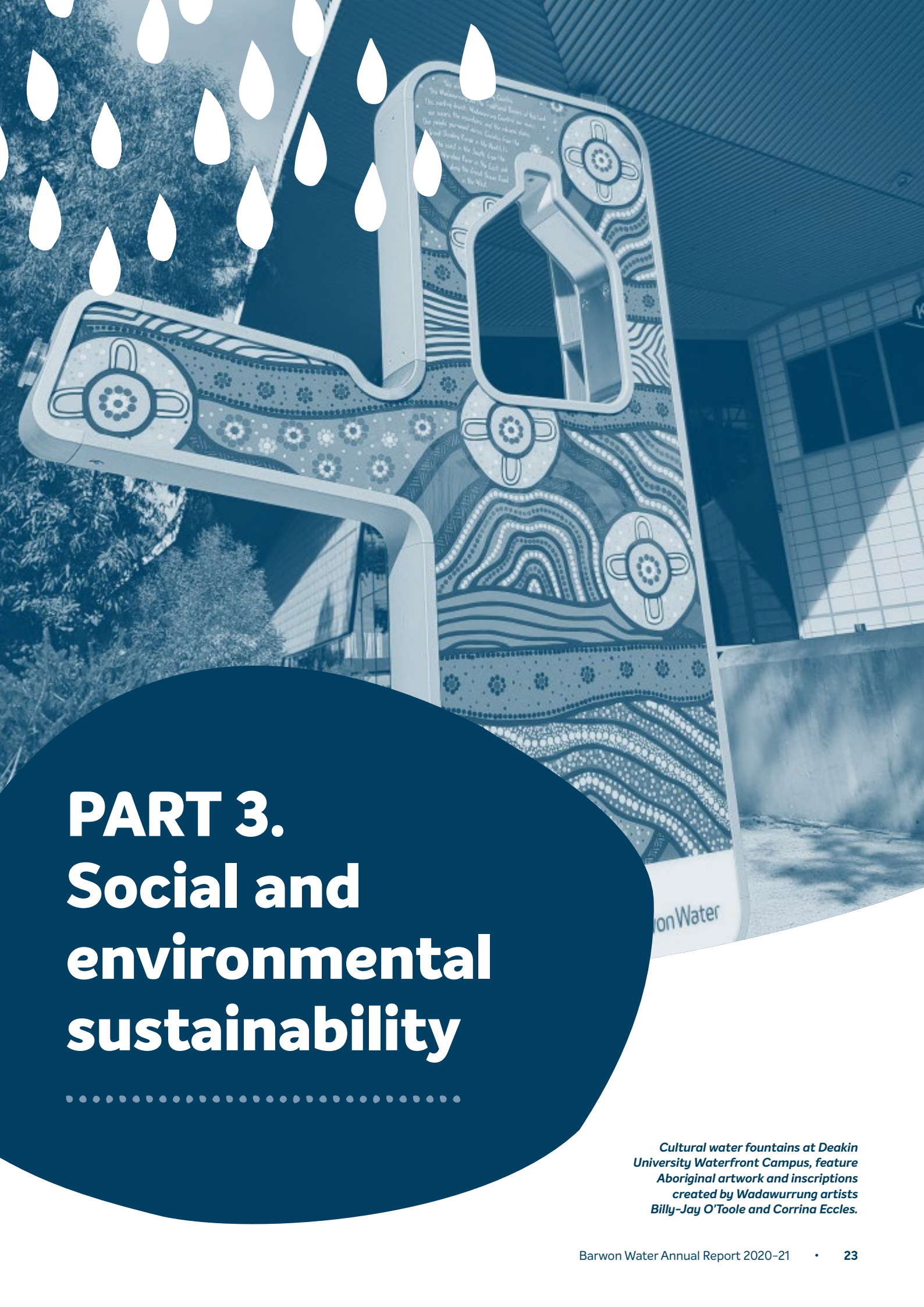
Through this use of recycled water, the refinery has freed up more than 1.5 billion litres of water for community consumption each year, easing pressure on the local water supply.

Major customer participation in water conservation programs

Name of customer	Information as to customers participation in water conservation program*
Viva Energy Refining Pty Ltd	Water management and recycling program in use.
City of Greater Geelong	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.
Australian Lamb (Colac) 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.
Bulla Dairy Foods (separate to Bulla Cream below)	Yes, participates in the Sustainable Water Use data logger program.
J R & C A Santospirito	Yes, participates in the Sustainable Water Use data logger program and Class C recycled water user.
MC Herd Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Barwon Health - The Geelong Hospital	Yes, participates in the Sustainable Water Use data logger program.
Barrett Burston Ltd	Yes, participates in the Sustainable Water Use data logger program.
Bulla Cream Co Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Thirteenth Beach Golf Links Ltd	Yes, participates in the Sustainable Water Use data logger program and Class C recycled water user.
Fremantle Harbour Properties Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
EP Robinson Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Bannockburn Golf Club Inc	Yes, participates in the Sustainable Water Use data logger program and Class C recycled water user.
Bellarine Property Nominees Pty Ltd	Yes, participates in the Sustainable Water Use data logger program and Class C recycled water user.
Geelong Grammar School	Yes, participates in the Sustainable Water Use Schools Water Efficiency program.
Dow Performance Materials (Australia) Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Pavilion Partners Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Deakin University	Yes, participates in the Sustainable Water Use data logger program and recycled water program.

*The table above was updated to include the top 20 Customers (as reported in 2019-20) – in order of usage of either recycled water or potable water. That is all customers that use >80ML/year. The potable usage for Viva, City of Greater Geelong and Santospirito's sites has been combined to show in the table above. Bulla Dairy Foods and Bulla Cream Co Pty Ltd are two separate businesses, so hence appear separately in the list above.





PART 3. Social and environmental sustainability

.....

Cultural water fountains at Deakin University Waterfront Campus, feature Aboriginal artwork and inscriptions created by Wadawurrung artists Billy-Jay O'Toole and Corrina Eccles.

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 have commenced planning for our Stretch RAP. 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 (3) year term in June 2021. Equally, we look forward to growing our relationship with Eastern Maar as we begin to engage and become more aware of the things that are important to the care of their lands and waterways, sharing in knowledge and wisdom.

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

The pilot Working with Traditional Owners on Caring for Country project concluded in early 2020. We have continued to work closely with our Traditional Owners to explore how Caring for Country principles can be integrated into 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.

The project has been one of the major successes from our Innovate Reconciliation Action Plan. The outcomes from the project will be embedded into different parts of the business, and will form a key element of our Stretch RAP.

Yarram Creek (Bellarine Basin)

Yarram Creek (Bellarine Basin) forms part of our commitment to achieving green/open space targets through the creation publicly accessible recreational open space within our landholdings.

This project also supports the Government declared Bellarine Distinctive Area and Landscapes programme. Yarram Creek aims to create 37 hectares of master planned community parkland with the vision to protect and enhance the unique habitats, ecosystems and biodiversity of the Bellarine including remnant native vegetation and habitat for native fauna.

The project aligns with stated Government commitments to boost parks and waterways within the Bellarine Peninsula and places restraint on further residential development in Wallington. It also recognises the important and unbroken connection and stewardship of traditional owners in relation to land in declared areas. To enable this project, Barwon Water has entered into a funding agreement with the Department of Environment, Land, Water & Planning (DELWP) that underpins the initial rehabilitation of the site.

Working in partnership with the Wadawurrung, local community, environmental, special interest groups, 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: re-creation of the natural Yarram Creek alignment, and creation of publicly accessible parkland.

The scope for master planning design and implementation, on the ground essential infrastructure works and determination of long-term ownership and management requirements includes:

- titles corrections
- harvesting of the pine plantation
- removal of redundant basin walls
- realignment of the waterway and creation of flood water holding basin/s
- installation of security fencing around retained Barwon Water assets
- removal of existing security fencing
- vegetation rehabilitation
- provision of an accessible, safe and inclusive community place that connects people to nature and the broader Bellarine
- undertaking a ‘Caring for Country’ approach to long term ownership and management requirements to progress reconciliation and enable Wadawurrung self-determination.

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 4 of the 14 sections of the aqueduct, to mitigate these safety risks, allow safe access on land and the Barwon River,

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, a Heritage Infrastructure Management Plan (HIMP), Heritage Interpretation Plan (HIP) and structural propping works to be undertaken to stabilise the remaining structure.

We are committed to making this site safe and opening the parkland 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”.

Cultural awareness training

Barwon Water continued to provide cultural awareness training to employees throughout 2020-21, 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 around Geelong.

The awareness training has helped employees to look at the world through the eyes of an Aboriginal person.

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 2020 NAIDOC Week “Always Was, Always Will Be” in person events were cancelled due to COVID-19 restrictions.

Our staff made the most of this opportunity by participating in a range of local, state and nationally run online activities to support First Nations People.

These included literary conversations, virtual tours via Facebook or YouTube of Indigenous places, projects and gardens, live interactive webinars on bush foods, fire stick farming, fish traps and aquaculture, and weaving; online storytime singing and listening to highlight the important place that family holds in First Nations culture.

Employment – Traineeship program

Through ongoing collaboration with Wan-Yaari and Gforce Employment Solutions, Barwon Water has committed 2021 traineeship opportunities to Aboriginal and/or Torres Strait Islander applicants.

The organisations have worked closely over the 2020 traineeship program to provide ongoing support to these trainees and deliver successful outcomes.

Since 2017 there have been sixteen trainees who identify as Aboriginal, who have participated in the 12-month program. At the conclusion of their respective traineeship, four 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 five times throughout 2020–21 via Zoom to provide early, strategic input into the development of critical customer strategies, programs and projects. Some of these included:

- Customer Support Program
- Redesign of our collection process
- Culturally and Linguistically Diverse (CALD) and accessible communications project
- Smart networks and willingness to pay

- *Water for our Future* Community Panel outputs (joint workshop with the Environmental Advisory Committee)
- 2018–23 Price Submission performance review
- 2023–28 Price Submission objectives and outcomes
- Customer Affordability Pipeline

In addition, briefings were provided, and feedback received on key projects, including:

- Customer experience initiatives
- Renewable Organics Network (Colac and Regional)
- Aqueduct public submission and Porronggitj Karrong
- Customer and stakeholder perception survey results
- Sustainable Water Use Plan and Birregurra Sustainable Communities – Water Savers Project
- Recycled Water program.

Caring for customers

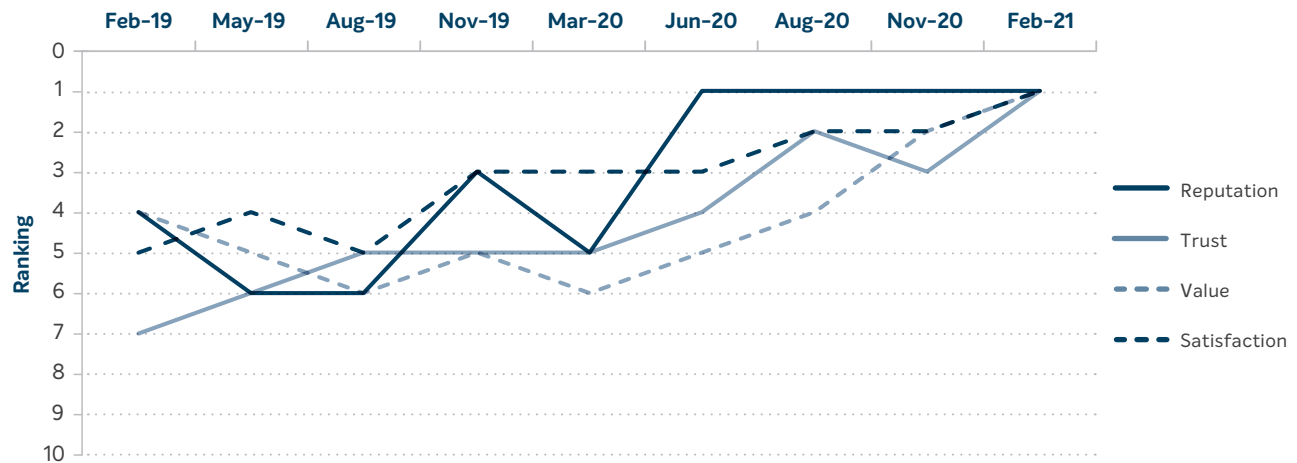
During 2020–21, we received encouraging external recognition of our ongoing efforts across the organisation to provide a high quality customer experience.

In December, 2020, Customer Service Benchmarking Australia ranked us number one in the Victorian water sector for call quality for the preceding 12 months.

In February, 2021, we ranked number one across all four key metrics of Trust, Reputation, Value for Money and Overall Satisfaction in the Victorian Essential Services Commission customer perception survey results (June 2020 to February 2021).

A graph of our progress in the ESC rankings is shown below.

Barwon Water’s ESC Customer Survey Results 2019–2021



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

In May 2021, we won the Australian Water Association’s inaugural Customer Experience Award.

The implementation of our Customer Experience (CX) Program – designed with significant customer and staff input in 2019 – continued during the year.

Focus areas included:

- **Improved call handling** through our dedicated training and coaching program, in line with our CX call quality program. Our First Point Resolution metric for customer queries was also tracking consistently at 86% by end of June 2021.
- Leveraging our **Voice of Customer** program feedback data and insights from our main customer touchpoints to influence improved CX in activities

ranging from contact centre performance to operational activities such as water supply management and infrastructure scouring (cleaning). Our organisational Net Promoter Score (NPS) metric was averaging 73 at the end of the year – which is well above the global average and 9-points above our own Balanced Scorecard target.

- **Inclusive and accessible customer communications** through a new multilingual information hub on our website and translated customer material distributed to CALD communities through strategic agency partnerships.
- **CX capability uplift** activity included dedicated soft skill training to 120 customer facing Barwon Water employees, focused on providing an empathetic and supportive CX to our customers, through the COVID-19 pandemic.
- **Multi-channel solutions** for our customers expanded to include the introduction of click to pay functionality through SMS, direct debit by credit card and since mid-2020 over 13,400 additional customers have moved to digital billing, bringing the total to 78,277.

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 7 specific Action Statements to improve

the support being offered as well as the experience for customers having difficulty paying water bills.

- **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 2020-21 we continued to actively support our customers, particularly those experiencing financial hardship. Some of the key actions we have undertaken include:

- We introduced a new dedicated outbound calling program, which sees trained staff proactively calling up to 400 customers a week 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 redesigned our bills, reminder notices and overdue notices to highlight our Customer Support programs, particularly to customers impacted by COVID-19.
- We developed multilingual Customer Support information available in brochure form and on new web pages, this is available in eight languages. We also used social media to promote this.
- We supported 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 played an active role in working with the Essential Services Commission to develop a sector-wide strategy and approach to supporting vulnerable customers.

- We also played a lead role in the development of a draft Customer Support maturity framework for the national water sector by the Water Services Association of Australia.

Aged debtor management

We proactively managed our aged debtor profile to minimise financial impact to the business. During 2020-21, the value of aged tariff debt decreased from \$5.7 million to \$5 million. Many Barwon Water customers continue to experience financial difficulties, with an increasing number requesting assistance due to impacts related to the coronavirus 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.

During 2020-21, we provided the following assistance measures:

- 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 increased from 2,405 in 2019-20, with the Customer Support Program providing grant assistance for 3,547 vulnerable customers to the value of \$498,572. These grants come from a number of sources including Arrange & Save, plumbing assistance, Utility Relief Grant matching and high leak bill support.
- Within the wider Customer Support program, Barwon Water’s Arrange and Save hardship support program specifically assisted 3,099 vulnerable customers during the 2020-21 year. This is a significant increase from the 1,827 customers assisted in the previous 12 month period. The program provided customer grants totalling \$246,592 during 2020-21.

Government Utility Relief Grant scheme

Victorian Government Utility Relief Grants (URGs) are offered to eligible Barwon Water customers. A total of 700 grants were provided this year, a 2% increase on the 683 provided during 2019-20.

Concession cards

Barwon Water supported 42,052 customer accounts to access government concessions during 2020-21, which represents around 27 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 totalled \$7,574 during the 2020-21 year, supplemented by an additional \$5,810 contributed directly by us.

Flexible payment plan – arrange and save

Our arrange and save program assisted 3,099 customers during the 2020-21 year which represents a 70% 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 totalling \$246,592 during 2020-21.

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 2020-21, this rebate was provided to over 33,000 tenants and totalled more than \$900,000.

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.

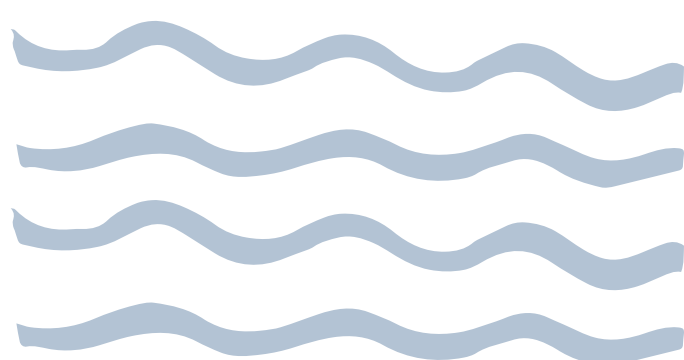
The program is for customers who may be unable to afford to make their home more water efficient by repairing leaks and helping them install water efficient showerheads, dual flush toilets and other eligible water saving products.

During 2020-21, this program was promoted as part of our COVID-19 support package for eligible customers. The program provided assistance to 405 customers for a total value of \$253,093 and an estimated 18.6 ML in water savings.

In 2020-21 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 over the next two years.

Community service obligations

Volumetric range – ML per year	2020-21	2019-20
Pension and health concessions	\$11,024,712	\$10,369,795
Utility relief grants	\$261,271	\$327,075
Dialysis rebates (State Government)	\$7,574	\$9,020
Barwon Water medical rebates	\$5,810	\$4,732
Barwon Water Customer Support (Hardship) program rebates	\$498,572	\$448,287
Water and sewer rebates	\$566,359	\$562,333
Community rebate/Government water bill rebates	\$74,995	\$62,665
Hardship relief grant scheme (sewerage connection scheme)	\$0	\$0
Total	\$12,439,292	\$11,783,907



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 ultra-filtration, 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 and is supplied to a range of non-residential customers for watering golf courses, horticulture, agriculture and viticulture.

In 2020–21, recycled water projects were progressed on the Bellarine, and at Bannockburn, Winchelsea, North Geelong and Wairn 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 ML 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

Our 2017 Urban Water Strategy (UWS) sets out how we will continue to deliver secure water supplies, supporting resilient and liveable communities under a range of climate futures, over the next 50 years.

The strategy considers a growing population, changing climate, evolving customer needs and a desire to protect and sustain the environment and indigenous cultural values.

It emphasises the need to make the most productive use of what we have to support our region's ongoing prosperity. It also explores the role of alternative water sources, considering all aspects of the water cycle, to meet future demand.

During the Millennium Drought, our catchments had sustained low inflows leading to precariously low storage levels with the region placed on Stage 4 water restrictions to curb demand. Geelong's storages fell to 14 per cent by 2007, and we relied heavily on the Barwon Downs borefield to provide up to 70 per cent of Geelong's daily water needs. Without the borefield, Geelong would have almost certainly run out of water.

While the Barwon Downs borefield is no longer part of our water supply system, we now have access to water from the Melbourne to Geelong pipeline (MGP) and groundwater from the Anglesea borefield to be more resilient to climate variability.

Although the Greater Geelong system is secure for the short-term even under the worst case climate conditions, without access to the Barwon Downs borefield, action will be required to address our water security by 2029 under a high growth and high climate change scenario.

The *Water for our Future* program was launched in 2019 to inform the development of the 2022 UWS by partnering with our community, stakeholders and regional leaders to design a new water future in response to the challenge we face in balancing our water needs with less rain and a hotter climate.

The 2017 UWS also identified that an upgrade to the Apollo Bay system may be required as early as 2024 under a 'worst-case' scenario to maintain service levels.

Work is underway to address Apollo Bay's water security outlook in the short-term with actions including:

- Continuing to implement sustainable water use plan actions in Apollo Bay
- Installation of a cover on the Apollo Bay raw water storage and modification of the spillway of the storage to increase capacity
- Supply of recycled water to Apollo Bay Golf Club to substitute for drinking water used for watering of greens and tees, subject to negotiation of an acceptable agreement with the club and land manager
- Implementation of Smart Networks Apollo Bay (SNAB) as an active research trial.
- Lorne's water supply is secure for the short-term but in the longer-term may also require an upgrade by 2037 under a 'worst-case' scenario.

Water for our Future Program - providing secure water services

Overview

Barwon Water's 2017 Urban Water Strategy suggests water supply for our region was secure until 2044. Key assumptions underpinning this analysis are being tested:

- reduced availability of supply from some standby sources (Barwon Downs)
- we have more evidence of hotter and drier climate (sustained below average rainfall)
- our population continues its rapid growth (doubling by 2050)
- increasing demand for environmental flows (scientific research by DELWP shows the environment is disproportionately impacted by climate change).

In response, we have recalibrated the way we operate our system to be more climate resilient – making use of the investments we made during the Millennium Drought, such as our connection to the Victorian Water Grid via the Melbourne to Geelong pipeline.

We have also started work on developing our 2022 Urban Water Strategy – the next version of our 50-year plan that outlines the actions required to manage demand for, and ensure sufficient supplies of, drinking water across our service region.

The strategy is being developed in partnership with our community through *Water for our Future* – a comprehensive community and stakeholder engagement program.

Purpose

Launched in August, 2019, the purpose of the *Water for Our Future* program is to secure our region's water future, despite the challenges of climate change and population growth, through a partnership approach that:

- engages our community, stakeholders and regional leaders in the program
- harnesses skills and expertise across our organisation and region.

We want to understand the many ways our community values water – and to work with them to design solutions to balance all of our water needs in a drying climate.

We're not just relying on our expertise, but partnering with our customers, community, regional leaders, agencies and neighbouring water corporations.

The importance of the program was reaffirmed when the G21 Geelong Region Alliance announced *Water for our Future* as a G21 priority project in August, 2019.

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?

Engagement

In alignment with the International Association for Public Engagement Spectrum we will inform, consult, involve, collaborate or empower our community at various stages of the program.



*Adjusted program in light of COVID-19.

2020–21 sees the successful completion of Phases 1 and 2, and moves the program into the exciting next chapter with the commencement and delivery of Phase 3 – strategy development.

In Phase 1, we involved the community in discussions around aspirations and concerns relating to our challenge and provided an ongoing opportunity for people to contribute to the conversation. We heard from over 5000 members of our community through “pop-up” events, dedicated workshops, forums and briefings, online surveys and discussion boards, and qualitative and quantitative research.

Phase 1 concluded in November 2020, when the Water for our Future community panel – made up of 52 randomly-selected people reflecting the diversity of our region – developed its vision for our region’s water future (see first figure below) and a set of criteria to assess different options.

In Phase 2, we invited the community to provide more targeted feedback on options and the community panel met again in February and March 2021 to weigh up 55 different options for the next 50 years. These 55 options represented a longer list of more than 600 options suggested by thousands of members of the community, as well as independent experts and Barwon Water staff.

The community panel recommended a short list of options that should be considered in our next Urban Water Strategy. The options included solutions relating to better design and planning, changing behaviour, improving efficiency and sourcing extra water for a variety of purposes through roof water, stormwater, greywater, recycled water and desalination (see second figure below).

Looking ahead to the next 50 years, the panel envisioned a secure water future with innovative, sustainable and affordable water solutions for the region and less reliance over time on traditional and rainfall dependent sources of water, like rivers and groundwater.

Combined, the options recommended by the panel could save or find more than 100 billion litres of water in the future, which is double the amount of water the region would need even under a worst-case scenario.

In Phase 3, we are working to understand the implications of the community’s recommendations by exploring their short list of options in detail. We will set out our actions in response to the community’s recommendations in a draft 2022 Urban Water Strategy, which will be published in mid-September 2021.

We will seek the views of our broader community, and the community panel, on the draft strategy between September and December 2021.

In Phase 4, we will finalise our 2022 Urban Water Strategy, based on the feedback we have received from the community.

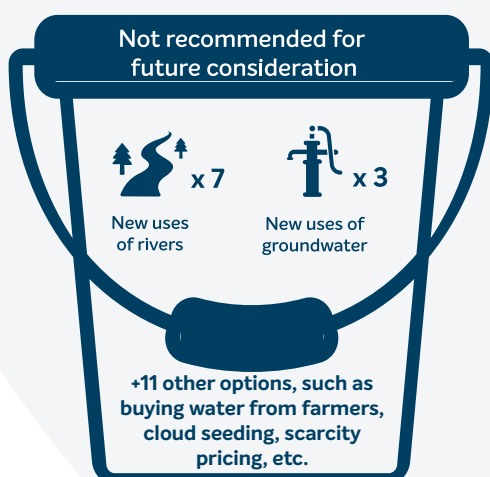
The final strategy will be delivered by March 2022, and will clearly say what work needs to be done to secure our region’s water future.

Our water future is...

A secure 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. Ethical, healthy and responsible, with affordable and equitable access for everyone. A shared responsibility, by valuing and conserving water and respecting the diverse needs of our community, cultures, and the environment.

NO - 21 options



YES - 34 options



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 place-based initiative, Birregurra Sustainable Communities – Water.

Water literacy campaign(s)

During 2020–21, 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 2020–21 due to COVID-19 restrictions.

Birregurra Sustainable Communities – Water

A highlight of 2020–21 was partnering with the local community in Birregurra to plan and implement the first phase of the Birregurra Sustainable Communities – Water program.

The first phase of this unique place-based approach to saving water included the installation of 400 digital meters to monitor real-time water usage, establishing a volunteer group of 'Water Savers' to participate in a behaviour change pilot over the summer when consumption is at its peak, as well as working proactively with the local community to increase water literacy and investigate recycled water opportunities.

Behaviour change coupled with leak detection and repair contributed to approximately 11 million litres in water savings in Birregurra in the first three months of the initiative.

Digital meters will likely play an important role in the future of water security and it's important for us to explore new, innovative ways to help save and prolong our precious drinking water supplies.

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 participate in SWEP, we subsidise the data hosting and access fees for years 2 and 3 of the program (\$300).

In 2020–21, 79 schools in our region participated in the program. A SWEP grant program was also available to support schools to locate and fix ongoing leaks, saving water and money on water bills. The SWEP grant program will continue to be offered to schools in 2021–22.

Since 2012, SWEP schools in Barwon Water's region have saved a collective 1.06 billion litres of drinking water and \$3.4 million in water related charges.

During 2020–21, SWEP schools saved a total of 48.3 million litres of water and \$195,500 in water related charges.

WaterAssist Home Program

In 2020–21, 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 2020–21 WaterAssist Home was offered to customers from November, 2020 to June, 2021 as part of our COVID-19 support package at no cost to customers.

A total of 46 customers participated in WaterAssist Home, saving approximately 2.1 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 through the coordination of the Barwon Region Integrated Water Cycle Management Network, a practitioner group focused on taking a collaborative approach to regional planning.

We are continuing to provide strong regional leadership by chairing and convening the inter-agency 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.

During 2020-21, we continued to work with our partners on the Barwon IWM Forum to deliver projects in the Barwon Strategic Directions Statement focused on progressing IWM across the region. Some initiatives included:

- Completing the Northern and Western Geelong Growth Area IWM Plan in partnership with the City of Greater Geelong and Department of Environment, Land, Water and Planning
- \$0.8 million to contribute to 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
- obtaining a \$5.5 million grant from the Federal Government and \$1.972 million of State funding to upgrade the Portarlington Water Reclamation Plant to provide high quality recycled water for high value agriculture and horticulture on the Bellarine Peninsula.

We also collaborated on specific IWM projects/ plans, such as:

- Anglesea North IWM Plan: A project investigating utilising recycled water to fill the former Anglesea Coal mine, assist with river flows and other potential uses
- Barwon Region IWM Framework: Barwon Water has led the development of a decision making framework to support agencies in the early phases of preparing an IWM strategy, which includes considering and selecting the appropriate objectives, scope, deliverables and methodology for IWM plans
- Stead Park Recycled Water: through a partnership between the City of Greater Geelong, DELWP and Barwon Water, this project will deliver recycled water to a sports and recreation precinct in northern Geelong
- Apollo Bay IWM planning: Barwon Water has been working with the local community and the Colac Otway Shire to identify water supply, recycled water and efficiency strategies for the township

- Deakin University Waurin Ponds Campus IWM Plan: Working with Deakin to provide advice on recycled water opportunities for the campus which has fed into an IWM Plan recently completed
- Barwon River Parklands: Barwon Water is represented on the inter-agency working group and senior advisory committee for this important regional project seeking to improve access, community use and connectivity of the Barwon River corridor from Batesford to Barwon Heads
- Ongoing collaboration with Colac Otway Shire and the Forrest community, exploring opportunities for wastewater improvements in the township of Forrest.

Sustainable water strategies

In 2020-21, 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.

We look forward to continuing to assist in the development of this strategy, a draft of which is due for release in the first quarter of 2021-22.

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 2020–21 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 2020–21, we commenced engagement for our Regional Renewable Organics Network. Our engagement consisted of webinars, media releases, dedicated platform on the Your Say at Barwon Water website and customer fact sheets and information.

We also continued to engage with our community and stakeholders for the *Water for our Future* program, through which we developed a new water future vision and series of recommendations with a dedicated Community Panel to help shape our future Urban Water Strategy.

We continued to implement our Boundary Creek Remediation and Environmental Protection Plan. We met with our community and stakeholder working group three times to provide community oversight over implementation activities and harness community knowledge to help inform adaptations to the plan and activities.

We continued to engage and plan for our Barwon River Ovoid Sewer Aqueduct and Porronggitj Karrong project. We will work with a dedicated community and stakeholder group, including the Wadawurrung on an interpretation plan for the aqueduct as part of a wider plan for the area that will celebrate ecological, heritage, cultural and recreational values.

We also 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 projects including the 2023 Price Submission, Bellarine Basin, and Bellarine recycled water supply,

Customer Advisory Committee

See page 26.

Environmental Advisory Committee

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

During 2020–21, the EAC met four times. The EAC discussed and provided advice on a range of issues including:

- Our *Water for our Future* Program
- Barwon Water's Regional Organics Network
- North and West Geelong Growth Areas IWM Plan
- Working with Traditional Owners in Caring for Country
- Porronggitj Karrong and the Barwon River Aqueduct
- Planning for the 2023 Price Submission.

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:

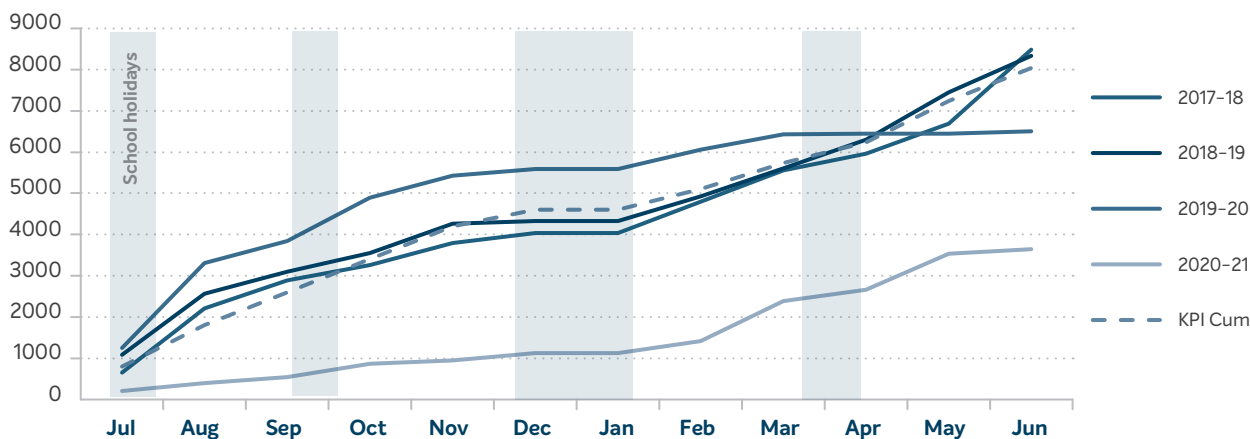
- water as a natural resource
- the health benefits of drinking water
- the need for the efficient and sustainable use of water
- the role of Barwon Water in the supply of water and sewerage services
- recycled water re-use
- the impacts of climate change on our supplies.

During 2020-21, the program was impacted by COVID-19 restrictions. To assist schools and continue to provide them with access to water literacy resources and education sessions, virtual education sessions were offered and new digital online resources developed.

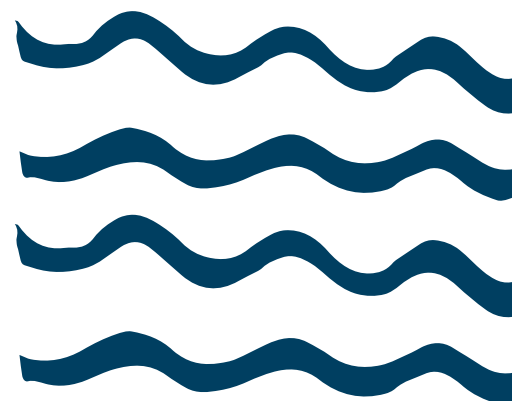
In total, 3,806 students and community members engaged in our education program, which included the delivery of 21 site tours and 67 in-class or virtual sessions conducted.

In addition to this, our annual National Water Week poster competition received 109 entries from 15 schools. Two entries from our region went on to win first prize in the Victorian National Water Week poster competition, in the categories of Special Needs and Year 3/4.

Education program participation



	2020-21	2019-20
Students reached	3,806	6505
Tours conducted	21	88
In class and virtual sessions conducted	67	107



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

On March 14, 2019, Barwon Water announced the withdrawal of our Barwon Downs borefield licence renewal application, to focus on remediation of historical impacts from management of groundwater extraction from the Barwon Downs Borefield.

In accordance with the Ministerial Notice issued under section 78 of the *Water Act 1989*, we submitted our Remediation and Environmental Protection Plan for Boundary Creek, Big Swamp and the Surrounding Environment on December 20, 2019.

In late February, 2020, Southern Rural Water (SRW) accepted our Remediation and Environmental Protection Plan, which will be delivered under two parallel work packages:

- the Boundary Creek and Big Swamp Remediation Plan: to address remediation of confirmed impact in the Boundary Creek catchment resulting from historical management of groundwater extraction.
- the Surrounding Environment Investigation: to investigate whether other areas within the regional groundwater system have been impacted by historical management of groundwater extraction.

Development of the plan was informed by a Boundary Creek and Big Swamp remediation working group which was established in 2018 to support the design of the remediation plan.

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.

Since March 1, 2020 we have been progressing implementation of the plan which has included:

- continued provision of supplementary flows to Boundary Creek as required to keep Big Swamp wet
- continued monitoring of groundwater levels and groundwater quality in Big Swamp and streamflow and water quality in Boundary Creek
- monitoring vegetation within Big Swamp to assess effectiveness of remediation measures
- monitoring macro-invertebrates in Boundary Creek and the Barwon River each Spring and Autumn
- completion of Groundwater-Surface Water Modelling to inform the concept design for hydraulic barriers that will assist the wetting of Big Swamp
- development of the detailed design for the hydraulic barriers
- commencement of geochemical analysis and modelling for Big Swamp and Boundary Creek
- installation of monitoring bores and stream gauges to inform the Surrounding Environment Investigation.

Positively, groundwater levels continue to recover, particularly at Big Swamp, with groundwater levels now artesian at the eastern of the swamp. The water quality and macroinvertebrate sampling in the Barwon River also indicate that the current impact from low pH from Big Swamp has been confined to Boundary Creek and immediately downstream of the confluence of Boundary Creek and the Barwon River.

The vegetation monitoring within Big Swamp also indicates that there has been no further encroachment of dry vegetation and wet vegetation types have been maintained as per the objectives of the remediation plan.

A key requirement of both the section 78 notice and the remediation plan is the provision of quarterly updates to report on progress with implementation of the plan, as well as an Annual Report.

The Annual Report is required to be submitted and made publicly available by 30 September each year.

These reports and further information on the remediation plan can be found on our dedicated webpage:

<https://www.yoursay.barwonwater.vic.gov.au/boundary-creek>

Drought Preparedness Plan

Barwon Water has integrated our Drought Preparedness Plan into the 2017 Urban Water Strategy, to account for long and short term planning 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 2020-21 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. The Anglesea borefield will remain on standby mode.

No water restrictions were applied during 2020-21. 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 www.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 state-wide 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 2020–21 we participated in a state-wide working group to assist with the review the restriction by-law and permanent water saving rules.

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 July 2020, our water quality risk management plan was audited against the requirements of the *Safe Drinking Water Act (SDWA)* (Section 10). The auditor highlighted a long list of positives and found that we had demonstrated compliance with 24 of the 25 regulatory requirements. The single minor non-conformance was the combined effect of three separate isolated issues. They were all administrative in nature and presented no risk to public health.

In October, 2020, we successfully passed our HACCP Surveillance 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 2020–21, we delivered drinking water to 29 of 30 water sampling localities in accordance with the required standards in the *Safe Drinking Water Regulations 2015*.

An *E.coli* detection from a single sample taken in August, 2020, from the Apollo Bay water quality locality required submission of a Section 18 non-compliance with drinking water quality standards. Following the detection, a full investigation was carried out and corrective actions were implemented. We identified contamination at the time of sampling as the most likely cause of the *E.coli* detection, meaning the sample was not representative of the water supplied to customers and presented no risk to public health.

The number of water quality complaints received in 2020–21 was 1.42 per 1,000 properties. There was an increase in complaints of 0.23 per 1,000 properties on the previous year, which could be attributed to variations in water usage patterns due to the impact of COVID-19.

Environmental flows

Barwon Water continues to work with the Corangamite Catchment Management Authority (CCMA) and the Victorian Environment Water Holder to deliver environmental flows to both the Moorabool and Barwon River systems, through allocations under the Moorabool and Upper Barwon Environmental Entitlements and in accordance with seasonal water plans developed by the Corangamite CMA.

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 freshening 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 its 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, 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.

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 2020–21, 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 \$120,000 in partnership funds to the:

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

We contribute \$70,000 annually to on-ground work for river health projects in water supply catchments under the Barwon Water–Corangamite CMA

River Health Partnership Agreement. The Corangamite CMA's 2016–2020 Waterway Frontage Protection Program is drawing to a close and has delivered riparian restoration works more than 80 sites across the catchment.

Over 166 km's of waterway frontage and 860 ha of riparian vegetation has been under active management through activities such as pest plant and animal control, fencing for stock exclusion, revegetation and removal of willows along 24 km's of this frontage.

Additionally, we contributed \$130,000 towards year three of a four-year commitment to help fund The Living Moorabool project. This is one of 10 Flagship Waterways projects showcasing a large scale restoration approach.

Partnerships established between the Corangamite CMA, Barwon Water, community groups and Traditional Owners are delivering activities that will include river back protection and riparian enhancement, removal of fish barriers, delivery of environmental flows and shared benefits for the community.

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

We have also continued planning for a major willow removal and river restoration project on the East Barwon River. This project is critical to improving flows along a 2km section of the river and will involve removal of willows and stabilisation of the stream banks to improve flows and reduce water logging of adjacent land. Stock exclusion fencing and revegetation will also be undertaken to improve and protect water quality. Works are scheduled to commence over summer 2021–22.

We also provided \$28,782 toward 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 promote river health and catchment issues through presentations and attendance at these public events.

Program	Partner	Focus	2020–21 funding
Landcare partnerships	Moorabool Catchment Landcare Group	Upper Moorabool River catchment	\$40,000
Landcare partnerships	Southern Otway Landcare Network	Barham River catchment	\$40,000
Landcare partnerships	Upper Barwon Landcare Network	Upper Barwon River catchment	\$40,000
River health partnership	Corangamite CMA	Priority waterways and catchments	\$70,000
Corangamite region Citizen Science	Corangamite CMA	Waterway health education	\$28,782
The Living Moorabool	Corangamite CMA	Upper Moorabool River catchment	\$130,000

Victorian Biodiversity Strategy 2017

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 Barwon Water sites.

We deliver 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 take a similar approach to landscaping 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.

State Environmental Protections Policy (Waters)

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 2020–21, we achieved compliance against 112 of these licence conditions.

The one non-compliance was due to offsite discharge of partially treated wastewater from Apollo Bay WRP when there was a failure of the plant's storm-holding function. An incident investigation was conducted and corrective actions were implemented.

We also have a separate EPA licence for an emergency biosolids storage and processing site, located at Melbourne Water's Western Treatment Plant. During 2020–21, we achieved compliance against all nine licence conditions in this licence.

Greenhouse gas emissions and energy consumption

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 only direct emissions (scope1) and indirect emissions from grid-supplied electricity (scope 2), 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 3 emissions are not included in any results presented in this section.

Barwon Water's calculated scope 1 and 2 emissions total for 2020–21 was **our lowest on record**, 30,082 tCO₂-e. This was slightly less than projected emissions of 30,904 tCO₂-e and represents a one-third reduction on last year's result.

Our renewable energy initiatives supplied 29 per cent of electricity use for the year, reducing scope 2 emissions by a total of 9,004 tCO₂-e.

Electricity use, which significantly impacted the prior year result, returned to normal levels following Anglesea Borefield and the Melbourne–Geelong Pipeline reverting to standby mode.

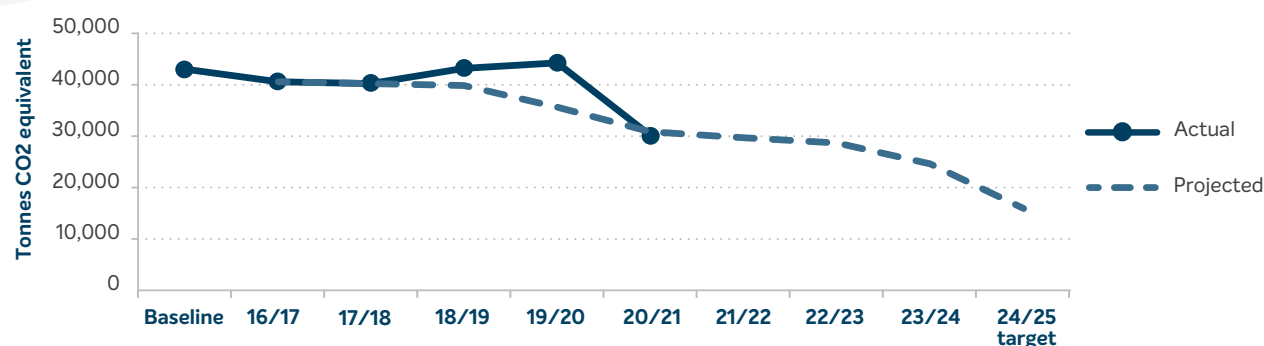
Emissions associated with sewage collection, treatment and recycling, which make up the largest portion of our greenhouse emissions and energy use, reduced by 28 per cent from last year's result. As a result of significant changes in the relevant emissions factors, nitrous oxide emissions from wastewater treatment were 57 per cent (3,488 tCO₂-e) lower than they would have otherwise been, however more recent updates to international reporting guidelines (yet to flow through to Australian guidelines) mean this reduction is expected to be temporary.

Emissions associated with water treatment and supply reduced by 50 per cent from last year's result, as a result of reduced electricity consumption and increased renewable electricity.

2020-21 Result

Greenhouse gas emissions	2020-21 Projected	Scope 1	Scope 2 Total emissions	Variance
Water treatment and supply	-	122	4,252	-
Sewage collection, treatment and recycling	-	6,369	17,614	-
Transport	-	1,077	0	-
Other	-	182	467	-
Total emissions (tCO₂-e)	30,904	7,750	22,333	2.7%

Net greenhouse gas emissions graph:



MWh

Total electricity use	2019-20 Result	2020-21
Water treatment and supply	8,622	6,185
Sewage collection, treatment and recycling	25,689	25,086
Other	849	705
Total	35,160	31,976

MWh

Percentage of total use

Renewable electricity	2019-20 Result	2020-21	2020-21
Renewable electricity use from Commonwealth Government's LRET			
Grid sourced: Mandatory (LRET)	5,965	5,345	17%
Renewable electricity use from self-sourced activities			
Biogas	-	8	0%
Hydroelectric	-	633	2%
Solar	3,731	7,410*	23%
Wind	-	1,137*	4%
Other	-	-	-
Total self-sourced	3,731	9,188	29%
Total renewable electricity	9,697	14,533	45%

* 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 is pursuing a switch to 100 per cent renewable electricity by 2025. This is reflected in our emissions reduction pledge to 2025.

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 9,000 tonnes CO₂-e in 2020-21 through a range of initiatives including:

- **Switching on the Colac biogas cogeneration facility** – part of the Colac Renewable Organics Network, with the first 360kW unit capable of generating up to 3 gigawatt-hours of renewable electricity and 10 terajoules of renewable heat per year
- **Commencing operation of the Zero Emissions Water Power Purchase Agreement** – with Kiamal Solar Farm in January 2021, expected to supply us with more than 7 gigawatt-hours a year
- 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 Barwon Water's programs is evolving as new and exciting opportunities continue to be investigated.

We recently commenced the **Barwon Region Renewable Energy Project** – together with Barwon Health and GeelongPort, to take us the rest of the way to 100% renewable electricity.

Looking further ahead to our target of net zero emissions by 2030, we have commenced initial planning to mitigate our residual scope 1 emissions through carbon sequestration and offsetting.

In addition, we are continuing to work with the five councils in the G21 region and major export manufacturers on opportunities for two Renewable Organic Networks, to transform significant amounts of organic municipal and trade waste into renewable energy and agricultural soil enhancers.

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 continue to 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 committed to building our resilience to the impacts of climate change.

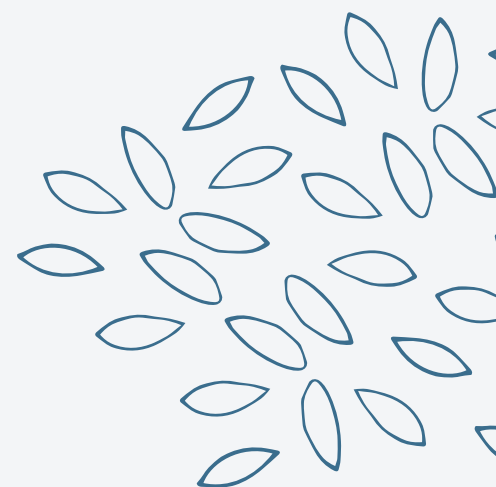
In 2020-21 we completed our new Climate Resilience Plan (CRP) adopting the ambitious vision of being agile, adapting and acting on climate challenges and opportunities to the region can continue to prosper and thrive.

The Plan includes actions to manage our climate risk across the following five focus areas:

- Embedding Climate Resilience
- Water Security
- Asset Resilience
- Transition to Zero Net Emissions
- Community Resilience.

Implementation of the Plan is already underway including:

- Launching the new CRP, developing an implementation plan and finalising governance arrangements
- Continuing our existing climate resilience program such as Water for our Future
- Commencing new climate resilience projects to address identified vulnerabilities.



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 re-distribution 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.

2020–21 overall surface water bulk entitlement performance

An overall compliance of 100 per cent was achieved during 2020–21 for passing flows across the surface water bulk entitlements.

An overall compliance of 100 per cent was achieved during 2020–21 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 30/6/21	30.06 mAHD
	Painkalac Reservoir Storage Volume at 30/6/21	532 ML (100%)
14.1 (e)	Volume taken 2020–21	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 – Metering 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



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 2020-21 (West Barham diversion).	0 ML
	Volume pumped 2020-21 (Barham River).	365 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 30/6/21	
	Olangolah Reservoir Level	344.34 mAHD
	Olangolah Reservoir Volume	152 ML (100%)
	West Gellibrand Reservoir Level	342.07 mAHD
	West Gellibrand Reservoir Volume.	1,853 ML (100%)
12.1 (d)	Volume taken 2020-21.	3,477 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



Bulk Entitlement (Gellibrand) Conversion Order 1997		
11.1 (b)	Volume taken 2020-21.	17.7 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 30/6/2.	120.3 mAHD
	Allen Reservoir storage volume at 30/6/21.	215 ML (100%)
14.1 (e)	Volume taken from the weir and storage 2020-21. (Note: the weir has been decommissioned)	399.8 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

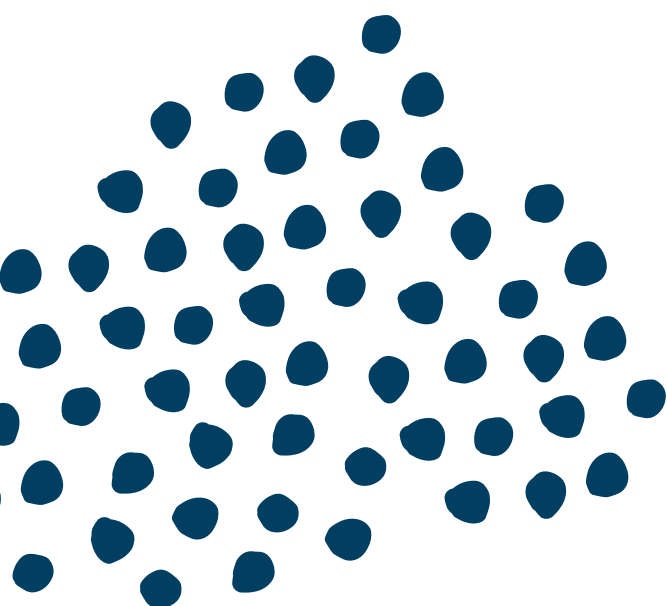


Bulk Entitlement (Meredith) Conversion Order 1995		
11.1 (d)	Approval, amendment and implementation of programs and proposals under clauses 9 and 10. Clause 9 – Environmental Obligations Clause 10 – Metering Program	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program. Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
11.1 (e)	Volume taken 2020-21	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 30/6/21.	0.27 m
	Weir Pool Storage Volume at 30/6/21.	19 ML (100%)
13.1 (e)	Volume taken under this entitlement 2020-21 (River Flow).	0 ML
13.1 (f)	Volume taken under this entitlement over the past 3 years (2018-19 to 2020-21).	0 ML
13.1 (g)	Approval, amendment and implementation of programs and proposals under clauses 11 and 12. Clause 11 – Environmental Obligations Clause 12 – 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.
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



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 30/6/21.	14,256 ML (86.5%)
19.1 (g)	Annual flow into Barwon Water's share of reservoir capacity at 30/6/21.	541 ML
19.1 (h)	Annual volume released to West Moorabool River from specified point A (Releases to Barwon Water).	2,709 ML
19.1 (i)	Volume taken under this entitlement from specified point B (She Oaks Diversion Weir).	1,767 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.	725 ML
19.1 (m)	Annual losses from releases between specified points A and B.	942 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



Bulk Entitlement (Upper Barwon System) Conversion Order 2002 / Amendment Order 2018		
15.1 (d)	Storage Volumes at 30/6/21.	
	West Barwon Reservoir (Barwon Water Share).	18,987 ML (97.3%)
	West Barwon Reservoir (Total).	19,813 ML (92.1%)
	Wurdee Boluc Reservoir.	24,699 ML (65.1%)
	Barwon System Total.	44,512 ML (74.9%)
15.1 (e)	Volume taken under this entitlement 2020-21.	28,460 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 30/6/21.	
	Korweinguboora Reservoir	1,020 ML (43.8%)
	Bolwarra Weir	113 ML (100%)
	Bostock Reservoir	6,383 ML (86.7%)
	Upper Stony Creek Reservoirs	6,214 ML (65.5%)
	Lower Stony Creek Reservoir	0 ML (0%)
14.1 (e)	Volume taken under this entitlement 2020-21	4,631 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



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 2020-21.	4,524 ML
16.1 (b)	The water allocation made available under this bulk entitlement and volume of carryover.	7,553 ML 50,038 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

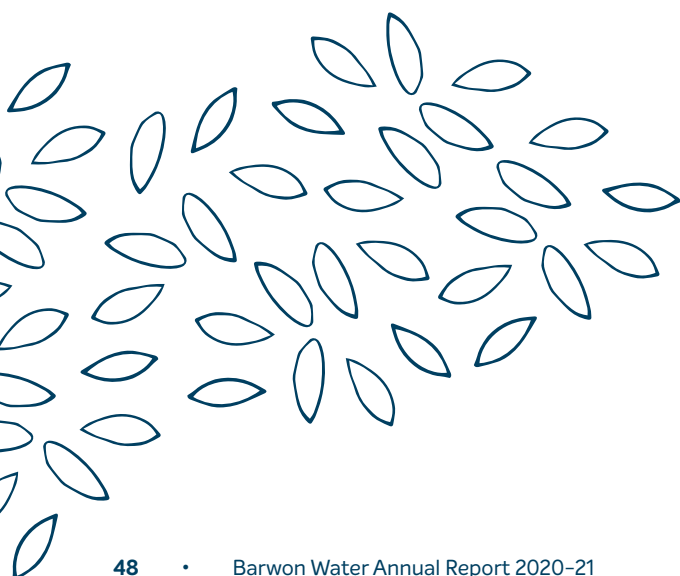
Groundwater bulk entitlements

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 2020-21.	15 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).





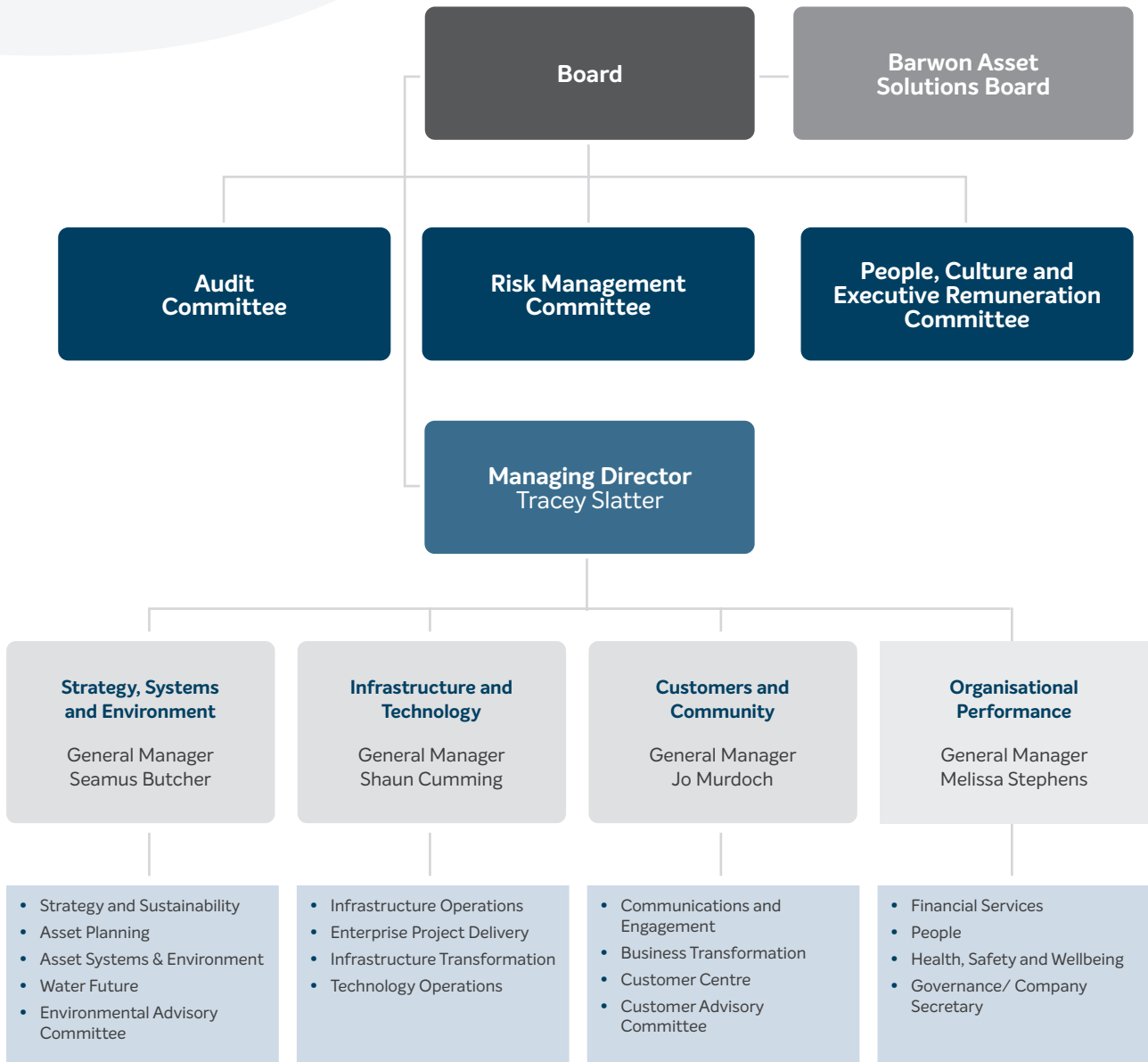
PART 4. Corporate Information

.....

Barwon Water won the inaugural Customer Experience Award at the OzWater 21 Awards in Adelaide in May 2021.

Organisational structure

As at June 30, 2021



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, seven 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 three 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

- Rebecca Leonard (Chair)
- John Gavens
- Ann Lansberry
- Des Powell.

Risk Management Committee

The Risk Management Committee comprises a non-executive Chair and three 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)
- Bernard Walsh
- John Gavens
- Rebecca Leonard
- Jo Plummer.

People, Culture and Executive Remuneration Committee

The People, Culture and Executive Remuneration Committee comprises a non-executive Chair and four 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 three 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)
- John Gavens
- Ann Lansberry
- 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, 2021

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.

Additionally, Jo's portfolio includes:

- Fellow of the Australian Institute of Company Directors
- Committee Chair – South Melbourne Market
- Board Chair – Barwon Asset Solutions
- Committee Deputy Chair – Geelong Regional Football
- Faculty Member – Australian Institute of Company Directors
- 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, supporting Boards to improve their collective performance and deliver greater value and expertly facilitating strategies that enable alignment between commercial, social and environmental outcomes.

Elaine Carbines AM

Deputy Chair

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

Appointed to Board: October 2015

Elaine is the Deputy Chair of the Barwon South West Regional Development Committee. 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 commenced as the Managing Director of Barwon Water in January, 2017 and as Managing Director of Barwon Asset Solutions in March, 2019. 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 State Department of Health and Human Services.

Tracey is also a Board Director of the Institute of Public Administration Australia (Victoria), a Board Director of Zero Emissions Water, a Board Director of G21 and a member of the Committee for Geelong.

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 IECL coach.



John Gavens

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

John is Partner, Audit and Assurance at Crowe Australia, and has a background in auditing, risk management and internal audit, specialising in the public, local government and not-for-profit sectors. He has held audit contracts with the Victorian Auditor General's Office and internal audit contracts with several local government and public sector agencies.

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

He is also a Director of Barwon Asset Solutions and Dental Health Services Victoria and a member of local government and public sector audit committees.

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

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

Rebecca Leonard

B Sc, B Laws, MAICD
Appointed to Board: October 2013

Rebecca is an experienced executive and lawyer who has practised in the Geelong region since 2004. Rebecca is the former Director of Governance Strategy and Performance at City of Greater Geelong and has previously worked at the Transport Accident Commission (TAC) in both solicitor and senior management roles.

Rebecca has a strong commitment to the Geelong community and has previously served as Vice Chairperson of UnitingCare Geelong and Secretary of Barwon Centre Against Sexual Assault.

She is currently a member of the Deakin University Alumni, the Law Institute of Victoria, Victorian Women Lawyers and the Australian Institute of Company Directors. She is also Deputy Chair of the Board of Community Care Chemist.

Rebecca is Chair of Barwon Water's Audit Committee and is a member of Barwon Water's Risk Management Committee.

Rebecca holds a Bachelor of Science and a Bachelor of Laws.

Bernard Walsh

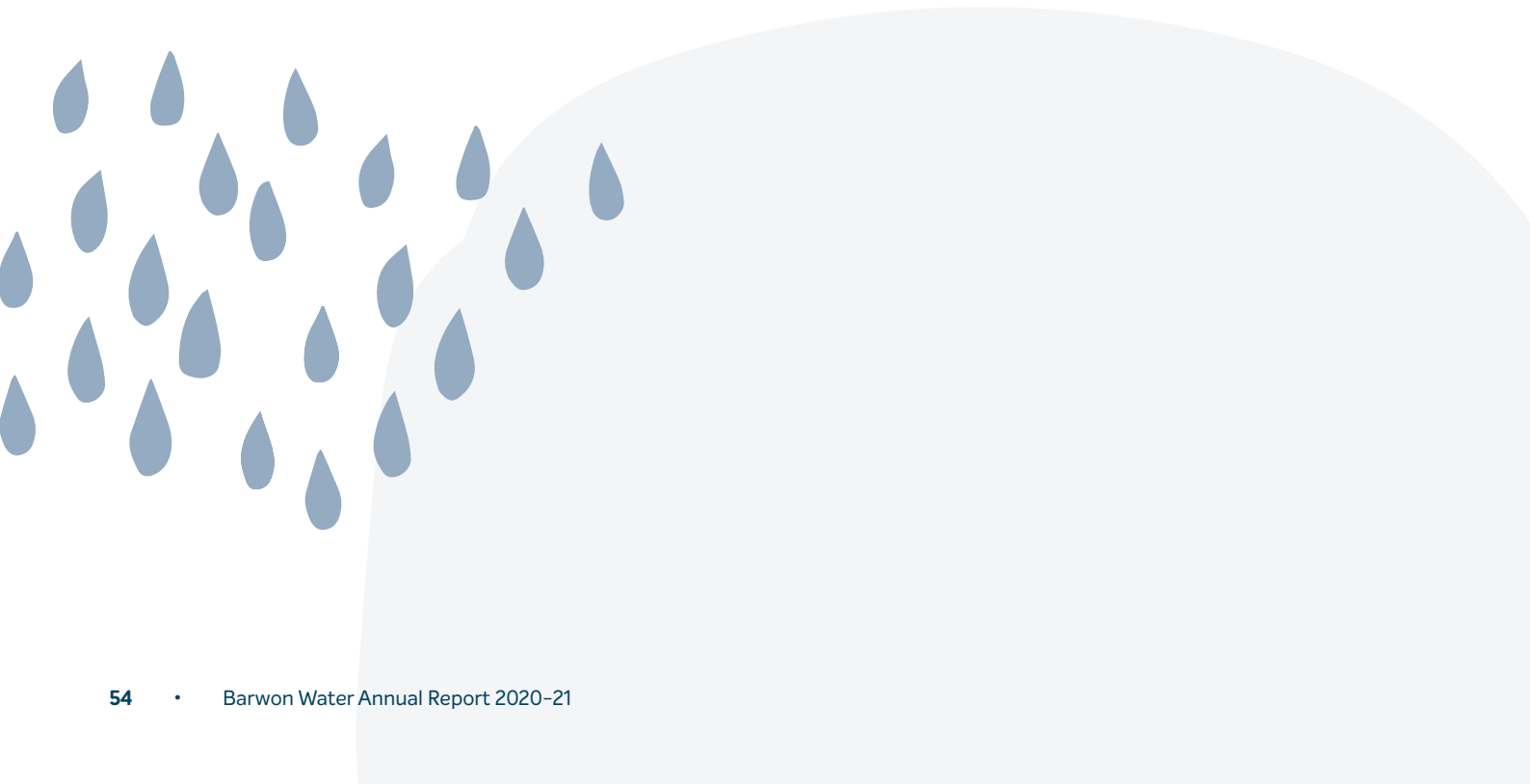
MIEAust, CPEng, GAICD
Appointed to Board: October 2015

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

Immediately 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. He is a sessional Commissioner of the Victorian Commission for Gambling and Liquor Regulation and has held this position since February, 2012.

Des commenced as Director of Ports Victoria on 1 July 2021.

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. As an Engineer she has over 20 years' 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 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.

2020-21 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	10	2*	4	2	7	2
E Carbines Term continuing	10			1		
C Eccles Term continuing	8			2		
J Gavens Term continuing	10	4	4		7	2
R Leonard Term continuing	8	4	3			
B Walsh Term continuing	10	2*	4			
A Lansberry Term continuing	10	4	4		7	2
D Powell Term continuing	10	4		2	7	2
T Slatter (Accountable Officer)	10	4	4	2	7	2

* 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, both former interns, with one a female engineer.

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

Belonging @ Barwon Water

We also continue to be an endorsed employer for women by WORK180, a global jobs network that advocates for working women, recognised for amongst other employee benefits; flexible working, pay equity, employee development, and wellbeing programs.

Our ongoing membership with DCA (Diversity Council Australia) increases our learning and assists us with our journey to preserve a culturally safe and diverse work place.

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 four human resources business partners to provide high quality, responsive and professional human resource 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 2020–21 to deliver Strategy 2030.

In doing so, we continued implementation of our High Performance Strategy which included 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 150 leaders have now participated in this program. An abridged version is current being designed for the remainder of 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 2021–24, which will incorporate our Gender Equity Action Plan as required under the *Gender Equality Act 2020*
- Reviewing our recruitment practices, including the Gender Impact Assessment on our Recruitment Policy through April–June, 2021.

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
- Promote and celebrate diversity and inclusion events throughout to 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.

In April 2021, we signed the #IStandForRespect pledge, a commitment to taking steps to address sexual and sex-based 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.

Barwon Water provides 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.

Barwon Water’s 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 Barwon Water’s GBH policy and practices is available at: www.barwonwater.vic.gov.au.

‘Workforce Inclusion’ policy

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

Our ‘Belonging @ Barwon Water’ Inclusion Action Plan provides a pathway to formalise diversity, inclusion and gender equity in the workplace.

The action plan guides our approach to inclusion and diversity, through targets for gender balance at senior leader level and across the organisation, 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, 2021 we conducted a voluntary Diversity & Inclusion survey for all employees, following a similar exercise in June, 2020.

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” Action Plan targets.

Results of the survey demonstrates our positive culture towards Aboriginal and Torres Strait Islander employees (80% agreement) and employees feel culturally safe at work (80%). Female employment increased by 5% and employees living with a disability increased by 2%, whereas employees who identify, as LGBTIQ+ has remained the same and employees believe there is a positive culture of support (86%).

A separate voluntary Diversity & Inclusion survey was conducted for Barwon Asset Solution to develop baseline data. Employees living with a disability is 11%, female employment is 21%, and employees who identify as LGBTIQ+ is 8% and believe there is a positive culture of support (74%). Six percent of employees identify as Aboriginal or Torres Strait Islanders, and feel culturally safe (74%)

The following table outlines our actual progress towards ‘Belonging @ Barwon Water’ Action Plan targets in 2020-21 and 2019-20, with the organisation tracking above targets for all indicators.

Workforce Inclusion policy initiative	Target	Actual progress in 2020-21	Actual progress in 2019-20
Balanced gender profile at executive and management level.	40 per cent male; 40 per cent female; 20 per cent flexible	50% male, 50% female	50% male, 50% female
Adopt a 1.5 per cent target for Aboriginal and/or Torres Strait Islander peoples within the organisation.	.5 per cent Aboriginal and/or Torres Strait Islander peoples employed	2%	2%
Cultural and linguistic diversity (defined by an indication of a household where a language other than English (LOTE) language is spoken, or where the person was born overseas.	12 per cent cultural and linguistic diversity across the organisation	16%	15%
Target of 4 per cent of employees who identify as living with a disability.	4 per cent of employees to identify as living with a disability	16%	5%

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.

Due to COVID-19, the majority of the 12 month 2020 program was delivered through virtual working including the delivery of coursework for the trainees. The trainees were supported by their supervisors, teams and Gforce to successfully facilitate 10 of the 12 trainees completing their traineeships.

This year the traineeship intake is eleven, six females, with five females in non-traditional female roles, and three trainees who identify as Aboriginal.

Through ongoing collaboration with Wan-Yaari and Gforce Employment Solutions, we also committed 2021 traineeship opportunities to Aboriginal and/or Torres Strait Islander applicants.

The organisations will work closely over the 2021 traineeship program to provide ongoing support to these trainees and deliver successful outcomes.

Of the twelve trainees from the 2020 program, three have obtained employment with Barwon Water. Two of these trainees identify as Aboriginal. In addition, two trainees have obtained employment on a casual basis with Barwon Water. The trainee program provides us with additional skilled resources to support operational needs.

The program not only supports diversity across cultural and socio economic demographics, and supports our Strategy 2030, it has served to increase females into traditional male dominated roles specifically in operations and construction.

The program is an excellent way to contribute to the community by providing valuable work experience and upskilling trainees, whilst also providing Barwon Water and Barwon Asset Solutions with a talent pipeline by identifying strong performers which can be retained when roles and opportunities are available.

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.

Our 'Belonging @ Barwon Water - Inclusion action plan 2021-2024' supports the principals of the *Disability Act 2006* as well as the *Gender Equality Act 2020*. This will continue to address how as an employer and member of the community we will ensure we continue to:

- Build our inclusive culture through increasing employees' knowledge and understanding of disability, and their ability to identify and remove potential barriers to obtaining and maintaining employment
- Take the opportunity to increase the accessibility of persons with a disability accessing our goods, services and facilities
- Promote inclusion and participation in the community of people with a disability or carer of one with a disability.

Barwon Water employment statistics

	2021						FTE 2021
	Casual	Part-time	Full-time	Total (Headcount) 2021	Total (Percentage) 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 eight (8) State Government appointed Board Directors 0.5 FTE as at June 30, 2018.

FTE means full-time employee equivalent.

Casual set as 1 hour.

Previous Barwon Water employment statistics

2020						
	Casual	Part-time	Full-time	Total (Headcount) 2020	Total (Percentage) 2020	FTE 2020
Gender						
Women	4	46	73	123	37%	105.27
Men	1	6	204	211	63%	208.62
Self-described	0	0	0	0	0%	0
Prefer not to answer	0	0	0	0	0%	0
Age						
15-24	5	0	0	5	1%	.13
25-34	0	7	57	64	19%	60.73
35-44	0	25	98	123	37%	116.91
45-54	0	10	73	83	25%	79.92
55-64	0	10	45	55	16%	52.19
65+	0	0	4	4	1%	4
TOTAL	5	52	277	334	100%	313.89

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 - 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

ANZSCO - 2020

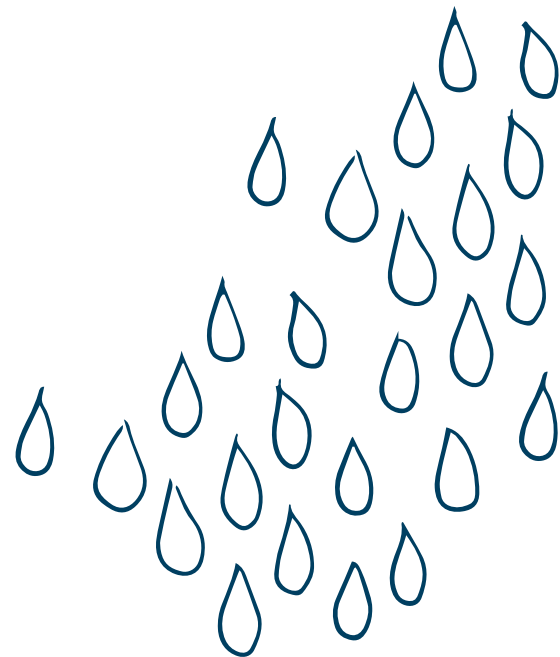
ANZSCO Occupation Classification	Headcount
Managers	19
Professionals	161
Technicians and Trade Workers	40
Clerical and Administrative Workers	72
Machinery Operators and Drivers	42
TOTAL	334

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 its occupational reporting model.



Health, Safety and Wellbeing (HSW)

HSW management system

The HSW team maintained system improvements under the 2020-21 HSW management plan. Key components delivered included:

- The Mental Health and Wellbeing program, aligned to the Water Services Association of Australia (WSAA) Mental Health Framework. This resulted in being named a finalist in the 2021 Water Industry Health & Safety Excellence Award
- Commencement of a project to improve contractor safety management through a review and redesign of the end-to-end contractor lifecycle including the trial of a new Contractor Management Tool to support contractor induction and safety performance monitoring
- Design and roll out of a Safety Leadership Program for the Senior Leadership Team, to strengthen health and safety leadership mindsets and practices. The design of a subsequent program which can be rolled out to scale for the rest of the organisation has also been completed
- Development of a comprehensive site and asset hazard and risk framework which is incorporated into the internal inspection and audit program

- This is coupled with a major overhaul of key procedures including extensive consultation, associated with high risk tasks such as ground penetration, excavation and trenching and lock out/tag out isolations
- Continuing to review, consolidate and simplify procedures in the Integrated Management System to transition from AS/NZS4801 to the ISO 45001 Occupational Health and Safety Management System Standard
- Enhanced the ergonomics support program in line with extended duration of working from home due to COVID-19, and supported returning to the office once restrictions were lifted.

Health and Wellbeing program

The Health and Wellbeing program continued throughout the 2020-21 reporting period and included the following activities:

- Establishing and maintaining a weekly forum for Mental Health First Aiders to meet and share common themes
- Establishing and maintaining the Connect+ program for our people needing social connection and support while working from home
- Red 25 blood donation focus
- Nutrition webinars
- Mental health and wellbeing webinars
- Reducing sedentary work including promotion of physical activities such as our yoga program

- Skin checks
- R U OK? Day
- Men's Health week
- Flu vaccinations
- Fatigue awareness
- National diabetes awareness week
- Sleep awareness week
- Breast Cancer awareness
- Women's Health week
- Sleep awareness week
- Regular Health topics communicated via the Intranet and internal media articles, as well as through the HSW fortnightly newsletter
- Coronavirus processes and information communicated regularly
- Working from home ergonomic risk assessments conducted.

HSW performance

There were nil injuries resulting in a claim in 2020-21, which is a continued improvement on the previous years' result.

This resulted in nil cost for claims. The insurance premium increased marginally in line with industry rate rises.



Barwon Water Occupational Health and Safety performance

Measure	KPI	2020-21	2019-20	2018-19	2017-18	2016-17
Injuries	First aid injuries	9	14	11	7	7
	Medical treatment only injuries	0	1	8	6	6
	Lost time injuries	0	1	1	3	3
	Total injuries	9	16	20	16	16
Incidents Claims	Number of incidents	54	59	130	114	114
	Rate per 100 FTE	16.7	18.09	39.5	35.6	35.6
	Number of standard claims	0	2	5	7	7
	Number of time lost claims	0	1	1	0	0
	Rate per 100 FTE	0	0.92	1.82	0.00	0.00
	Average cost per standard claim*	N/A	\$1959	\$15,341	\$10,610	\$10,610
	Number of OHS meetings held	30**	36**	1,453	-	-
Risk Management	Percentage of internal audits/ inspections conducted as planned***	88%	89%	91.3%	-	-
	Percentage of reported incidents investigated****	90%	90%	74.6%	-	-

* There were no claims in 2020-21.

** The 2019-20 and 2020-21 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. COVID-19 restrictions resulted in fewer OHS meetings being held.

*** Based on the business level audit plan, functional level inspections schedule for HSW team and HSW participation in Operational Safety Walks.

Note, COVID-19 restrictions limited access for inspections and audits throughout 2020 and into 2021.

HSW training

Virtual classrooms and online content delivery were avenues taken to progress the HSW training program in 2020-21.

Where practical elements required 'in person' attendance for competency verification, COVID-19 restrictions were complied with while not impacting the quality of training delivered.

We commenced the development and delivery of 'in house' training including the following topics:

- hazard identification and risk assessment
- 5-Whys incident investigation
- operational site inductions.

This involved written content and video footage from individuals and sites.

Our Senior Leadership Team undertook a Safety Leadership Program, to support the advancement of a positive safety culture through leadership mindsets and behaviours.

This program was well received, and the design of Phase 2 of this program, which will see this rolled out to subsequent levels of our organisation, has been completed.

A significant amount of data has been added into the ELMO Learning Management System so that records retention and streamlined reporting can proceed.

Preliminary discussions and trials have been undertaken with representatives from Melbourne Water and Deakin University to explore the potential of fully immersive virtual reality training for high-risk tasks such as Confined Space Entry (CSE). The aim is to diversify the method for refresher training in the future for tasks associated with high-risk work.

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 the spread 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 utmost safety of our people.

Environmental performance

Highlights

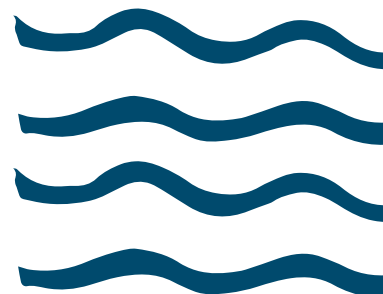
The certification of our Environmental Management System under ISO 14001:20015 continued following the successful completion of an external audit in 2020.

Some major highlights in the environmental management space included:

- protection and management of environmental values during capital project works and at operational sites
- completion of second stage Legacy site contamination assessments for our sites
- continuing rollout of industrial waste management improvement activities
- continued rollout of our Environmental Protection Amendment Act Transition Plan
- completion of an Industrial Waste Reduction Options Assessment and setting of zero waste targets

- delivered multiple environmental training modules across the business including Site Environment Plans, Tree Protection Zones, Cultural Awareness Training
- completed the first stage of the Tree Management Plan assessing human risk at publically accessible sites. Developed the Tree Register to include all assessed sites and maintenance works. Initiated second stage, which includes non-advertised, but publically accessible sites
- obtained planning and environmental approvals for the capital works program
- update of internal environmental management tools.

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





Safety, Quality, Environment (SQE) information

SQE integrated management system

Refinement of the integrated management system has continued.

In addition to maintaining certification to AS/NZS 4801 Occupational Health and Safety, ISO 9001 Quality, ISO 14001 Environmental and HACCP food safety management systems standards, we have been certified to the new international OHS standard, ISO 45001.

This certification has enabled information to be further streamlined given the overlap in the international management system standards.

Emergency management

We continued to strengthen effective Emergency Management skills throughout 2020-21 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:

- incident and crisis management workshop to understand our role in the revised State arrangements and Plan

- water sector drills for response to a COVID-19 case in our workplaces
- online Fire Ready Program toolboxes and training
- 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 a visit to the Geelong Incident Control Centre.

We continued to implement a number of improvements to our Fire Ready program, including conducting a detailed risk assessment of key coastal sites to assess our current state of fire resilience and identify any opportunities for improvements

All hazard monitoring and early warning processes were maintained, with personnel receiving warnings for 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.

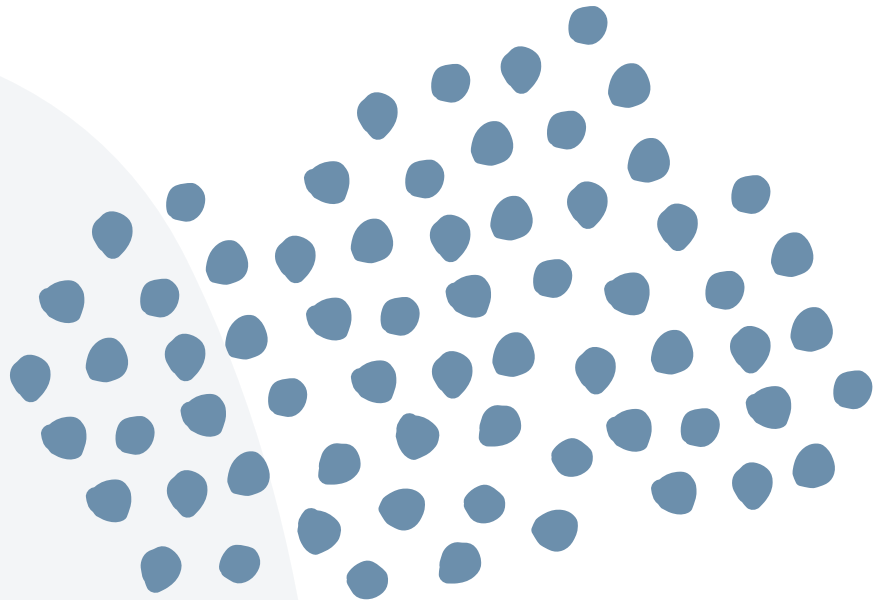
We continued to be actively involved in municipal Emergency Management Committees, industry resilience and debrief forums to ensure ongoing learning from others and contribution to our Sector and communities.

As a result of these learnings, we have designed a program to further uplift our Emergency Management capability and processes. This program will be implemented in 2021-22.

We continue to be actively involved in emergency management committees across the region, enhancing 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 www.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, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. 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.

Freedom of Information requests can be lodged online at www.ovic.vic.gov.au.

An application fee of \$30.10 applies from 1 July 2021.

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 2020–21, Barwon Water received 10 FOI's, yet under S17 of the FOI Act, only three became valid. An additional one valid FOI was also processed from the prior reporting period.

We made four decisions during 2020–21. All four decisions were made within the statutory time period. The average time taken to finalise requests in 2020–21 was 20.5 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	3
Partial access granted	1
Withdrawn / Time elapsed	1
Not proceeded with / FOI incomplete	3
No documents	0
Third party consultation by another agency	1
Outside the Act / publically available	2
Not yet finalised	0

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 <https://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



Asset Management Accountability Framework

We have completed our first AMAF Asset Management Maturity rating, as shown below.

Our target rating is 3, shown in the darker blue ring, a rating of 'Compliance', meaning that systems and processes are fully in place, consistently applied and systematically meet the AMAF requirement.

Leadership and accountability (requirements 1 to 19)

Barwon Water has met the maturity level for most requirements in this category (18 of 19). The partial non-compliance in Area No. 15 (AM System Performance) which reflects that some non-critical assets

were not covered by the Asset Management System at the time of the review. However, this was recognised in an internal AMAF audit and was addressed through the revision of the Asset Management Strategy, in July 2021.

Planning (requirements 20 – 23)

Barwon Water has met the maturity level for all requirements in this category.

Acquisition (requirements 24 and 25)

Barwon Water has met the maturity level for all requirements in this category.

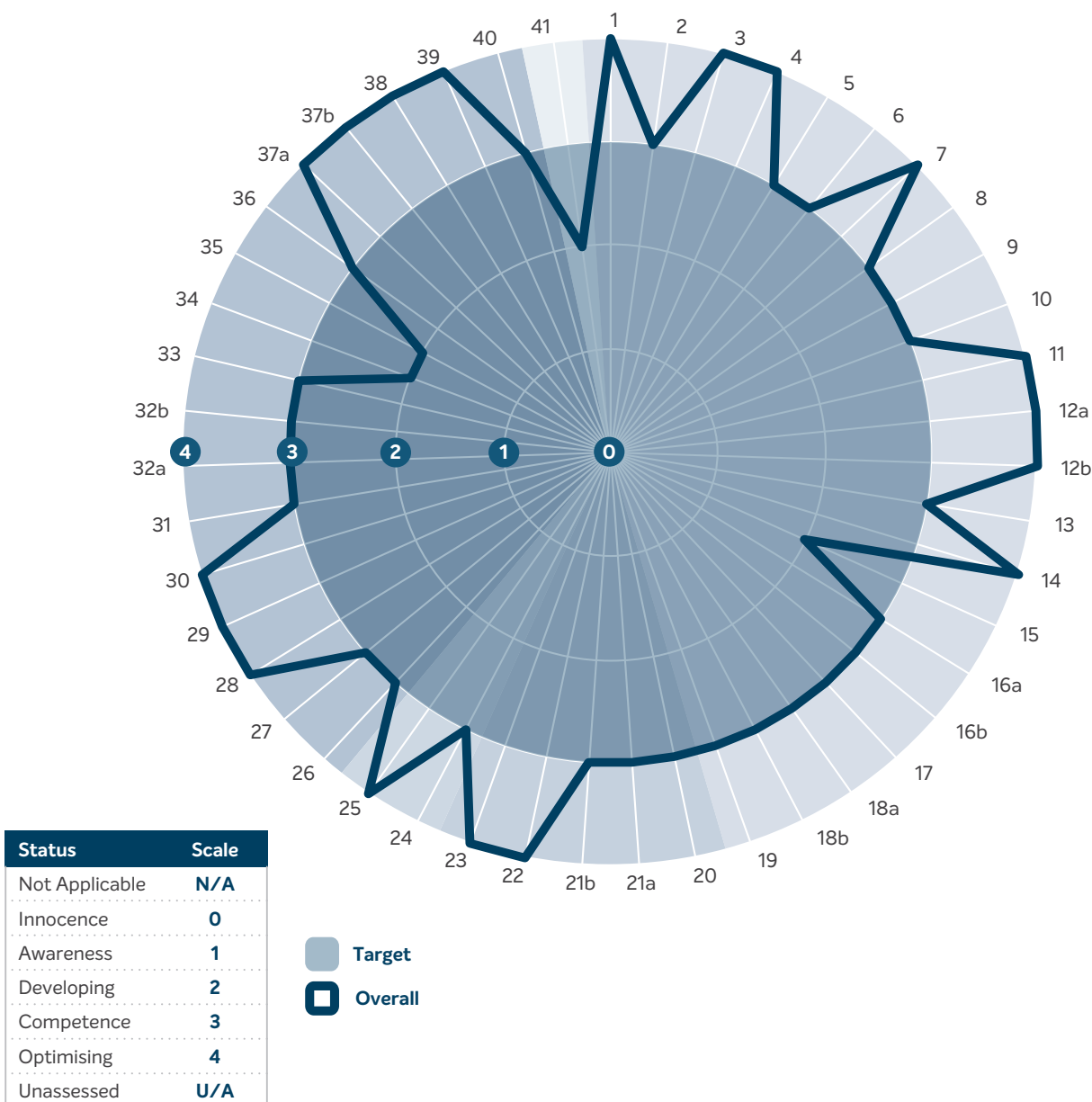
Operation (requirements 26-40)

Barwon Water has met most (13 out of 15) of its requirements in this category.

We partially complied in Area Nos. 34 and 35 (Information Systems and their establishment). The partial non-compliance reflects that our new Asset Management Information System has not been fully embedded within the organisation.

Disposal (requirement 41)

Barwon Water has partially met its target maturity level in this category. The rating reflects that disposal procedures exist, but a rigorous management procedure is not yet in place. The organisation has several tasks planned to strengthen this area. These includes early identification of disposal requirements in the asset planning phase and the systematic identification of obsolete assets and their ongoing management.



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).

These include:

- ensuring our employment policies such as flexible working arrangements and leave provisions comply with the statement of principles in the Act, and that they are accessible to carers
- reviewing the act for additional actions in line with the principles and assessing priorities.

In addition to our obligations under the *Carers Recognition Act*, we are seeking to further understand the caring responsibilities of our employees through our Belonging @ Barwon Water Employee Experience survey in July 2021. The data collected will be used to inform our Belonging @ Barwon Water Inclusion Action Plan 2021-24 and ensure an inclusive approach to all employees, including those with caring responsibilities.

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 Broad-based 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: www.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

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

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Website: www.ibac.vic.gov.au

Phone: 1300 735 135

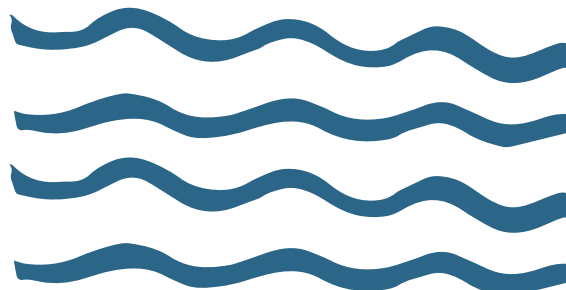
Email: See the website above for the secure email disclosure process, which also provides for anonymous disclosures.

The VO can be contacted in writing at:

Victorian Ombudsman

Level 2, 570 Bourke Street
Melbourne VIC 3000

The VO also offers an online form, available at; <https://www.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 2020–21, Barwon Water commenced five Local Jobs First Standard projects totalling \$6,514,233 (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 91.96 per cent of local content commitment was made
- a total of 29.19 jobs (annualised employee equivalent (AEE)) were committed, including creation of 7.89 new jobs and retention of 21.3 existing jobs (AEE)
- a total of 3.68 positions for apprentices/trainees were committed, including 1.01 new apprenticeships/traineeships and retention of 2.67 existing apprenticeships/traineeships
- We did not commence any projects that met requirements of the MPSG.

Projects completed – Local Jobs First Standard:

During 2020–21, Barwon Water completed three Local Jobs First Standard projects collectively valued at \$3,430,621 (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 96.43 per cent of local content commitment was made
- a total of 14.43 jobs (AEE) were committed, zero new jobs were created and 10 existing jobs were retained
- a total of one position for apprentices/trainees were committed, zero new apprenticeships/traineeships were created
- the retention of the remaining one 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 2020–21, there were 21 small to medium sized businesses that prepared a VIIP Plan or LIDP for contracts, with none prepared by large businesses.

During 2020–21 nine 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 2020–21, Barwon Water commenced zero Local Jobs First Strategic projects.

Projects completed – Local Jobs First Strategic:

During 2020–21, 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 \$252,510.
- Indigenous business spend of \$339,762
- 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 four employees and nine supported employees
- Ongoing signatory to GROW Compaction Action Plan. The primary, underlying objective of GROW is to address long-term, entrenched, placed based disadvantage in the G21 Region
- Continuation of appointment to Barwon Water's Maintenance Services Panel of My Maintenance Crew, a social enterprise and a project of Diversitat, a not-for-profit community organisation with a long history of caring and supporting the disadvantaged and disengaged youth in the Geelong region
- Social procurement schedules were included in all Request for Quotation and Request for Tender templates
- Eastern Maar Aboriginal Corporation (EMAC) Project Agreement signed. This will help fund a review of EMACs Country plan.

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.

Barwon Water is a foundation member of the VicWater Social Procurement Working Group, which aims to uplift knowledge and identify collaborative opportunities across the sector.

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
- developed and conducted briefing sessions to staff on modern slavery
- conducted deeper due diligence on high-risk categories e.g. Cleaning Services.

‘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 2020–21, there were 57 consultancies where the total fees payable to the consultants were \$10,000 or greater.

The total expenditure incurred during 2020–21 in relation to these consultancies was \$4,349,322 (excl. GST).

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

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

In 2020–21, there were 44 consultancies where the total fees payable to the consultants were less than \$10,000.

The total expenditure incurred during 2020–21 in relation to these consultancies was \$203,008 (excl. GST).

Contracts entered into greater than \$10 million:

No contracts greater than \$10 million were entered into.

Government advertising expenditure

Barwon Water’s expenditure in the 2020–21 reporting period on government campaign expenditure did not exceed \$100,000.

Information and Communications Technology (ICT) expenditure

For the 2020–21 reporting period, Barwon Water had a total ICT expenditure of \$15,944,747 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)
\$7,810,297 (Total)	\$8,134,450	\$4,400,869	\$3,733,581

“**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
<p>Climate change Provide services environmental impacts, mitigate climate change and put in place adaptation strategies and actions.</p>	<p>E2 Emission reductions Demonstrate reasonable progress toward achievement of the entity's emission reduction pledge.</p>	<p>E2 Total net emissions of CO2 equivalent tonnes.</p>	<ul style="list-style-type: none"> • Driven by Strategy 2030 targets of 100 per cent renewable electricity by 2025 and zero net emissions by 2030. • 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 2020/21 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 – Recently switched on our first 360kW biogas cogeneration facility, part of the Colac Renewable Organics Network – Implementing the Barwon Region Renewable Energy Project – together with Barwon Health and GeelongPort – to take us the rest of the way to 100% renewable electricity • Looking further ahead, we have commenced initial planning to mitigate our residual scope 1 emissions through carbon sequestration and offsetting.
	<p>E3 Adaptation to climate change and variability Apply the Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria and demonstrate adaptation by:</p> <ul style="list-style-type: none"> • Urban water corporations: through their application in drought preparedness and urban water strategies • Rural water corporations (as applicable) to develop and/or implement low flow contingency plans that include an appropriate range of climate scenarios. <p>A. Integrate climate change adaptation into decision-making across the business (all sources of water, wastewater, and where relevant drainage and flood management) including*:</p> <ul style="list-style-type: none"> • source waters and demand • built assets • natural environment • people and workplace • interdependencies • customer and product delivery. 	<p>E3 Qualitative description of how adaptation will be undertaken in each of the six business areas. Include consideration of short, medium and long term changes.</p>	<p>A new comprehensive Climate Resilience Plan has been completed. The Plan merges existing work and new initiatives to provide a cohesive vision and plan to embed climate resilience across the business and build our capacity to respond to climate change. It includes 26 actions across the following five action areas:</p> <ul style="list-style-type: none"> • Embedding climate resilience • Water security • Infrastructure resilience • Transition to zero net emissions • Community resilience. <p>A Monitoring and Implementation plan to support the on-going implementation of the Climate Resilience Plan is currently under development. Implementation of the plan will be overseen by the Zero Emissions/Zero Waste Project Control Board.</p>



Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
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 has continued to deliver our dedicated Customer Experience (CX) Program, developed through extensive customer engagement in 2019. In 2020-21, CX improvements have been delivered through: <ul style="list-style-type: none"> • Customer Support Program • Voice of Customer Program • Improved call handling and CX capability uplift • Inclusive and accessible customer communications • Multi-channel customer solutions.
		CR1 Water quality complaints	<ul style="list-style-type: none"> • Water quality complaints for 2020-21 were 1.42 per 1,000 customers, below the current target of 3.00. • In October 2020, Barwon Water transitioned to a new definition of a customer complaint to align with the ESC definition and a sector wide approach. This change means that any expression of customer dissatisfaction received from any touch-point, is now recorded as a complaint. This includes issues resolved at the first point of contact which previously had not been the case if the customer received a satisfactory outcome as a result of their enquiry being answered. This change has resulted in an anticipated increase in complaint numbers during the 2020-21 financial year.
		CR4 Number of billing payment issues	<ul style="list-style-type: none"> • Billing complaints for 2020-21 were 1.1 per 1,000 customers, below the current target of 1.20. • In line with the definition change, complaints related to billing have increased as anticipated – especially as the majority of billing complaints are resolved at the first point of contact and are now reflected in our data. • Barwon Water continues to provide coaching and training to frontline staff to ensure individual customer scenarios are understood and linked to customer support provisions where needed. • A review of the bill content and format also commenced in 2020-21 to remove unnecessary complexity and improve accessibility.
	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 has been engaging extensively on a number of initiatives during the 2020-21 period including: <ul style="list-style-type: none"> • Regional and Colac Renewable Organics Networks • 2018 and 2023 Price Submissions • Water for our Future 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 Barwon Water will continue to engage extensively on a number of initiatives including: <ul style="list-style-type: none"> • 2018 and 2023 Price Submission • Water for our Future 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.

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
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 of Aboriginal communities for involvement in business opportunities and access to water for economic development. 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.	AC1.1 A strategy that demonstrates how the water corporation will build capability and understanding of procurement processes to address barriers for Aboriginal enterprises to supply goods/ services to water corporations.	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"> • Barwon Water's Social Procurement Strategy (SPS) has been approved by the Department of Treasury and Finance 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. • Barwon Water is required to submit an annual Social Procurement Strategy (SPS) statement. A key item in the SPS continues to be 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 Barwon Water's 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. Staff can identify accredited 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. • We have numerous commercial relationships with Aboriginal and Torres Strait Islander owned businesses. Some of the services and goods we have procured through these businesses include stationary, cultural awareness training, facilitation, employment, catering, clothing, consulting works, graphic design, artwork etc.
		AC1.2 Number/ explanation of sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships.	<ul style="list-style-type: none"> • Through our Traineeship Program we are providing employment opportunities to Aboriginal and Torres Strait Islander people. • Driven by our Reconciliation Action Plan we work with employment agencies to provide opportunities for Aboriginal and Torres Strait Islander people to undertake and complete our Traineeship program.
		AC1.3 Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last 5 years	<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 groups. • 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.
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 engagements with Traditional Owners in water planning and management and report on outcomes.	<ul style="list-style-type: none"> • The partnership agreement has been revised and updated for another three (3) year term with Wadawurrung Traditional Owner Aboriginal Corporation that provides information on the topics and projects that we will be engaging with them. • 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 Program</i>, Urban Water Strategy and Land/ Water management opportunities. 	



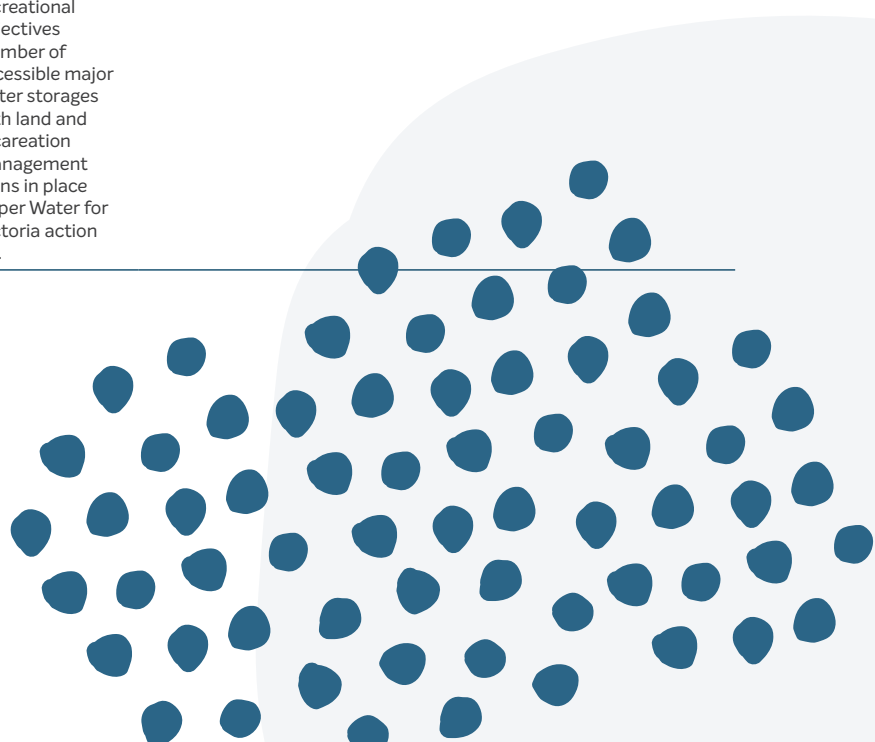
Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
Water for Aboriginal cultural, spiritual and economic values (Continued)		AC2.2 Number of pilot programs to test different ways to achieve shared benefits.	<p>Barwon Water has identified a number of opportunities to implement 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 • Revision of the current Partnership Agreement with Wadawurrung Traditional Owner Aboriginal Corporation for a renewed three (3) year term • Appointing our own Aboriginal Partnerships Advisor 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.
	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 2021-2024. • 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.
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. establishment of and participation in IWM forum(s) in your region B. development of and contribution to Strategic Direction Statement(s) in your region C. Implementation of priority IWM plans and projects, as applicable D. delivering IWM outcomes for the region	<ul style="list-style-type: none"> • Barwon Water actively contributes to the functioning of the Barwon IMW Forum through chairing, and providing executive support to, the Forum. • We are monitoring implementation of priority projects identified in the 2018 Barwon Strategic Direction Statement, (SDS). All the identified priority projects in the SDS are currently being progressed with a refresh completed to move completed projects off the list and add new projects. • 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 (PSPs). • Leading and facilitating the IWM Barwon Region Network to deliver IWM projects across the region • Leading and contributing to significant IWM projects and processes including the establishment of an IWM planning template, Deakin University IWM Plan, Forrest Wastewater Management Plan and Stead Park Recycled Water Project • Clear progress on priority IWM projects and the establishment of partnerships is delivering IWM outcomes for the region.
	L2 Water efficiency (urban) Implement water efficiency programs aligned with Target 155 (Metros) and Target Your Water Use (Regional Urban).	L2 Continue to collaborate on the Victorian Water Efficiency Strategy by: A. Water corporations working together through a coordination group to develop Statewide initiatives and: B. Reporting the number of customers in need assisted by Community Rebate Program	<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. • We have implemented residential and non-residential initiatives as part of our 5-year Sustainable Water Use Plan, including the Target Your Water Use Summer Campaign, WaterAssist Home, Coastal Partnerships, Business Water Grants 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, events and bill inserts. • We have provided support to 405 customers as part of the Community Rebate Program (2020-21), with estimated water savings of 18.6 ML per year.

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
	<p>L3 Water bills (urban) Victorian water bills are amongst the lowest in Australia. (not applicable to MW)</p>	<p>L3 Total residential bill based on: A. average consumption B. 200kl consumption.</p>	<ul style="list-style-type: none"> The 2019–20 BoM National Performance Report showed Barwon Water having the third lowest typical bill across Australia among its peers (businesses with 100,000+ customers), with City West Water, South East Water ranking 1st and 2nd. <p>‘200kL consumption’</p> <ul style="list-style-type: none"> National average \$1,391 Barwon Water bill \$1,032 For 2021–22 customer bills for average residential owner-occupiers and tenants (160kL) will decrease to \$1,034 and \$298 respectively.
<p>Financial Sustainability Delivering safe and cost-effective water and wastewater services in a financially sustainable way.</p>	<p>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>	<p>L4 A. Number of instalment plans at the end of the reporting period B. Number of customers awarded hardship grants</p>	<ul style="list-style-type: none"> Barwon Water’s number of instalment plans was 8,465 at the end of 2020–21, an increase of 14% (1,063 additional customers) from the 7,402 recorded at the end of 2019–20. The increased number of customers on formal instalment plans has resulted from soft skills training of customer service agents, and a significant growth in proactive outbound communication with customers to encourage them to engage with support mechanisms. In addition, we have continued to increase our efforts under our Customer Support (hardship) Program, which has directly contributed to the uplift in the overall number of instalment plans. We have also observed a 47% year-on-year increase in the number of customers awarded hardship grants, from 2,405 during 2019–20 up to 3,547 during 2020–21. The growth in our customer support offering has been led by refinement and growth of our Customer Support (hardship) Program, supported by ongoing staff capability uplift. Initiatives have included: improved customer awareness via bill and reminder inserts, improved direct communication, additional staff cross-training and recruitment, and new outbound calling campaigns to encourage assistance program uptake. We expect these passive and proactive measures to continue to result in an ongoing increase in these numbers.





Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
<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 four themes of Water for Victoria, including numbers where available: <ol style="list-style-type: none"> A. Community engagement in order to understand recreational objectives relating to water and waterways B. Planning and management that incorporates consideration of recreational values objectives C. Availability of accessible, user-friendly information to help recreational users to plan their activities D. Collaboration with other organisations and government agencies to explore and progress opportunities to support recreational objectives 3. 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. • Projects will focus on increasing public safety and amenity value of our facilities and developing new partnerships with the community, in exploring opportunities to enhance the social and recreational values associated with water and water assets. 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 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. • In addition, Barwon Water continues to: <ul style="list-style-type: none"> - Consider recreational benefits and multiple uses of water and waterways in annual and long-term planning. - Support Colac Otway Shire to deliver the Forrest Mountain Bike Trails Revitalisation project which will include development of new trails and enhancement of existing trails located on Barwon Water land. - Coordinate fish stocking at reservoirs through collaboration with Fisheries Victoria and community groups. - Enhance community understanding and access to information regarding recreational opportunities - Support community events through usage of our reservoir sites for regionally significant mountain bike, running and festival events. • The key reservoirs sites include Bostock, Upper Stoney, Wurdee Boluc, Painkalac, and West Barwon, and works may include: <ul style="list-style-type: none"> - walking/bush trails - cultural interpretative information, including signage, sculptures and artwork - native revegetation - Picnic/ BBQ areas.



Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
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. The Plan has this year focussed on: <ul style="list-style-type: none"> • Developing inclusive leadership through Barwon Water's LEAD 2030 program • Roll out of water industry online diversity training and unconscious bias training workshops • Participation in annual events celebrating difference including IDAHOBIT, NAIDOC and Social Inclusion Week • Overhaul of recruitment, selection and retention strategies and traineeship program with a focus on diversity and inclusion • Inclusion of Diversity and Inclusion targets in balanced scorecard • Building capacity of employees on the importance and benefits on diversity in the workplace • Applying a diversity lens to attract and retain the right people, through a reviewed recruitment strategy that supports inclusion and diversity. • Development of our Belonging @ Barwon Water Inclusion Action Plan 2021-24 ensuring alignment to the Gender Equality Act 2020. • Barwon Water is driving diversity, inclusion and gender equity at all levels of the organisation.
		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 47% men and 53% women. • Barwon Water aims to maintain 50 per cent females in senior leadership positions over the 5-year period. • As part of the gender and equity, inclusion strategy, there is a target under the Aboriginal Values pillar to reflect the community we live in of 1.5 per cent of people who identify as ATSI. • As at June, 2021, the number of ATSI people in the business was 2.0 per cent.
		G1.3 Adopt a 1% target for Aboriginal people in the business consistent with Vic government policy[1] and work to a stretch target of 3% by 2020 (DELWP policy[2]).	We are working towards a stretch target through two programs: <ul style="list-style-type: none"> • Barwon Water Traineeship Program: <ul style="list-style-type: none"> • Aim is to have four Aboriginal or Torres Straight Island trainees • Welcome to Country & Smoking Ceremony • Partnering with Wan-Yaari Aboriginal Consultancy • Wan-Yaari job board. • Traineeship program (sourcing candidates, job ready training, post-employment cultural support) • Co-branding recruitment campaigns where relevant • Aboriginal Cultural Awareness workshops and training • Aboriginal Career Expo • Cultural Awareness Training Day (off site) in the new starter on-boarding (Wadawurrung) • Reconciliation Action Plan in the new starter on-boarding.
		G1.4 Actions taken to improve participation by Traditional Owners in Board committees and other organisational Committees.	<ul style="list-style-type: none"> • In October, 2019, we welcomed Wadawurrung woman Corrina Eccles to 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 to the Board a unique insight into Indigenous culture, perspectives and values relating to water. • During 2020-21 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. • Barwon Water employs a dedicated Aboriginal Partnerships Advisor, whose role includes, amongst a range of things, increasing Aboriginal participation across our business.
		G1.5 Number of respondents to the VPSC People Matter Survey from each water corporation.	Barwon Water participated in the People Matter Survey from 12 – 30 October, 2020. <ul style="list-style-type: none"> • An engagement plan was developed to maximise participation rates including communications and learning campaign, and targeted actions for areas based on monitored response rates • We saw a response rate of 48 per cent of staff completing the survey, an increase from 38 per cent in June 2019. <ul style="list-style-type: none"> – Results demonstrate positive improvement with 93 per cent of questions receiving an increased favourable response on the previous year and 73 per cent of questions receiving more favourable response than comparator water groups. – Results demonstrated overwhelmingly that our employees received support from the organisation throughout COVID-19, with results being 93 per cent favourable or higher for COVID-19 support related questions.



Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
	G2 Board performance review Annual Board performance review to help monitor and improve the Board's effectiveness in leading the organisation.	G2 Board performance report submitted to the Minister for Water by 31 March each year with identified actions for continuous improvement. Monitoring of previous year's actions have had a positive result on the Board's ability to lead the organisation.	<ul style="list-style-type: none"> Board Assessment undertaken annually in accord with the Ministers directions. The resulting Board action plans for individual Directors and as a unified Board provide personal and group development with whole of Board actions reviewed by Directors at each Board Meeting.
	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 July 1, 2020 to 1.83 at end of June, 2021.
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 independent credit rating was extended (as a result of COVID-19) to 30 June 2021, being BBB+ and FAL rate is 0.80% in 2020-21 (BBB 0.92%). DTF undertook a desktop rating in June, 2021 which determined that Barwon Water's rating was upgraded to A- from 1st July 2021. The upgrade has resulted in a reduced to FAL rate for the 2021-22 year from 1.21% BBB+ to 1.06% A-.



PART 5. Performance Report

.....

*Geelong Cats AFL player
Cam Guthrie was the Barwon Water
ambassador for 2020-21.*

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

Consolidated Performance Report 2020-21

1. Financial Performance Indicators

KPI No.	Key Performance Indicator	2019-20 Result	2020-21 Result	2020-21 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	3.10 times	3.42 times	3.10 times	10.3%	1a	10.3%	1b
F2	Gearing Ratio – Total debt (including finance leases) / total assets * 100	21.70%	17.88%	18.80%	-17.6%	2a	-4.9%	
F3	Internal Financing Ratio – Net operating cash flow less dividends / net capital expenditure * 100	103.90%	162.55%	88.5%	56.4%	3a	83.7%	3b
F4	Current Ratio – Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	0.88 times	0.91 times	0.60 times	3.4%		51.7%	4b
F5	Return on Assets – Earnings before net interest and tax / average assets * 100	2.23%	2.06%	2.10%	-7.6%		-1.9%	
F6	Return on Equity – Net profit after tax / average total equity * 100	1.11%	1.08%	1.00%	-2.7%		8.0%	
F7	EBITDA Margin – Earnings before interest, tax, depreciation and amortisation / total revenue * 100	53.59%	54.08%	53.80%	0.9%		0.5%	

Notes:

- 1a *The favourable cash interest cover ratio to prior year is the result of the net cash inflow from operating activities being higher than target. This has been impacted by higher than target tariff cash received due to the impacts of COVID-19 as the target incorporated a conservative (lower) level of expected cash from customers than eventuated. The higher than target funds from the property realisation program also contributed to the favourable variance while being offset by higher than target operating expense and interest costs.*
- 1b *The favourable cash interest cover ratio to target is the result of the net cash inflow from operating activities being higher than the prior year. This has been impacted by reduced interest costs due to the record low borrowing rates during the period, efficiency gains in the supply of goods and services and an increase in the funds received from the property realisation program.*
- 2a *The favourable gearing ratio to prior year is a direct result of the asset revaluation impacts of the revaluation undertaken at 30 June 2021 on infrastructure, land and buildings combined with the reduction of total borrowings due to the increase in the net cash inflow from operating activities, reduced payment for the purchase of property plant and equipment and increase in funds from the sale of property plant and equipment.*
- 3a *The favourable internal financing ratio to prior year reflects the favourable variance in the net cash inflow from operating activities, reduced payments for the purchase of infrastructure, property, plant and equipment and the increase in funds from the sale of property, plant and equipment.*
- 3b *The favourable internal financing ratio to target reflects the favourable variance in the net cash inflow from operating activities. This has been impacted by reduced interest costs due to the record low borrowing rates during the period, efficiency gains in the supply of goods and services and an increase in the funds received from the property realisation program.*
- 4b *The favourable current ratio to target reflects the above target cash on hand and assets held for sale at 30 June 2021. Cash increased as a result of the movements noted with the favourable net cash inflow from operating activities and the favourable net outflow from investing activities.*

2. Water and Sewerage Service Performance Indicators

KPI No.	Key Performance Indicator	2019-20 Result	2020-21 Result	2020-21 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%		-100.0%	5b
WS2	Interruption time – Average duration of unplanned water supply interruptions	89.2 minutes	113.1 minutes	125.0 minutes	26.8%	6a	-9.5%	6b
WS3	Restoration of unplanned water supply – Unplanned water supply interruptions restored within five hours / total unplanned water supply interruptions *100	97.3%	93.4%	96.5%	-4.0%		-3.2%	
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	99.6%	98.4%	98.0%	-1.2%		0.4%	
SS2	Sewer spills interruptions – No. of residential sewerage customers affected by sewerage interruptions restored within five hours.	96.5%	96.6%	91.0%	0.1%		6.2%	7b

Notes:

- 5b *A favourable variance to target continues to be due to reducing system pressure and risk based prioritisation and improvements in the delivery of the mains replacement program resulting in a gradual reduction in failure rates for water mains.*
- 6a *An unfavourable variance to last year is due to process and work methodology changes related to health and safety. Corrective actions to improve this will involve embedding these process and work methodology changes to make more efficient.*
- 6b *A favourable variance to target is due to an ongoing focus on meeting unplanned water supply interruptions restored within five hours.*
- 7b *A 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	2019-20 Result	2020-21 Result	2020-21 Target	Variance to prior year	Notes	Variance to target	Notes
CR1	Water quality complaints No. of complaints per 1,000 customers	1.19	1.42	3.00	19.3%	8a	-52.7%	8b
CR4	Billing complaints No. of complaints per 1,000 customers.	0.39	1.11	1.20	184.6%	9a	-7.5%	9b

Notes:

- 8a *The unfavourable variance to the prior year may be attributed to variations in water usage patterns due to the impact of COVID-19. When water usage patterns change considerably, they can influence disturbance of natural organic sediment, 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.*
- 8b *The favourable variance to the target in 2020-21 continues the favourable trend in recent years due to no events that created widespread complaint.*
- 9a *Barwon Water reviewed and updated the definition of a complaint to align with the ESC definition and the sector wide approach led by WSAA. This change – which was implemented in October 2020 – means that any expression of dissatisfaction from a customer is now recorded as a complaint, which now includes issues resolved at the first point of contact. Previously, if a customer issue was resolved at first contact, this was not always captured as a complaint as the customer often received a satisfactory outcome as a result of their enquiry being answered. This change is particularly relevant to billing related enquiries, as this is one of the main reasons why customers contact us.*
The increased visibility of complaint data related to payment issues, is assisting us to better target improvement actions such as a review of the bill format; multi-channel easy to pay options such as SMS click to pay; call handling quality and customer support measures.
- 9b *Following the review and update of the definition of a complaint, the favourable 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	2019-20 Result	2020-21 Result	2020-21 Target	Variance to prior year	Notes	Variance to target	Notes
E1	Effluent re-use volume (end use)	15.2%	12.5%	20.0%	-17.8%	10a	-37.5%	10b
E2	Total net CO₂ emissions Net tonnes CO ₂ equivalent	44,259	30,082	30,904	-32.0%	11a	-2.7%	

Notes:

- 10a *An unfavourable variance to prior year is due to increased inflow combined with lower reuse during the wetter summer months.*
- 10b *An unfavourable variance to target is due to increased inflow combined with lower reuse during the wetter summer months, particularly within the agricultural sector where there was a reduction of 695 ML compared with the previous year.*
- 11a *The favourable variance from the prior year is primarily a result of increased renewable electricity supply and reduced electricity consumption. A further contributing factor was a change in the National Greenhouse and Energy Reporting (NGER) emissions factors for calculating nitrous oxide emissions from wastewater treatment, resulting in a significant reduction in reported emissions from this source.*

.....

Certification of Performance Report for 2020-2021

We certify that the accompanying Performance Report for the Group in respect of the 2020-21 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 2020-21 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 28th day of September 2021.



Victorian Auditor-General's Office

Independent Auditor's Report

To the Board of the Barwon Region Water Corporation

Opinion I have audited the accompanying performance report of the Barwon Region Water Corporation (the corporation) for the year ended 30 June 2021, which comprises the:

- financial performance indicators
- water and sewerage service performance indicators
- customer responsiveness performance indicators
- environmental performance indicators
- certification of performance report.

In my opinion, the performance report of the Barwon Region Water Corporation for the year ended 30 June 2021, presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the *Financial Management Act 1994*.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the performance report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the performance report The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.

**Auditor's
responsibilities
for the audit of
the
performance
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the performance report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance report.

As part of an audit in accordance with the Australian Standards on Assurance Engagements, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the performance report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the overall presentation, structure and content of the performance report, including the disclosures, and whether the performance report represents the underlying events and results in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
30 September 2021



Paul Martin
as delegate for the Auditor-General of Victoria



PART 6. Financial Statements



For the Year Ended 30 June 2021

Barwon Region Water Corporation (“Barwon Water”)
and its controlled entity (“The Group”)

Consolidated General Purpose Financial Report

For the Year Ended 30 June 2021

The Group has pleasure in presenting its audited general purpose financial statements for the financial year ended 30 June 2021. It is presented in the following structure:

Financial statements:	Page
• Consolidated Comprehensive Operating Statement for the financial year ended 30 June 2021	89
• Consolidated Balance Sheet as at 30 June 2021	90
• Consolidated Statement of Changes in Equity for the Financial Year Ended 30 June 2021	91
• Consolidated Cash Flow Statement for the financial year ended 30 June 2021	92
Notes to the financial statements:	
1. About this report	93
2. Funding delivery of our services	96
2.1 Revenue from contracts with customers	96
3. The cost of delivering services	98
3.1 Our people	98
3.2 Supplies and services	102
4. Key assets available to support output delivery	103
4.1 Total infrastructure, property, plant and equipment	103
4.2 Intangible assets	107
4.3 Assets classified as held for sale	108
5. Other assets and liabilities	109
5.1 Receivables	109
5.2 Contract assets	110
5.3 Payables	111
5.4 Contract liabilities	112
5.5 Other financial assets and liabilities	113
5.6 Other non-financial assets	114
5.7 Other provisions	114



6. How we financed our operations	116
6.1 Interest bearing liabilities	116
6.2 Cash flow information	118
6.3 Commitments for expenditure	119
6.4 Service concession arrangements	121
7. Risks, contingencies and valuation judgements	122
7.1 Financial instruments specific disclosures	122
7.2 Contingent assets and contingent liabilities	127
7.3 Fair value determination	128
8. Statutory obligations	133
8.1 Tax	133
8.2 Environmental contributions	135
9. Other disclosures	135
9.1 Equity	136
9.2 Events occurring after the balance date	136
9.3 Remuneration of executives	137
9.4 Responsible persons	137
9.5 Related parties	138
9.6 Remuneration of auditors	141
9.7 Ex-gratia expense	141
9.8 Goods and services tax	141
9.9 Controlled entity	142
9.10 Parent entity information – Barwon Region Water Corporation	142
9.11 Australian Accounting Standards issued that are not yet effective	143
Directors’ and Chief Finance and Accounting Officer’s declaration	144

Consolidated Comprehensive Operating Statement for the financial year ended 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
Revenue and income from continuing operations			
Service, usage and trade waste charges	2.1.1	195,094	193,181
Government grants and contributions		660	389
Developer contributions	2.1.2	42,302	44,026
Other income		17,970	10,177
Interest income		45	82
Net gain/(loss) on disposal of non-current assets	4.1.5	(4,641)	1,401
Rental income		664	645
Total revenue and income from continuing operations		252,094	249,901
Expenses			
Services and supplies	3.2	57,123	61,565
Interest expense	6.1.2	35,018	36,845
Depreciation, amortisation and impairment	4.1.3	73,839	70,816
Employee benefits	3.1.1	47,847	45,706
Environmental contribution	8.2	9,598	8,410
Other operating expense		1,203	309
Total expenses		224,628	223,651
Net result before tax		27,466	26,250
Income tax expense	8.1.1	6,593	6,468
Net result for the period		20,873	19,782
Other comprehensive income			
Items that will not be reclassified to net result			
Increase/(decrease) in revaluation of infrastructure, property, plant & equipment	9.1.2	377,078	-
(Increase)/decrease in impairment of infrastructure property, plant & equipment	9.1.2	(10,764)	(102)
Income tax relating to components of other comprehensive income	8.1.1	(106,395)	30
Total other comprehensive income		259,919	(72)
Comprehensive result		280,792	19,710

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

Consolidated Balance Sheet as at 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	6.2	24,283	35,012
Receivables	5.1	17,678	17,350
Contract assets	5.2	17,379	15,590
Inventories		1,455	1,350
Prepayments	5.6	1,380	2,207
Assets classified as held for sale	4.3	10,059	12,161
Total current assets		72,234	83,670
Non-current assets			
Receivables		31	36
Infrastructure, property, plant and equipment	4.1.1	3,125,608	2,745,263
Right-of-use assets		102	119
Intangible assets	4.2	13,901	15,605
Other financial assets	5.5	15	-
Total non-current assets		3,139,657	2,761,023
Total assets		3,211,891	2,844,693
LIABILITIES			
Current liabilities			
Payables	5.3	24,423	26,435
Contract liabilities	5.4	19,865	7,756
Interest bearing liabilities	6.1	46,645	62,945
Employee benefits - Provisions	3.1.2	12,326	12,621
Other financial liabilities	5.5	72	-
Other Provisions	5.7	3,780	1,544
Total current liabilities		107,111	111,301
Non-current liabilities			
Payables		83	149
Interest bearing liabilities	6.1	527,785	554,429
Employee benefits - provisions	3.1.2	916	909
Other financial liabilities	5.5	837	-
Other provisions	5.7	7,198	3,722
Net deferred tax liabilities	8.1.2	492,772	379,786
Total non-current liabilities		1,029,591	938,995
Total liabilities		1,136,702	1,050,296
Net assets		2,075,189	1,794,397
EQUITY			
Reserves	9.1.2	904,934	645,015
Contributed capital	9.1.1	459,098	459,098
Accumulated funds	9.1.3	711,157	690,284
Total equity		2,075,189	1,794,397

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 2021

		Contributed Capital	Reserves	Accumulated Funds	Total
	Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019		459,098	645,087	670,502	1,774,687
Comprehensive income for the year					
Net result for the year	9.1.3	-	-	19,782	19,782
Increase/(decrease) in infrastructure, property, plant and equipment as a result of revaluation, net of income tax	9.1.2	-	(72)	-	(72)
Total comprehensive income for the year		-	(72)	19,782	19,710
Balance at 30 June 2020		459,098	645,015	690,284	1,794,397
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

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 2021

		2021	2020
	Notes	\$'000	\$'000
Cash flows from operating activities		<i>Inflows</i>	<i>Inflows</i>
		<i>(Outflows)</i>	<i>(Outflows)</i>
Receipts			
Service, usage and tradewaste charges		197,170	197,660
Interest received		45	83
Developer contributions fees		12,261	12,436
Government contributions		660	389
GST received from the ATO		9,675	11,920
Other receipts		22,140	18,366
Payments			
Employees		(47,920)	(45,167)
Suppliers		(66,045)	(72,523)
Interest and other costs of finance paid		(34,666)	(37,055)
Environmental contribution paid		(9,598)	(8,410)
Net cash (outflow)/inflow from operating activities	6.2.1	83,722	77,699
Cash flows from investing activities			
Payments for purchase of infrastructure, property, plant and equipment		(76,845)	(79,299)
Proceeds from sale of infrastructure, property, plant and equipment		25,339	4,518
Net cash (outflow)/inflow from investing activities		(51,506)	(74,781)
Cash flows from financing activities			
Proceeds from new and paid down and refinanced borrowings		10,000	82,600
Payment of maturing borrowings paid down and refinanced		(51,600)	(58,000)
Payment of loans to ZEW Ltd		(15)	-
Repayment of lease liabilities		(1,330)	(1,033)
Net cash (outflow)/inflow from financing activities		(42,945)	23,567
Net increase/(decrease) in cash held		(10,729)	26,485
Cash and cash equivalents at the beginning of the financial year		35,012	8,527
Cash and cash equivalents at the end of the financial year	6.2	24,283	35,012

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 2021.

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 the 28th day of September 2021.

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

Barwon Assets Solution Pty Ltd is 100 per cent owned by Barwon Water.

Information relating to the Parent is disclosed in Note 9.10.

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 9.9.

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 dollars, which is the Group's functional and presentation currency.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid.

The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the 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 but may change significantly when new information becomes available.

Judgements, estimates and assumptions are required to be made about financial information being presented.

The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed.

Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Actual results may differ from these estimates. Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision.

Judgements and assumptions made by management in applying Australian accounting standards or "AAS" that have significant effects on the financial statements and estimates relate to:

Significant judgement and estimation area	Note number
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
Revaluation of non-current physical assets	4.1
Deferred tax	8.1.2
Accrued revenue	5.2
Other provisions	5.7

COVID-19 Pandemic

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 Groups 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
- 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 support of the Group's objectives.

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.

Structure

- 2.1 Revenue from contracts with customers**
 - 2.1.1** Service, usage and trade waste charges
 - 2.1.2** Developer contributions
 - 2.1.3** Contract assets and contract liabilities.



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

	2021	2020
	\$'000	\$'000
Service charges		
- Water service charges	23,965	24,353
- Sewerage service charges	84,594	81,796
- Recycled water service charges	1,343	1,322
	109,902	107,471
Usage charges		
- Water usage charges	70,457	70,545
- Sewage disposal charges	5,323	6,079
- Recycled water usage charges	1,041	605
	76,821	77,229
Tradewaste charges		
- Trade waste usage charges	4,448	4,632
- Trade waste other fees and charges	3,923	3,849
	8,371	8,481
Total service, usage and trade waste charges	195,094	193,181

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)	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. Where payments are made in advance by customers to unbilled accounts at reporting date, these payments are classified as contract liabilities as the Group has yet to provide the service. AASB 15 usually requires the disclosure of the aggregate amount of revenue expected to be derived from performance obligations which are unsatisfied as at the end of the reporting period. Management consider that such an amount cannot be reliably estimated, primarily because the Group's obligation to supply 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.	Revenue is recognised over time as service is provided.
Usage charges (recycled water, water and sewerage)	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.	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 Group has applied the practical expedient given in AASB 15, paragraph B16, where revenue can be recognised in the amount which it has a right to invoice, since the amount is considered by Group to correspond directly with the value to the customer of the Group's performance to date. 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 paid as part of the next period's charges. This estimated amount is included in contract assets.

The impact of COVID-19 on revenue derived for the financial year ending 30 June 2021 was identified by management as not significant.

2.1.2 Developer contributions

	2021	2020
	\$'000	\$'000
Developer contributions		
- Assets received from developers	30,587	29,576
- Fees paid by developers	11,695	14,309
- Customer capital contributions	20	141
Total developer contributions	42,302	44,026

Assets received from developers 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.

Revenue in respect to 'assets received from developers' is recognised at the fair value of the gifted assets by assessing the value of the works using a schedule of rates. Revenue recognition occurs in respect to these assets at the point in time when the Group has satisfied its performance obligation.

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 connected to the Group's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued.

New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property and connect to the Group's water supply and sewerage infrastructure network.

The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission and these charges contribute towards the cost of augmenting the Group's water supply distribution systems and sewerage disposal systems.

Revenue from new customer contributions is recognised at a point in time when the Group has satisfied its performance obligation. 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, or the customer is connected to the Group's infrastructure network for the provision of water and sewerage services when no Statement of Compliance is required to be issued, or the customer receives consent from the Group to proceed with their application.

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.

	2021 (\$'000)		2020 (\$'000)	
	Over time	Point in time	Over time	Point in time
Service charges	109,902	-	107,471	-
Usage charges	76,821	-	77,229	-
Tradewaste charges	8,371	-	8,481	-
Developer contributions	-	42,302	-	44,026
Sub total	195,094	42,962	193,181	44,415
Total		237,396		237,596

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.

Structure

3.1	Our people	3.2	Supplies and services
3.1.1	Employee benefits – consolidated comprehensive operating statement		
3.1.2	Employee benefits – consolidated balance sheet		
3.1.3	Superannuation		

3.1 Our people

3.1.1 Employee benefits – consolidated comprehensive operating statement

	2021	2020
	\$'000	\$'000
Employee benefits		
- Salaries and wages	38,821	35,274
- Annual leave	3,077	2,937
- Long service leave	(99)	1,158
- Employer superannuation contributions	4,272	4,200
- Termination benefit	168	240
- Other	1,608	1,897
Total employee benefit costs	47,847	45,706

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.

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.

	2021	2020
	\$'000	\$'000
Current provisions		
Annual leave		
Unconditional and expected to settle within 12 months	3,496	3,119
Long service leave		
Unconditional and expected to settle within 12 months	782	706
Unconditional and expected to settle after 12 months	6,664	7,302
Other		
Unconditional and expected to settle within 12 months	38	17
Provision for on-costs		
Unconditional and expected to settle within 12 months	573	543
Unconditional and expected to settle after 12 months	773	934
Total current provisions for employee benefits	12,326	12,621
Non-current provisions		
Employee benefits – Long service leave	821	807
On-costs	95	102
Total non-current provisions for employee benefits	916	909
Total provisions for employee benefits	13,242	13,530

Reconciliation of movement in on-cost provision	2021	2020
	\$'000	\$'000
Opening balance	1,579	1,629
Net provisions recognised	(138)	(50)
Closing balance	1,441	1,579
Current	1,346	1,477
Non-current	95	102
	1,441	1,579

Annual leave

Employee benefits relating to annual leave are expected to be settled wholly within twelve 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 twelve months after the reporting date, in which case it would be classified as a non-current liability.

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 settle wholly 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.

*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).

This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement, when they are made or due.

Contributions by the Group (excluding any unfunded liability payments) to the above superannuation plans for the financial year ended 30 June 2021 and 30 June 2020 are detailed below:

Scheme	Type of scheme	Rate	2021	2020
			\$'000	\$'000
Vision Super	Defined Benefits	9.50% - 19.56%	881	874
Vision Super	Accumulation Plan	9.50%	1,887	1,737
Other Funds	Accumulation Plan	9.50%	1,630	1,326

There was \$61,650 in outstanding contributions owing to the above schemes at 30 June 2021 (2020: \$45,556) and no loans issued from or to the above schemes as at 30 June 2021 (2020: \$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 \$852,408.

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. 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.

An interim actuarial review is currently underway for the Defined Benefit category as at 30 June 2021 as the Fund provides lifetime pensions in the Defined Benefit category. It is expected to be completed by 31 October 2021.

A full actuarial investigation as at 30 June 2020 was conducted and was completed by the due date of 31 December 2020. The vested benefit index (VBI) of the Defined Benefit category of which the Group is a contributing employer was 104.6% as at

30 June 2020 (107.1% at 30 June 2019).

The financial assumptions used to calculate the VBIs were:

- Net investment returns 5.6% pa (2019: 6.0%)
- Salary information 2.5% pa for two years and 2.75% (2019: 3.5% pa) thereafter
- Price inflation (CPI) 2.0% pa (2019: 2.0%)

Vision Super has advised that the estimated VBI as at 30 June 2021 was 109.7%. The Group have not received any further advice from the Fund on the impact of COVID-19 on the assumptions used to calculate the VBI for 30 June 2021.

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2020 triennial actuarial investigation showed that the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

The 2020 triennial actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which the Group is a contributing employer. Generally, a full actuarial investigation is conducted every three

years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2020.

The Fund's actuarial investigations identified the following for the Defined Benefit category:

	2020 (Triennial)	2019 (Interim)
	\$m	\$m
• A VBI surplus	100.0	151.3
• A total service liability surplus	200.0	233.4
• A discounted accrued benefits surplus	217.8	256.7

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 2020.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2020.

The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2020.

The Company was notified of the 30 June 2020 VBI during August 2020 (2019: August 2019).

The 2021 interim actuarial investigation

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2021. It is anticipated that this actuarial investigation will be completed by 31 October 2021.

The financial assumptions for the purposes of this investigation are:

	2021	2020
	Interim investigation	Triennial investigation
Net investment return	4.8% pa	5.6% pa
Salary inflation	2.75% pa	2.50% pa for the first two years and 2.75% pa thereafter
Price inflation	2.25% pa	2.0% pa

Employer contributions

Regular contributions

On the basis of the results of the 2020 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 2021, this rate was 9.5% of members' salaries (9.5% in 2019-20). 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 transferred to the employer's successor.

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.

	2021	2020
	\$'000	\$'000
Supplies and services		
- Direct operating expenses	37,086	38,747
- Administration expenses	12,152	15,276
- Bulk water supplies	7,885	7,542
Total supplies and services	57,123	61,565

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.	Accruals Basis. Charges are recognised as an expense when incurred in the 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.	Accruals Basis. Charges are recognised as an expense when incurred in the 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.	Accruals Basis. Charges are recognised as an expense when incurred in the 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.

- 4.1.3 Depreciation, impairment and amortisation
- 4.1.4 Reconciliation of movements in carrying values of infrastructure, property, plant and equipment
- 4.1.5 Net gain/(loss) on disposal of non-current assets

Structure

4.1 Total infrastructure, property, plant and equipment

4.1.1 Carrying amount by asset class

4.1.2 Accounting for revaluation movements

- 4.2 Intangible assets
- 4.3 Assets classified as held for sale

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	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land at fair value	165,776	146,248	-	-	165,776	146,248
Buildings at fair value	49,079	52,907	-	(3,856)	49,079	49,051
Heritage buildings at fair value	19,077	-	-	-	19,077	-
Infrastructure – Water Distribution at fair value	1,078,546	1,055,126	-	(91,749)	1,078,546	963,377
Infrastructure – Water Harvesting & Major Transfer at fair value	336,374	367,915	-	(15,755)	336,374	352,160
Infrastructure – Water Quality at fair value	90,844	101,559	-	(13,712)	90,844	87,847
Infrastructure – Sewer Collection at fair value	1,036,222	820,739	-	(75,723)	1,036,222	745,016
Infrastructure – Sewer Treatment & Disposal at fair value	233,993	289,603	-	(58,659)	233,993	230,944
Service concession assets	32,032	42,351	-	(10,470)	32,032	31,881
Plant, Equipment & Other at fair value	36,126	54,479	(19,800)	(38,823)	16,326	15,656
Capital Works in Progress at cost	67,339	123,083	-	-	67,339	123,083
Total infrastructure, property, plant and equipment	3,145,408	3,054,010	(19,800)	(308,747)	3,125,608	2,745,263

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 (2019–20 \$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 twenty 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 or AASB 138 *Intangible Assets* (AASB 138) as appropriate or as relevant.

After initial recognition, the Group depreciates the service concession asset over its useful life using the principles in AASB 116 *Property, Plant and Equipment* (AASB 116). SCAs are subject to revaluation as required by Financial Reporting Direction 1031 *Non-Financial Physical Assets* (FRD 1031). 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 recognised initially at cost, except for developer contributions which are valued at fair value, and subsequently recorded at fair value less accumulated depreciation and impairment in accordance with the requirements of Financial Reporting Direction (FRD) 1031 *Non-Financial Physical Assets*. Fair value is determined with regards to the assets highest value in use.

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 1031 *Non-Financial Physical Assets* (FRD 1031).

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:

- Infrastructure was valued by Massimo Gozzo AAPI, CPV (P&M), ASA from KPMG, and
- Land and building was valued by Paul O'Kelly AAPI, Certified Practising Valuer, Liquid Pacific Asset Consultants.

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 1031.

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 and infrastructure 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 COVID-19 outbreak has caused. The valuer has advised that the current market environment, impacted by COVID-19, creates significant valuation uncertainty for which they have been considered and reflected in the valuation report. The value assessed at the valuation date may therefore change over a relatively short time period. The uncertainty does not invalidate nor imply that the valuation cannot be relied upon.

The plant, equipment and 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 de-recognition 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.

		2021	2020
	Notes	\$'000	\$'000
Depreciation of infrastructure, property, plant and equipment	4.1.4	67,631	65,258
Depreciation of service concession assets	4.1.4	2,617	2,618
Depreciation of right of use assets		16	18
Impairment	4.1.4	10,764	655
<i>less impairment recognised through asset revaluation reserve</i>	9.1.2	(10,764)	(102)
Total depreciation and impairment		70,264	68,447
Amortisation	4.2	3,575	2,369
Total depreciation, impairment and amortisation		73,839	70,816

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated.

Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation is not recognised in respect of land and heritage assets because service potential has not, in any material sense, been consumed during the reporting period.

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 and equipment class	Useful life
Buildings	40 - 70 years
Infrastructure - distribution	20 - 90 years
Infrastructure - harvesting and major transfer	20 - 350 years
Infrastructure - quality	20 - 120 years
Infrastructure - collection	20 - 350 years
Infrastructure - treatment and disposal	20 - 120 years
Service concession asset	20 years
Plant, equipment and other	5 - 20 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.

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 depreciated replacement cost and fair value less costs of disposal. The impact of climate risk is not a key assumption of depreciated 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 2021.

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

	Carrying amount at 1 July \$'000	Additions \$'000	Disposals \$'000	Revaluation \$'000	Impairments \$'000	Transfers between Asset Classes \$'000	* Fair values of assets received free of charge \$'000	Depreciation \$'000	Closing WDV at 30 June \$'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

	Carrying amount at 1 July \$'000	Additions \$'000	Disposals \$'000	Revaluation \$'000	Impairments \$'000	Transfers between Asset Classes \$'000	* Fair values of assets received free of charge \$'000	Depreciation \$'000	Closing WDV at 30 June \$'000
2019-20									
Land	144,949	-	(2,035)	-	(451)	3,785	-	-	146,248
Buildings	50,200	-	(83)	-	-	140	-	(1,206)	49,051
Water distribution	969,737	-	-	-	-	3,150	13,780	(23,290)	963,377
Water harvesting and major transfer	355,726	-	-	-	-	424	-	(3,990)	352,160
Water quality	84,716	-	(11)	-	-	6,499	-	(3,357)	87,847
Sewer collection	731,390	-	(714)	-	-	17,713	15,796	(19,169)	745,016
Sewer treatment and disposal	238,732	-	(1)	-	(1)	3,877	-	(11,663)	230,944
Service concession assets	34,499	-	-	-	-	-	-	(2,618)	31,881
Plant, equipment and other	16,020	38	(220)	-	-	2,401	-	(2,583)	15,656
Capital works in progress	89,006	108,821	(53)	-	(203)	(44,912)	(29,576)	-	123,083
Total infrastructure, property, plant and equipment	2,714,975	108,859	(3,117)	-	(655)	(6,923)	-	(67,876)	2,745,263

* Developer contributions

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

The net result for the period from ordinary activities includes the following specific net gains and expenses:

	2021	2020
	\$'000	\$'000
Proceeds on sale of infrastructure, property, plant and equipment	139	4,518
Less written down value	(4,780)	(3,117)
Net profit/(loss) on disposal	(4,641)	1,401

4.2 Intangible assets

	2021	2020
	\$'000	\$'000
At cost	33,557	35,826
Less: accumulated amortisation	(19,656)	(20,221)
Total intangible assets	13,901	15,605

	Software	Bulk Water Entitlement	Other	Total
	\$'000	\$'000	\$'000	\$'000
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
Opening WDV at 1 July 2019	5,129	5,922	-	11,051
Additions	6,923	-	-	6,923
Amortisation	(2,369)	-	-	(2,369)
Closing WDV at 30 June 2020	9,683	5,922	-	15,605

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.

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 Assets classified as held for sale

	2021	2020
	\$'000	\$'000
Freehold Land held for sale	10,059	12,161
Total assets classified as held for sale	10,059	12,161

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 2021 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.

Structure

5.1 Receivables

5.1.1 Impairment of contractual receivables

5.1.2 Reconciliation of the expected credit loss allowance

5.2 Contract assets

5.3 Payables

5.3.1 Ageing analysis of contractual payments

5.4 Contract liabilities

5.5 Other financial assets and liabilities

5.6 Other non-financial assets

5.7 Other provisions

5.1 Receivables

	2021	2020
	\$'000	\$'000
Current		
Contractual		
Service and usage	15,233	14,941
Allowance for expected credit losses	(250)	(290)
Other receivables	1,014	782
Statutory		
Amount owing from Victorian Government	656	16
GST input tax credit receivables	1,025	1,901
Total current receivables	17,678	17,350

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	Recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments because they do not arise from a contract. The Group applies AASB 9 for initial measurement of the statutory receivables and as a result 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 Regulation.

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 2021 and 30 June 2020 was determined as follows for receivables – service and usage charges and other receivables:

30 June 2021	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
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

30 June 2020	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate %	0.06%	0.42%	0.42%	6.33%	1.84%
Gross carrying amount – receivables from tariffs and sundry \$'000	7,466	2,081	1,099	4,295	14,941
Gross carrying amount – other receivables \$'000	782	-	-	-	782
Loss allowance \$'000	5	9	5	271	290

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

Loss allowance on receivables from service and usage charges are presented in other operational expenses within the 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

	2021	2020
	\$'000	\$'000
Opening balance 1 July	290	230
Net provision movements including expected credit losses recovered	(40)	60
Balance as at 30 June	250	290

The ongoing impact of 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 2021 will not be impacted as a result of COVID-19.

5.2 Contract assets

	2021	2020
	\$'000	\$'000
Current		
Service and usage charges	17,352	15,525
Other	27	65
Total current contract assets	17,379	15,590

	Service and usage charges	Other	Total
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2019	12,705	13	12,718
Add: Amount accrued at year end (to be billed)	15,525	65	15,590
Less: Amounts billed during the year	(12,705)	(13)	(12,718)
Carrying amount as at 30 June 2020	15,525	65	15,590
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

Represented by

Current contract assets	17,379
Non-current contract assets	-

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 invoiced.

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

	2021	2020
	\$'000	\$'000
Current		
Contractual		
Trade creditors	7,518	9,744
Accrued expenses	15,263	14,986
Other creditors	1,543	1,542
Statutory		
Payroll tax payable	99	89
Withholding tax payable	-	74
Total current payables	24,423	26,435

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 COVID-19, the Company 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
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	-	-
2020						
Trade creditors	9,744	9,744	-	-	-	-
Accrued expenses	14,986	16,528	-	-	-	-
Other creditors	1,542	1,542	-	-	-	-
Total	26,272	26,272	-	-	-	-

* Carrying amount is the same as nominal amount

5.4 Contract liabilities

	2021	2020
	\$'000	\$'000
Current		
Service and usage charges - Customers paid in advance	5,129	4,418
Property realisation program - Settlement of property	8,558	-
Developer contributions - Unearned income	2,368	2,915
Grants and contributions - Unearned income	3,810	423
Total current contract liabilities	19,865	7,756

	Service and usage charges	Property realisation	Developer contributions	Grants and contributions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 30 June 2019	3,973	-	4,929	-	8,902
Add: Payments received for performance obligations yet to be completed during the period	4,418	-	2,915	423	7,756
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(3,973)	-	(4,929)	-	(8,902)
Carrying amount as at 30 June 2020	4,418	-	2,915	423	7,756
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

Represented by

Current contract liabilities	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 is considered as customers paid in advance.	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.

5.5 Other financial assets and liabilities

	2021	2020
	\$'000	\$'000
Other financial assets		
Investment in Zero Emissions Water (ZEW) Ltd	15	-
Total other financial assets	15	-
Other financial liabilities		
Current financial liability		
Derivative financial instrument	72	-
Non-current financial liabilities		
Derivative financial instrument	837	-
Total other financial assets	909	-

5.5.1 Investment in ZEW Ltd

The Group is one of 13 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.

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 (LGCs) from the facility. The PPA contains certain conditions precedent which were due to be satisfied during the 2019-20 financial year.

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). Renegotiated terms have resulted in an extension of the target commercial operation date to 1 October 2020 and a compensation settlement to ZEW for the delay.

The Group's share of the settlement is \$47,597 which has been recognised in the Comprehensive Operating Statement as other income.

Further extensions were granted until 31 January 2021 as a result of delays in commissioning ZEW's section of the solar farm which delayed the meeting of the conditions precedents.

The Group share of the settlement for these further delays was \$72,686 which was recognised in the Statement of Comprehensive Income as other income in the 2020-21 financial year.

Along with the settlement funds, the Group was also able to purchase 3,622 replacement LGCs at the PPA price.

Of these purchased LGC's, 3,410 have been surrendered prior to 30 June 2021, the remaining which have been recognised as intangible assets.

On 22 January 2021, the conditions precedent in the PPA was completed and the CfD derivative was recognised as a financial liability measured at its fair value as at 30 June 2021.

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.

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 2021, 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.

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

	2021	2020
	\$'000	\$'000
Current provisions		
Remediation works	1,750	1,544
Heritage asset maintenance works	2,000	-
Other	30	-
Total current provisions	3,780	1,544
Non-current provisions		
Remediation works	2,526	3,722
Heritage asset maintenance works	4,672	-
Total non-current provisions	7,198	3,722
Total other provisions	10,978	5,266

5.7.1 Reconciliation of movements in other provisions

	2021
	\$'000
Opening balance	5,266
Additional provisions recognised	6,979
Unwind of discount and effect of changes in the discount rate	(160)
Reductions arising from payments for costs incurred	(1,107)
Closing balance	10,978

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 2021 to remediate the creek and swamp and surrounding area.

The remediation works provision is currently planned to be incurred over five 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 over 2-3 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.

Structure

6.1	Interest bearing liabilities	6.3	Commitments for expenditure
6.1.1	Maturity analysis	6.3.1	Total commitments payable
6.1.2	Interest expense	6.3.2	Operating commitments
6.1.3	Borrowings	6.3.3	Capital commitments
6.2	Cash flow information	6.3.4	Service concession arrangement expenditure commitments
6.2.1	Reconciliation of net result to cash flow from operating activities	6.4	Service concession arrangements

6.1 Interest bearing liabilities

		2021	2020
	Note	\$'000	\$'000
Current interest bearing liabilities			
Borrowings*		45,000	61,600
Lease liabilities		8	15
Financial liabilities – Service concession arrangements	6.4	1,637	1,330
Total current interest bearing liabilities		46,645	62,945
Non-Current interest bearing liabilities			
Borrowings*		484,400	509,400
Lease liabilities		99	107
Financial liabilities – Service concession arrangements	6.4	43,286	44,922
Total non-current interest bearing liabilities		527,785	554,429
Total interest bearing liabilities		574,430	617,374

* 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 lending.

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.

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
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
2020							
Borrowings	571,000	571,000	26,600	20,000	15,000	193,500	315,900
Lease liabilities	122	155	1	2	11	36	72
Financial liabilities – SCA	46,252	83,612	100	205	1,024	8,783	36,140
Total	617,374	654,767	26,701	20,207	16,035	202,319	352,112

6.1.2 Interest expense

	2021	2020
	\$'000	\$'000
Interest on government borrowings	23,372	24,744
Interest on lease liabilities	5	6
Financial accommodation levy	6,861	7,192
Interest on financial liabilities – service concession arrangements	4,780	4,903
Total interest expense	35,018	36,845

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

Financing Facilities

	2021	2020
	\$'000	\$'000
Secured loan facilities		
Amount used at balance date	529,400	571,000
Amount unused at balance date	57,500	-
Total	586,900	571,000

Security for loans is by way of Treasurer's guarantee in favour of the Treasury Corporation of Victoria dated 24th June 1999. Loan interest is payable every six months and loans have a maturity up to 11.3 years (2020: 12.3 years).

All loans are with the Treasurer Corporation of Victoria 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, 2021 which included refinancing of \$45 million (2020: \$35 million) of loans maturing in 2021-22 and obtaining new loans of \$57 million (2020 \$16.5 million) between 1 July 2021 and 30 June, 2022.

The treasurer's approval also includes \$20 million refinancing of non-maturing debts and \$5 million in temporary finance accommodation.

The Group has \$200,000 credit card facilities of which \$33,400 was utilised at 30 June 2021 (2020: \$29,726) and bank guarantees of \$2,401,037 of which \$2,167,326 was utilised at 30 June 2021 (2020: \$2,159,005).

The Group has \$5,450,000 in facilities with Transaction Negotiation Authority of which nil was utilised at 30 June 2021 (2020: \$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.

	2021	2020
	\$'000	\$'000
Cash at bank	24,283	35,012
Balance as per consolidated cash flow statement	24,283	35,012

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

	2021	2020
	\$'000	\$'000
Net result for the period after income tax	20,873	19,782
Non-cash movements		
Depreciation, amortisation and impairment	73,839	70,816
(Gain)/Loss on disposal of non-current assets	4,641	(1,401)
(Gain)/Loss on disposal of assets held for sale	(8,702)	-
Non-cash capital contributions	(30,587)	(29,576)
Non-cash interest expense on finance lease	5	5
Increase/(decrease) in net deferred tax liability	6,593	6,437
Initial recognition - expense from derivative financial instruments	909	-
Changes in assets and liabilities		
Increase/(decrease) in employee benefits provisions	(288)	1,195
Increase/(decrease) in other provisions	5,712	2,822
Decrease/(increase) in trade and other receivables	(324)	4,326
Decrease/(increase) in other financial assets	(15)	-
Decrease/(increase) in contract assets	(1,789)	(2,872)
Decrease/(increase) in assets held for sale	2,103	7,757
Decrease/(increase) in inventories	(105)	(12)
Decrease/(increase) in prepayments	827	4,758
Increase/(decrease) in payables	(2,080)	(5,193)
Increase/(decrease) in contract liabilities	12,108	(1,145)
Net cash provided by operating activities	83,722	77,699

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

		2021	2021	2020	2020
	Note	\$'000	\$'000	\$'000	\$'000
Total commitments payable		Nominal value	Present value	Nominal value	Present value
Environmental contribution commitments	8.2.1	28,795		38,393	
Operating commitments	6.3.2	3,424		3,325	
Capital commitments	6.3.3	16,780		18,482	
Service concession arrangement expenditure commitments - Biosolids drying facility	6.3.4	109,732	76,223	107,544	72,773
Commissioned SCA related liability	6.4	77,502	44,923	83,612	46,252
Total commitments (inclusive of GST)		236,233		251,356	
Less GST recoverable		(18,858)		(19,360)	
Total commitments (exclusive of GST)		217,375		231,996	

6.3.2 Operating commitments

	Less than 1 year	Between 1 and 5 years	Total
Nominal \$ - 2021	\$'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

	Less than 1 year	Between 1 and 5 years	Total
Nominal \$ - 2020	\$'000	\$'000	\$'000
Operating commitments payable			
Maintenance and meter services	117	465	582
Other operating expenditure	548	2,195	2,743
Total operating commitments payable (inclusive of GST)	665	2,660	3,325
Less GST recoverable	(60)	(242)	(302)
Total operating commitments payable (exclusive of GST)	605	2,418	3,023

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.

	2021	2020
	\$'000	\$'000
Capital expenditure commitments payable		
Infrastructure, property, plant and equipment		
Less than 1 year	6,540	7,329
Longer than 1 year but not longer than 5 years	10,240	11,153
Total commitments (inclusive of GST)	16,780	18,482
Less GST recoverable	(1,525)	(1,848)
Total commitments (exclusive of GST)	15,255	16,634

6.3.4 Service concession arrangement expenditure commitments

	2021	2020
	\$'000	\$'000
Service concession arrangement expenditure commitments		
Less than 1 year	8,443	7,807
Longer than 1 year but not longer than 5 years	36,601	33,230
Longer than 5 years	64,688	66,507
Total commitments (inclusive of GST)	109,732	107,544
Less GST recoverable	(9,976)	(9,777)
Total commitments (exclusive of GST)	99,756	97,767

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* (AASB 13), with a related financial liability(s).

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% (2019-20 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.

	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
	Minimum future payments		Present value of minimum future payments	
Commissioned SCA related				
Less than 1 year	6,263	6,110	5,921	5,776
Longer than 1 year but not longer than 5 years	26,658	26,008	19,490	19,014
5 years or more	44,581	51,494	19,512	21,462
Minimum future payments	77,502	83,612	44,923	46,252
less future finance charges	(32,579)	(37,360)	-	-
Present value of minimum payments	44,923	46,252	44,923	46,252
Included in the financial statements as:				
Current liabilities (Note 6.1)			1,637	1,330
Non-current liabilities (Note 6.1)			43,286	44,922
			44,923	46,252

7. Risks, contingencies and valuation judgements

Introduction

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.

Structure

7.1	Financial instruments specific disclosures	7.3	Fair value determination
7.1.1	Financial instruments: categorisation	7.3.1	Fair value determination: Non-financial physical assets
7.1.2	Financial risk management objectives and policies	7.3.2	Fair value determination: Derivative financial liabilities
7.2	Contingent assets and contingent liabilities		

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 in full by the end of the 2021-22 reporting period.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables:
Receivables:	<ul style="list-style-type: none"> Trade creditors Other payables
<ul style="list-style-type: none"> Tariffs and sundry Other receivables 	Interest bearing liabilities:
Investment in Zero Emission Water (ZEW)	<ul style="list-style-type: none"> Borrowings Lease liabilities Service concession arrangement
	Derivative financial liabilities

Classification of financial instruments

Financial instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
Financial assets include: <ul style="list-style-type: none"> Loans and receivables cash and deposits; receivables. 	Fair value plus or minus any directly attributable transaction costs.	<ul style="list-style-type: none"> Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: <ul style="list-style-type: none"> the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.
Financial assets at fair value through net results		
Investment in Zero Emissions Water (ZEW).	Fair value through net result.	Fair value through net result.
Financial liabilities at amortised cost		
Financial liabilities include: <ul style="list-style-type: none"> payables (excl. statutory payables); borrowings (incl. lease liabilities); and Service concession assets. 	Fair value, plus or minus any directly attributable transaction costs subsequent to initial recognition.	Amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the profit and loss, over the period of the interest-bearing liability using the effective interest rate method.
Derivative financial instruments		
Derivative financial instruments.	Fair value on the date on which a derivative contract is entered into.	Fair value through net result.

Derecognition of financial assets and liabilities

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

- the rights to receive cash flows from the asset have expired; or
- the 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 economic flow' in the comprehensive operating statement.

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.

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 5.1) are also subject to impairment, however it is immaterial. Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 9 *Financial Instruments*.

Impairment losses are recognised in the Comprehensive Operating Statement.

7.1.1 Financial instruments: Categorisation

	Note	Financial assets/ liabilities designated at fair value through profit/loss (FVTPL)	Financial assets/ liabilities at amortised cost (AC)	Total
2021		\$'000	\$'000	\$'000
Contractual financial assets				
Cash and deposits	6.2	-	24,283	24,283
Receivables				
Service and usage charges	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 instruments				
Derivative financial liabilities	5.5	909	-	909
Total contractual financial liabilities		909	598,754	599,663

	Note	Financial assets/ liabilities designated at fair value through profit/loss (FVTPL)	Financial assets/ liabilities at amortised cost (AC)	Total
2020		\$'000	\$'000	\$'000
Contractual financial assets				
Cash and deposits	6.2	-	35,012	35,012
Receivables				
Tariff and sundry	5.1	-	14,651	14,651
Other receivables	5.1	-	782	782
Total contractual financial assets		-	50,445	50,445
Contractual financial liabilities				
Payables				
Trade creditors	5.3	-	9,744	9,744
Accrued expenses	5.3	-	14,986	14,986
Other creditors	5.3	-	1,542	1,542
Borrowings				
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	571,000	571,000
Lease Liabilities	6.1	-	122	122
Financial liabilities - Service concession arrangements	6.1	-	46,252	46,252
Total contractual financial liabilities		-	643,646	643,646

7.1.2 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 approved 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.

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 other receivables balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Other 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 2020-21.

Credit quality of financial assets

	Financial institution (A-1+ rating) ^(a)	Government agencies (A-1+ rating) ^(a)	Other	Total
	\$'000	\$'000	\$'000	\$'000
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 and other financial assets	-	-	15	15
Total	24,283	1,681	16,012	41,976
2020				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and deposits	35,012	-	-	35,012
Statutory receivables (with no impairment loss recognised)	-	1,917	-	1,917
Financial assets with loss allowance measured at lifetime expected credit loss:				
Contractual receivables applying the simplified approach for impairment	-	-	15,433	15,433
Total	35,012	1,917	15,433	52,362

(a) Credit ratings sourced from Standard & Poor's

Derivative

The Group's other credit risk arises from in-the-money receipts due from the Contracts for Difference derivative under the ZEW PPA. 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 2021, the Group has no other significant credit risk. There has been no material change to the Group's credit risk profile in 2020-21.

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 30 days has reduced to 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.

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 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.

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:

30 June 2021	Fixed interest maturing In							Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'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%	

30 June 2020	Fixed interest maturing In							Total \$'000
	Floating interest rate \$'000	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	
Financial assets								
Cash and cash equivalents	35,012	-	-	-	-	-	-	35,012
Total financial assets	35,012	-	-	-	-	-	-	35,012
Financial liabilities								
Borrowings	(26,600)	(35,000)	(45,000)	(47,500)	(50,000)	(51,000)	(315,900)	(571,000)
Service concession liability	-	(1,330)	(1,636)	(1,981)	(2,366)	(2,799)	(36,140)	(46,252)
Lease liabilities	-	(8)	(8)	(9)	(9)	(10)	(78)	(122)
Total financial liabilities	(26,600)	(36,338)	(46,644)	(49,490)	(52,375)	(53,809)	(352,118)	(617,374)
Net financial assets/liabilities	8,412	(36,338)	(46,644)	(49,490)	(52,375)	(53,809)	(352,118)	(582,362)
Weighted average interest rate	0.42%	5.80%	4.71%	4.71%	4.50%	4.48%	4.31%	

b. Foreign Exchange Risk

The Group has no exposure to changes in the foreign exchange rate.

c. Other Price Risk

The Group uses the Contract for Difference derivative financial instrument to manage energy related commodities purchased in the normal course of business, and therefore entered into this PPA to minimise a portion of the price risk to the Group. The Group's sensitivity to price risk is set out in Note 7.3.2.

The Group has no other significant exposure to other price risk.

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 and finance lease payables carrying values approximate their fair values.

The fair value of borrowings is \$603,572,395 (\$669,591,615 in 2019–20) and is based on discounting the expected future cash flows at current market interest rates for liabilities with similar risk profiles.

Borrowings are recorded in the financial report in accordance with the policy at Note 6.1.

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.

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 2021 (30 June 2020: \$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:

	2021	2020
Contingent liabilities	\$'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.	1,272	1,258
Total contingent liabilities	1,272	1,258

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 OCI; 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:

- i) carrying amount and the fair value (which would be the same for those assets measured at fair value);

- ii) which level of the fair value hierarchy was used to determine the fair value; and

- iii) in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:

- a) a reconciliation of the movements in fair values from the beginning of the year to the end; and
- b) details of significant unobservable inputs used in the fair value determination.

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 2021 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.

Classification	Fair value measurement at end of reporting period using:		
	Level 1 (i)	Level 2 (i)	Level 3
30 June 2021	\$'000	\$'000	\$'000
Specialised Land	-	-	165,776
Specialised Buildings	-	-	49,079
Heritage Assets	-	-	19,077
Infrastructure – water distribution	-	-	1,078,546
Infrastructure – water harvesting	-	-	336,374
Infrastructure – water quality	-	-	90,844
Infrastructure – sewer collection	-	-	1,036,222
Infrastructure – sewer treatment (ii)	-	-	266,025
Plant and Equipment	-	-	16,326
Total	-	-	3,058,269

Classification	Fair value measurement at end of reporting period using:		
	Level 1(i)	Level 2(i)	Level 3
30 June 2020	\$'000	\$'000	\$'000
Specialised Land	-	-	146,248
Specialised Buildings	-	-	49,051
Infrastructure – water distribution	-	-	963,377
Infrastructure – water harvesting	-	-	352,160
Infrastructure – water quality	-	-	87,847
Infrastructure – sewer collection	-	-	745,016
Infrastructure – sewer treatment (ii)	-	-	262,825
Plant and Equipment	-	-	15,656
Total	-	-	2,622,180

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 1031.

During the interim years, the Group, in conjunction with VGV, monitors changes in the fair value of property, plant and equipment and infrastructure through relevant data sources to determine whether revaluation is required.

A fair value review is also conducted for the land and building assets and a similar review is also conducted for the infrastructure classes to assist the assessment for impairment of these classes of assets.

Non-specialised land and non-specialised buildings

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

An independent valuation was performed by 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.

Specialised land and specialised buildings

For the majority of the Group's specialised buildings, the depreciated 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 Valuer General Victoria. The valuation was performed based on the depreciated replacement cost for non-land assets.

The effective date of the valuation is 30 June 2021.

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 depreciated 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 2021. 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 Valuer General Victoria. 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 2021.

Impact of COVID-19 on valuations

The prevailing market, economic and other conditions as at the date of the valuations corresponds with a period of recovery from the unprecedented social and community disruption as a result of COVID-19 and the economic stimulus and other measures implemented by governments to counter its spread. Equity Markets have rebounded strongly from an initial period of volatility but significant uncertainty continues to exist. To the extent possible, Barwon Water have reflected these conditions in our valuation. Any subsequent changes in these conditions on the global economy and financial markets generally, and the Group specifically, could impact upon value in the future, either positively or negatively.

This valuation is therefore reported on the basis of 'significant valuation uncertainty'. As a result, less certainty exists than normal and a higher degree of caution should be attached to our valuation than normally would be the case.

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 Harvesting	Water Quality	Sewer Collection	Sewer Treatment	Plant, Equipment & Other
30 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

	Specialised Land	Specialised Buildings	Heritage Assets	Water Distribution	Water Harvesting	Water Quality	Sewer Collection	Sewer Treatment	Plant, Equipment & Other
30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance	144,949	50,200	-	969,737	355,726	84,716	731,390	273,230	16,020
Purchases, (sales) & adjustments	1,750	58	-	16,930	424	6,488	32,795	3,876	2,219
Depreciation	-	(1,206)	-	(23,290)	(3,990)	(3,357)	(19,169)	(14,281)	(2,583)
Impairment loss	(451)	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Subtotal	1,299	(1,149)	-	(6,360)	(3,566)	3,131	13,626	(10,405)	(364)
Closing balance	146,248	49,051	-	963,377	352,160	87,847	745,016	262,825	15,656

Description of significant unobservable inputs to Level 3 valuations

2021 and 2020	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	<ul style="list-style-type: none"> • Average cost per square metre adjusted for community service obligations
Specialised buildings	Current replacement cost	<ul style="list-style-type: none"> • Average cost per asset • Useful life of specialised buildings
Heritage Assets	Current replacement cost	<ul style="list-style-type: none"> • Average cost per unit • Useful life of heritage asset
Infrastructure - Sewer Collection		
Sewer Retic Mains	Current replacement cost	<ul style="list-style-type: none"> • Average cost per square metre • Useful life of the infrastructure
Sewer Rising Mains	Current replacement cost	<ul style="list-style-type: none"> • Average cost per square metre • Useful life of the infrastructure
Sewer Pump Station	Current replacement cost	<ul style="list-style-type: none"> • Average cost per facility • Number of pump stations • Useful life of the infrastructure
Infrastructure - Sewer Treatment		
Wastewater Treatment Plants	Current replacement cost	<ul style="list-style-type: none"> • Average cost per facility • Number of treatment plants • Useful life of the infrastructure
Wastewater Treatment Plants Mechanical/ Electrical	Current replacement cost	<ul style="list-style-type: none"> • Average cost per asset • Useful life of the infrastructure
Specialised Buildings	Current replacement cost	<ul style="list-style-type: none"> • Average cost per asset • Useful life of the infrastructure
Infrastructure - Water Distribution		
Reticulation Mains	Current replacement cost	<ul style="list-style-type: none"> • Average cost per square metre • Useful life of the infrastructure
Service Basins & Tanks	Current replacement cost	<ul style="list-style-type: none"> • Average cost per facility • Number of facilities • Useful life of the infrastructure
Infrastructure - Water Harvesting		
Channels	Current replacement cost	<ul style="list-style-type: none"> • Average cost per facility • Number of facilities • Useful life of the infrastructure
Reservoirs	Current replacement cost	<ul style="list-style-type: none"> • Average cost per facility • Number of facilities • Useful life of the infrastructure
Groundwater	Current replacement cost	<ul style="list-style-type: none"> • Average cost per facility • Number of facilities • Useful life of the infrastructure
Infrastructure - Water Quality		
Specialised Buildings	Current replacement cost	<ul style="list-style-type: none"> • Average cost per asset • Useful life of the infrastructure
Water Treatment Plants	Current replacement cost	<ul style="list-style-type: none"> • Average cost per facility • Number of facilities • Useful life of the infrastructure
Water Treatment Plants Mechanical/Electrical	Current replacement cost	<ul style="list-style-type: none"> • Average cost per asset • Useful life of the infrastructure
Plant & Equipment		
Computer Hardware	Current replacement cost	<ul style="list-style-type: none"> • Average cost per asset • Useful life of the asset
Vehicles	Current replacement cost	<ul style="list-style-type: none"> • Average cost per asset • Useful life of the asset

7.3.2 Fair value determination: Derivative financial liabilities

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives.

In the absence of an active market, the fair value of the Group'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 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.

Reconciliation of Level 3 fair value movements

	Financial liability at fair value through profit or loss
2021	\$'000
Opening balance	-
Initial recognition of derivative financial instruments	909
Closing balance	909

Description of significant unobservable inputs to Level 3 valuations

2021	Valuation technique	Significant unobservable inputs	2021 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Derivative financial instruments	Income approach (discounted cash flow)	Wholesale electricity price forecasts	\$20.83/MWh to \$53.79/MWh (\$37.33/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$231,006.
		Discount rate – risk free rates of zero coupon government bonds	0.0185% to 1.7853% (0.6838%)	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$39,693.
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNF5BBB10M	136.34	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$39,693.

8. Statutory obligations

Introduction

This section includes disclosures in relation to the Group's statutory obligations.

Structure

8.1 Tax

8.1.1 Income tax

8.1.2 Deferred tax assets and liabilities

8.2 Environmental contribution

8.2.1 Environmental commitments

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:

	2021	2020
	\$'000	\$'000
Income statement		
Current income tax expense	(2,144)	10,934
Deferred income tax expense		
Temporary differences	11,714	(3,689)
Under/(over) provided in current year	(2,977)	(777)
Income tax on net result before tax	6,593	6,468
Tax reconciliation		
Net result before income tax expense	27,466	26,250
Tax at the Australian tax rate of 30% (2020: 30%)	8,240	7,875
Under/(over) provided in current year	40	(777)
Non deductible items	-	9
Pre-CGT Gains on Properties and CGT Indexation discounts *	(1,687)	(355)
Other	-	(284)
Income tax on profit before tax	6,593	6,468
Statement of Changes in Equity		
Net deferred tax - debited/(credited) directly to Equity (refer Note 9.1.2)	106,395	(30)
Income tax reported in Equity	106,395	(30)

* 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.

	2021	2020
Deferred tax assets	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated operating statement		
Provisions and accrued expenditure not deductible	19,939	20,860
Tax losses	42,874	37,752
Deferred tax assets	62,813	58,612
Movements		
Opening balance at 1 July	58,612	68,345
Credited/(charged) to the consolidated operating statement	(921)	424
(Under)/over provided in current year	-	-
Tax losses recognised/(utilised)	5,122	(10,157)
Closing balance at 30 June	62,813	58,612
Deferred tax asset to be recovered after more than 12 months	61,972	57,474
Deferred tax asset to be recovered within 12 months	841	1,138
	62,813	58,612

	2021	2020
Deferred tax liabilities	\$'000	\$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated operating statement		
Depreciation	137,982	131,887
Expenditure capitalised	20,160	22,877
Amounts recognised in equity:		
Asset revaluations	397,443	283,634
Deferred tax liabilities	555,585	438,398
Movements		
Opening balance at 1 July	438,398	441,694
Credited/(charged) to the consolidated operating statement	10,792	(3,266)
Under/(over) provided in prior years	-	-
Other adjustment to asset revaluation	106,395	(30)
Closing balance at 30 June	555,585	438,398
Deferred tax liability to be recovered after more than 12 months	555,585	438,398
Deferred tax liability to be recovered within 12 months	-	-
	555,585	438,398
Net deferred tax liabilities	492,772	379,786

8.2 Environmental contribution

	2021	2020
	\$'000	\$'000
Environmental contribution levy	9,598	8,410

The *Water Industry (Environmental Contributions) Act 2004* 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 one year	Between 1 and 5 years	Over 5 years	Total
2021				
Environmental Contribution expenditure commitments	9,598	19,197	-	28,795
2020				
Environmental Contribution expenditure commitments	9,598	28,795	-	38,393

9. Other disclosures

Introduction

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

Structure

9.1 Equity

9.1.1 Contributed capital

9.1.2 Reserves

9.1.3 Accumulated funds

9.2 Events occurring after balance date

9.3 Remuneration of executives

9.4 Responsible persons

9.5 Related parties

9.6 Remuneration of auditors

9.7 Ex-gratia expense

9.8 Goods and services tax

9.9 Controlled entity

9.10 Parent entity information – Barwon Region Water Corporation

9.11 Australian Accounting Standards issued that are not yet effective

9.1 Equity

9.1.1 Contributed capital

	2021	2020
	\$'000	\$'000
Contributed capital at 1 July	459,098	459,098
Closing balance at 30 June	459,098	459,098

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

	2021	2020
	\$'000	\$'000
Opening balance at 1 July	645,015	645,087
Revaluation increment on non-current assets	377,078	-
Impairment/(increment) on non-current assets	(10,764)	(102)
Tax effect of impairment of assets/revaluation of non-current assets	(106,395)	30
Closing balance at 30 June	904,934	645,015

9.1.3 Accumulated funds

	2021	2020
	\$'000	\$'000
Opening balance at 1 July	690,284	670,502
Net result for the period	20,873	19,782
Closing balance at 30 June	711,157	690,284

9.2 Events occurring after the balance date

Since 30 June 2021, there have been further developments relating to COVID-19 that have impacted the operations of the Group to the date of this report including the fifth and sixth circuit breaker lockdowns in Victoria as a result of a surge in cases associated with the delta strain.

The COVID-19 pandemic has continued to create unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Group at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on the Group, its operations, its future results and financial position.

Other than the preceding development, the directors are not aware of any significant events since the end of the reporting period which has 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.

9.3 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.

Executive remuneration

	2021	2020
	\$'000	\$'000
Executive remuneration		
Remuneration		
Short-term employee benefits	4,275	3,597
Post-employment benefits	371	329
Other long-term benefits	-	24
Termination Benefits	-	-
Total remuneration (a)	4,646	3,950
Number of executive officers	23	24
Total annualised employee equivalent (AEE) (b)	22	19

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.

9.4 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting

period, as required by AASB 124 *Related Party Disclosures*.

The persons who held the positions of Minister, Directors and Accountable Officers in Barwon Water are as follows:

Name	Title	Period of appointment
The Hon. Lisa Neville MP	Minister for Water	1 July 2020 to 14 February 2021
The Hon. Richard Wynne MP	Acting Minister for Water	15 February 2020 to 30 June 2021
J E Plummer *	Director - Chair	1 July 2020 to 30 June 2021
E C Carbines	Director - Deputy Chair	1 July 2020 to 30 June 2021
R M Leonard	Director	1 July 2020 to 30 June 2021
J J Gavens *	Director	1 July 2020 to 30 June 2021
B C Walsh *	Director	1 July 2020 to 30 June 2021
D Powell	Director	1 July 2020 to 30 June 2021
A E Lansberry *	Director	1 July 2020 to 30 June 2021
C Eccles	Director	1 July 2020 to 30 June 2021
T A Slatter *	Managing Director (Accountable Officer)	1 July 2020 to 30 June 2021

* These responsible persons are also Directors for Barwon Asset Solutions Pty Ltd, as part of those responsibilities the non-executive directors collectively received a total remuneration of \$26,280 for the period 1 July 2020 to 30 June 2021 (1 July 2019 to 30 June 2020 \$26,280).

Responsible persons remuneration

	\$	\$	2021	2020
	0	9,999	-	-
	10,000	19,999	-	-
	20,000	29,999	-	1
	30,000	39,999	5	3
	40,000	49,999	2	3
	90,000	99,999	1	-
	110,000	119,999	-	1
	420,000	429,999	-	1
	440,000	449,999	1	-
Total Numbers			9	9
Total Remuneration Amount			812,001	807,204

Remuneration received or receivable by the Accountable Officer in connection with the management of the Group during the reporting period was in the range: \$440,000 – \$449,999 (\$420,000 – \$429,999 in 2019–20).

Consistent with Victorian Public Sector Circular 2020–20 issued on the 5 February 2020, a contractual remuneration adjustment was processed for the Accountable Officers 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 Department of Parliamentary Services.

9.5 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.

Significant transactions with government-related entities

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

Entity name	Brief description of main activity	2021	2020
		\$'000	\$'000
Government-related entity receipts			
Central Highlands Water	Services and minor project works	287	21
Barwon Health	Renewable energy project contributions	38	-
Corangamite Catchment Management Authority	Human resources and OH&S Business Support Services	61	-
Department of Education and Training	Land development fees and charges	-	43
Department of Environment, Land, Water and Planning	Other operational funding grant, Anglesea River Project operation, community rebate, other	283	925
Department of Health and Human Services	Customer rebate reimbursements – water, sewerage and dialysis	11,217	11,798
Department of Justice & Community Safety	Return of security deposit	1	137
Melbourne Water	Capital works options study contribution	110	-
State of Victoria	Rental contribution	27	-
Treasury Corporation Victoria	Net borrowing drawn, sale of large scale generation certificates, net repayment during the year	41,404	24,745
Wannon Water	Services and minor project works	439	79
Western Water	Assignment of water allocation	-	1,425
Government-related entity receivables			
Central Highland Water	Services and minor project works	22	24
City West Water	Pipeline access contribution for Melbourne–Geelong Pipeline	208	-
Department of Environment, Land, Water and Planning	Anglesea River Project operation	148	-
Wannon Water	Services and minor project works	-	36
Government-related entity payments			
Barwon Health	Other, shared water asset payment	2	102
Central Highlands Water	Contribution to reservoir	105	67
City West Water	Employee entitlements transfer and other costs	56	-
Corangamite Catchment Management Authority	River health programs	106	335
Department of Environment, Land, Water and Planning	Environmental Contribution Levy, monitoring program, other	10,236	9,333
Department of Health and Human Services	SDW Act Administration Levy	151	111
Department of Treasury and Finance	Financial Accommodation Levy	6,974	7,153
Environment Protection Authority	License fee	267	201
Essential Services Commission	Regulatory recovery fee	135	90
Melbourne Water	Melbourne–Geelong Pipeline water supply	8,185	2,128
South East Water	Managing network faults	10	348
Treasury Corporation Victoria	Finance costs	23,829	24,995
Government-related entity payables			
Corangamite Catchment Management Authority	River health programs	200	130
Department of Environment, Land, Water and Planning	Environmental Contribution Levy, other	1,393	2,326
Department of Health and Human Services	SDW Act Administration Levy	3	78
Melbourne Water	Melbourne–Geelong Pipeline water supply	-	96
Treasury Corporation Victoria	Finance costs	5,704	6,164
Yarra Valley Water	Schools Water Efficiency Program	14	-

Barwon Asset Solutions Pty Ltd

Barwon Asset Solutions Pty Ltd is a wholly owned subsidiary of Barwon Region Water Corporation. During the financial year ended 30 June 2021 Barwon Region Water Corporation purchased goods and services and provided accounting and administrative assistance to Barwon Asset Solutions Pty Ltd. All financial transactions between Barwon Region Water Corporation and Barwon Asset Solutions Pty Ltd 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.

Key management personnel

Key management personnel 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.

	2021	2020
	\$'000	\$'000
Compensation of Key Management Personnel		
Short-term employee benefits	980	963
Post-employment benefits	72	73
Total	1,052	1,036

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:

	2021	2020
	\$'000	\$'000
Jo Plummer – Director and non-executive Director (Chair) of the Victorian Water Industry Association (VicWater) during 2020-21.		
Barwon Water payments to VicWater during the year included Barwon Water's 2019-20 Intelligent Water Networks (IWN) Program Funding Contribution, membership fees and other transactions being minor or commercial in nature.	216	173
Total payments made to related parties	216	173

Tracey Slatter – Barwon Water Managing Director during 2020-21 is a non-executive Director of the Institute of Public Administration Australia and Zero Emission Water Pty Ltd.		
Barwon Water payments to Institute of Public Administration Australia during the year included Barwon Water's 2021-22 organisation silver membership renewal and delivery of a board development program "Integrity & Ethical Leadership" to the IPPA.	25	3
Barwon Water net payments and (receipts) to Zero Emissions Water Pty Ltd. Refer to the entity related party disclose for details.	(19)	(260)
Net payments/(receipts) made to related parties	6	(257)

John Gavens – Barwon Water Director during 2020-21.		
Barwon Water payments to a related party of John Gavens were made in relation to the provision of specialised pipe fitting installation services during 2020-21. 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.	72	69
Total payments made to related parties	72	69

All other transactions that have occurred with key management personnel 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 (ZEW) transactions

ZEW is a related party of the Group. Below is a summary of transactions and holdings with ZEW.

	2021	2020
	\$'000	\$'000
Payments		
Annual membership fee, electricity CfD and LGC payments	120	32
Investment in ZEW	15	-
Receipts		
Liquidated damages/compensation and electricity CfD receipts	154	292

9.6 Remuneration of auditors

	2021	2020
	\$	\$
Amounts received, or due and receivable, by the Victorian Auditor-General for auditing the financial report.	120,500	124,900

9.7 Ex-gratia expense

	2021	2020
	\$'000	\$'000
Barwon Water made the following ex-gratia payments:		
Forgiveness or waiver of debt (i)	413	448
Other (ii)	199	193
Total ex-gratia expenses	612	641

Notes:

(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 (\$193k during 2020-21). Rebates offered to customers undertaking dialysis or suffering severe medical conditions that require higher than usual water consumption (\$6k during 2020-21) 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.

9.8 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.

9.9 Controlled entity

The consolidated financial statements at 30 June 2021 include the following controlled entity. The financial reporting period for the controlled entity is 1 July 2020 to 30 June 2021.

Controlled Entity	Place of incorporation	Book value of parent entity's investment in \$		% shares held		Contribution to the results in \$'000	
		2021	2020	2021	2020	2021	2020
Barwon Asset Solutions Pty Ltd	Australia	2	2	100	100	360	168

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.

9.10 Parent entity information – Barwon Region Water Corporation

	2021	2020
	\$'000	\$'000
Current assets	69,656	81,849
Non-current assets	3,203,603	2,762,277
Total assets	3,273,259	2,844,125
Current liabilities	107,098	111,229
Non-current liabilities	1,092,352	939,520
Total liabilities	1,199,450	1,050,749
Reserves	904,934	645,014
Contributed Capital	459,098	459,098
Accumulated funds	709,777	689,264
Total equity	2,073,809	1,793,376
Net result after income tax of the parent entity	20,513	19,614
Comprehensive result of the parent entity	280,432	19,686

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. A company limited by shares, 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.

9.11 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 2021 reporting period.

As at 30 June 2021, the following applicable standards and interpretations had been issued but were not mandatory for financial year ended 30 June 2021. The Group has not and does not intend to adopt these standards early.

Standard/ Interpretation	Summary	Effective date	Effective date for this Group	Estimated impact on the Group
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of 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	1 July 2024	The Group is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

The AASB has also issued a number of other amending standards that are not effective for the 2020-21 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 2021 and financial position of the Group at 30 June 2021.

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

We authorise the attached financial statements for issue on 28 September 2021.



Jo Plummer
Chair



Tracey Slatter
Managing Director



Melissa Stephens
Chief Finance and Accounting Officer

Dated this 28th day of September 2021.

Independent Auditor's Report



Victorian Auditor-General's Office

To the Board of the Barwon Region Water Corporation

Opinion

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:

- consolidated balance sheet as at 30 June 2021
- 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.

In my opinion, the consolidated financial report presents fairly, in all material respects, the financial position of the consolidated entity and the corporation as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. 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 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Board's responsibilities for the financial report

The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the Board is responsible for assessing 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.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's 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 the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's 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 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
30 September 2021



PART 7. **Disclosure** **Index**

.....

Disclosure Index

The 2020–21 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.

Legislation	Requirement	Page reference
Report of Operations		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	5–6
FRD 22I	Purpose, functions, powers and duties	5–6
FRD 22I	Key initiatives and projects	11–13
FRD 22I	Nature and range of services provided	5–6
Management and structure		
FRD 22I	Organisational structure	50
Financial and other information		
FRD 10A	Disclosure index	148–149
FRD 12B	Disclosure of major contracts	70
FRD 22I	Operational and budgetary objectives and performance against objectives	80–82
FRD 22I	Employment and conduct principles	56
FRD 22I	Workforce data	56–60
FRD 22I	Workforce inclusion policy	58
FRD 22I	Occupational health and safety	61–62
FRD 22I	Summary of the financial results for the year	15
FRD 22I	Significant changes in financial position during the year	14
FRD 22I	Major changes or factors affecting performance	14
FRD 22I	Subsequent events	14
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	65
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	66
FRD 22I	Asset Management Accountability Framework maturity assessment	67
FRD 22I	Statement on National Competition Policy (Competitive Neutrality policy)	70
FRD 22I	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	68
FRD 22I	Application and operation of the <i>Carers Recognition Act 2012</i>	68
FRD 22I	Details of consultancies over \$10,000 (consultancy expenditure)	70
FRD 22I	Details of consultancies under \$10,000 (consultancy expenditure)	70
FRD 22I	Disclosure of government advertising expenditure	70
FRD 22I	Disclosure of Information and Communications Technology (ICT) expenditure	70
FRD 22I	Statement of availability of other information	66
FRD 25D	Local Jobs First – Victorian Industry Participation Policy	69
Social procurement framework	Social procurement	69
FRD 27C	Presentation and reporting of performance information	79–85
FRD 29C	Workforce Data disclosures	56–60
Ministerial Reporting Directions		
MRD 01	Performance reporting	79–85
MRD 02	Reporting on water consumption and drought response	18–22, 36
MRD 03	Environmental and social sustainability reporting	22–48, 82
MRD 04	Bulk entitlement reporting	42–48

Legislation	Requirement	Page reference
MRD 05	Major non-residential water users	20
MRD 06	Greenhouse Gas and Energy Reporting	39-41
MRD 07	Letter of Expectations reporting	71-78
Compliance attestation and declaration		
SD 5.1.4	Financial management compliance attestation	14
SD 5.2.3	Responsible Body Declaration in report of operations	5
Financial statements		
Declaration		
SD.5.2.2	Declaration in financial statements	144
Financial statements required under Part 7 of the FMA		
SD5.2.1	Statement of Changes in Equity	91
SD5.2.1	Comprehensive Operating Statement	89
SD5.2.1	Balance sheet	90
SD5.2.1	Cash flow statement	92
SD5.2.1	Notes to the financial statements	93-143
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	93
SD 5.2.1(a)	Compliance with Ministerial Directions	93
Other disclosures as required by FRDs in notes to the financial statements		
FRD 11A	Disclosure of ex-gratia expenses	141
FRD 17B	Wage inflation and discount rates for employee benefits	98-101
FRD 21C	Responsible person and executive officer disclosures	137-138
FRD 22I	Names of responsible Ministers	137
FRD 22I	Subsequent events	136
FRD 102A	Inventories	90
FRD 103I	Non-financial physical assets	90, 103-108, 128-132
FRD 105B	Borrowing costs	89,92,117
FRD 106B	Impairment of assets	89, 103-108,128-131
FRD 109A	Intangible assets	107-108
FRD 110A	Cash flow statements	92
FRD 112D	Defined benefit superannuation obligations	100-102
FRD 114C	Financial Instruments – General Government Entities and public non-financial corporations	122-124
FRD 119A	Transfers through Contributed Capital	90-91, 136
FRD 120O	Accounting and reporting pronouncements applicable from 2020-21 reporting period (June 2021)	143
Legislation		
	<i>Building Act 1993</i>	66
	<i>Disability Act 2006</i>	59
	<i>Financial Management Act 1994</i>	66
	<i>Freedom of Information Act 1982</i>	65
	<i>Public Interest Disclosures Act 2012</i>	68
	<i>Local Jobs First Act 2003</i>	69
	<i>Carers Recognition Act 2012</i>	68



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 www.barwonwater.vic.gov.au.

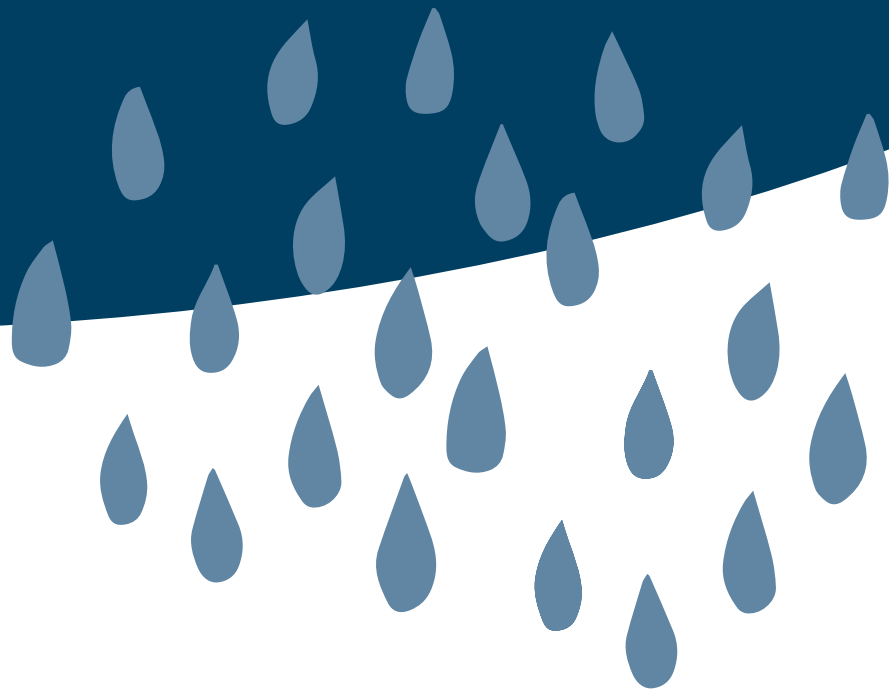
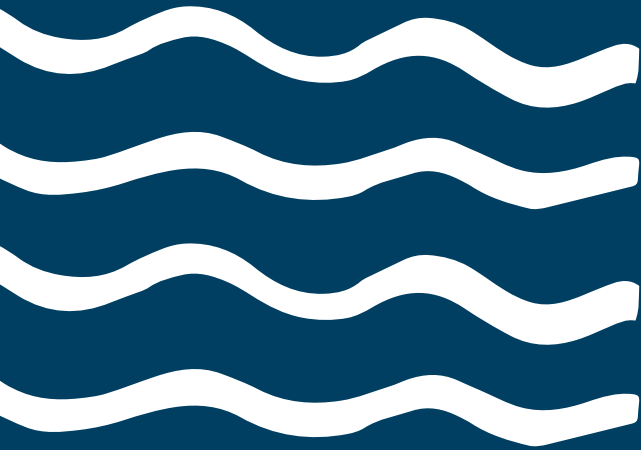
As part of our goal to continually improve environmental performance, we encourage those with internet access to view the report online. If you require a printed copy, please contact us on 1300 656 007.

© State of Victoria, Barwon Region Water Corporation 2021. This publication is copyright. No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

ISSN 1838-2916 (Print)

ISSN 1838-2924 (Online)

We are always looking for ways to improve our practices to reduce our environmental footprint. This extends to the paper and processes we use.



PO Box 659

Geelong

Victoria 3220

☎ 1300 656 007

✉ info@barwonwater.vic.gov.au

www.barwonwater.vic.gov.au

f t y i in