



Annual Report

2022-23



Acknowledgement

We recognise Aboriginal and Torres Strait Islander peoples as the First Peoples of this nation. We acknowledge the Traditional Custodians of the land on which we live and work, and of the water on which we rely. We pay our respects to their Elders past and present.

We value the continuing cultures and contributions of Aboriginal and Torres Strait Islander peoples to our community and their ongoing connection to the land and water over many thousands of years.

We're committed to strong, meaningful partnerships with local Aboriginal and Torres Strait Islander groups to achieve positive and prosperous outcomes for all.

Our service region includes parts of the traditional lands of Wadawurrung and Eastern Maar, the Registered Aboriginal Parties and Traditional Owners.



Over the past year...

- ZERO days lost to injury
- \$109.6 million spent on capital works
- \$12.1 million provided in customer rebates, grants and concessions
- Renewable electricity initiatives supplied 43% of our electricity use for the year



20,487
population served



Ranked No. 1
for value for money
trust, reputation in the community
and overall satisfaction*



33,254 million litres
of water consumed
2022-23

Our assets include...



7,498 kilometres
of pipes



12 major
reservoirs and
26 water basins



11 water reclamation
and 8 water
treatment plants



273 pumping stations
(59 water – including raw water,
214 sewerage)

*In the Victorian Essential Services Commission's customer perception survey results updated twice during the 2022-23 financial year (June 2022 – March 2023; August 2022 – May 2023)

An aerial photograph of a landscape. In the foreground, there is a large, dense forest. To the right, a body of water is visible, with a small island or peninsula in the middle. In the background, there are fields and more trees, suggesting a rural or semi-rural area. The image has a blue tint and rounded corners.

Barwon Water

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

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Sustainable Development Goals

In 2019, we formally joined the water industries' pledge to the Sustainable Development Goals (SDG). As part of this pledge, we committed to supporting and promoting the 17 Sustainable Development Goals, and achieving Sustainable Development Goal 6 (within the scope of our operations).

We reviewed how our operations impact – both positively and negatively – the achievement of the SDGs. The review found that we positively contribute to all 17 SDGs and have a material impact on 11. The key projects within this annual report are mapped to the 11 material goals in the table below.

<p>1 NO POVERTY</p> 	<p>3 GOOD HEALTH AND WELL-BEING</p> 	<p>6 CLEAN WATER AND SANITATION</p> 	<p>7 AFFORDABLE AND CLEAN ENERGY</p> 	<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 
<p>We aim to make water bills affordable for every person in our region.</p> <ul style="list-style-type: none"> Find out how we are keeping bills affordable and supporting vulnerable customers (pages 28–31). 	<p>We aim to provide secure, sustainable water and use our land to deliver cultural and community outcomes.</p> <ul style="list-style-type: none"> Learn about how we are working to deliver secure, sustainable water by visiting (pages 8–9, 12 and 39). Read about Porrongitj Karrong and Murrk Ngubitj Yarram Yaluk on (page 26). 	<p>We aim to minimise water supply interruptions, ensure 100% of our water is from climate resilient sources and reduce the risk of sewage spills.</p> <ul style="list-style-type: none"> Read about our services (pages 8–9), our Urban Water Strategy (page 32) and about our water conservation and efficiency initiatives (pages 32–34). 	<p>We aim to switch to 100% renewable electricity by 2025 and achieve zero net emissions by 2030.</p> <ul style="list-style-type: none"> Find out more about our Zero Emissions program (pages 39–42). 	<p>We aim to have innovative and reliable services and infrastructure.</p> <ul style="list-style-type: none"> Learn more about our Intelligent Water Network and Regional Renewable Organics Network (page 12), about our support for the Integrated Water Management (page 33) and about our climate resilience program (pages 42–43). 	<p>We are aiming for all greenfield urban growth to exemplify integrated water management principles.</p> <ul style="list-style-type: none"> Read about our Integrated Water Management program (page 33), about Climate Resilience Program (pages 42–43) and about Porrongitj Karrong and Murrk Ngubitj Yarram Yaluk (page 26).
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>13 CLIMATE ACTION</p> 	<p>14 LIFE BELOW WATER</p> 	<p>15 LIFE ON LAND</p> 	<p>17 PARTNERSHIPS FOR THE GOALS</p> 	<p>SUSTAINABLE DEVELOPMENT GOALS</p> 
<p>We aim to move towards zero waste.</p> <ul style="list-style-type: none"> Learn about our involvement with the Regional Renewable Organics Network (page 12), our industrial waste initiatives (page 66) and our social procurement practices (pages 70–71). 	<p>We aim to be agile, adapting and acting on climate challenges and opportunities.</p> <ul style="list-style-type: none"> Read about our Climate Resilience program (pages 42–43), our Urban Water Strategy (page 32) and our Zero Emissions program (pages 39–42). 	<p>We aim to recycle 100% of our wastewater.</p> <ul style="list-style-type: none"> Find out how we deliver our sewerage services (pages 8–9), support the Integrated Water Management program (page 33), manage environmental flows (page 37) and protect catchments (pages 37–38). 	<p>We aim to help care for Country through our business practices.</p> <ul style="list-style-type: none"> Read about Porrongitj Karrong and Murrk Ngubitj Yarram Yaluk (page 26) and our catchment and biodiversity protection initiatives (pages 37–39). 	<p>We aim to create, nurture and sponsor meaningful partnerships with our customers, community, industry and agencies to create regional prosperity.</p> <ul style="list-style-type: none"> Find out how we are partnering with customers, community, industry and agencies (page 13). 	





Part 1.

Year in review

Responsible Body Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present Barwon Water's Annual Report for the year ending 30 June 2023.



Jo Plummer

Chair, Barwon Water
14 September 2023

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 2022–23 reporting period, Barwon Water operated as a statutory corporation under the *Victorian Water Act 1989*.

We provide services to a population of more than 370,000 permanent residents across an 8,100 square-kilometre region. In peak tourist periods, the population can reach up to 638,000 people.

As a major employer in the region, the Barwon Water Group has more than 446 employees who are employed as follows:

- Barwon Water – 338 full-time-equivalent employees
- Barwon Asset Solutions (BAS) – employs 108 full-time-equivalent employees.

We also employ approximately 2000 contractors.

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

The money we spend in the region also supports employment outside of our organisation. 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. This region incorporates the local government areas covered by the City of Greater Geelong, Borough of Queenscliffe, Surf Coast and Colac Otway shires and part of Golden Plains Shire.

Our vision

As the trusted water authority in our region, we understand our core business is delivering high-quality water and sewerage services, and customer and community value.

However, we want to do more than this, which is why our Strategy 2030 vision is to enable regional prosperity – economically, socially, culturally and environmentally.

To help our region prosper, we promised to listen and learn from our community, partner strategically with customers and regional stakeholders, strive towards a healthier environment for all, and build a workforce with high-performing people who enjoy a strong connection to our region.

In 2022–23, we continued delivering on this promise and have highlighted how in examples detailed throughout this report.

Our values

The Barwon Water Group's values include:

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

Our commitment to customers

Aligned to our Strategy 2030 vision and values, Barwon Water is committed to delivering five customer outcomes. These were developed in consultation with our customers and community as part of our 2018 and 2023 price submissions (approved by the Victorian Essential Services Commission). The five customer outcomes are:

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

We have continued to deliver upon these outcomes throughout 2022–23, sharing our progress with our customers, our community, and our Customer and Environmental Advisory committees.

We will commence the 2023–28 Price Submission on 1 July 2023, which is a five-year commitment to affordable bills, water security and improving the environment based on extensive community engagement and customer feedback.

Our customers

We consider anyone we deal with to be our customer and part of our community, regardless of whether they pay a bill. Residential bill paying customers comprise 93 per cent of the customer base, with the industrial and commercial sectors accounting for the remaining 7 per cent.

Approximately 28 per cent of metered consumption is attributed to non-residential (business) customers.

Part 1 • Year in review

Assets

We own and operate:

- 12 major reservoirs
- 8 water treatment plants
- 1 water pre-treatment plant
- 11 water reclamation plants
- 2 Class A recycled water plants
- 1 groundwater field (Anglesea)
- 273 pumping stations (59 water – including raw water, 214 sewerage)
- 26 water basins
- 54 water tanks
- 7,498 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).

The Otway Ranges feeds the Barwon system, which typically supplies the majority of the water needed for Geelong, the Bellarine Peninsula and the Surf Coast. The Moorabool system supplies water to towns north of the Geelong city centre.

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

Another potential water source is the Anglesea Borefield, which was built in response to the Millennium Drought in 2009 and used in 2019 to help boost water supplies during exceptionally dry conditions. We have a bulk entitlement to extract groundwater from the Lower Eastern View Formation aquifer. To protect environmental values and groundwater dependent ecosystems, the bulk entitlement is accompanied by environmental triggers and an extensive monitoring and assessment program.

The borefield operates with oversight from the Anglesea River Working Group, as well as other local environmental groups. As we are not expecting to need it in the short term, we have removed the pumps from the bores to reduce maintenance requirements. However, the bores remain in commission and pumps will be reinstalled if dry conditions create that need.

We are currently reviewing the bulk entitlement arrangements, as per requirements, and will report the results to the Minister for Water in 2024. The review will be informed by an updated groundwater model and more than a decade of environmental monitoring data. It will confirm the amount of water that can continue to be taken sustainably for a drinking water supply back-up while still protecting groundwater-dependent ecosystems.

Colac and Otway regions water sources are primarily drawn 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 to provide additional water security.

Gellibrand, Apollo Bay, 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) requirements. Black Rock, Anglesea, Apollo Bay and Lorne plants supply recycled water for a variety of uses, with the balance released through ocean outfalls. The plants at Aireys Inlet, Bannockburn, Portarlington, Birregurra and Winchelsea are land-based systems also supplying recycled water for a variety of uses, including agriculture, horticulture and irrigating public open space.

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 mainly for industrial use at the Viva refinery, and also irrigates public open space at Stead Park in Corio. Black Rock also has a Class A advanced treatment plant that supplies recycled water for residential use in the Armstrong Creek and Torquay North growth areas.

Recycled water

All water reclamation plants produce water suitable for recycling.

To meet our Strategy 2030 aspiration of zero waste, we're aiming to maximise the availability of recycled water for urban uses, such as industry, agriculture, golf courses and public open space. This saves drinking water for the community, eases pressure on local water supplies and helps us foster liveable communities with secure and sustainable water supplies. We have also partnered with Viva Energy to turn recycled water into hydrogen at the New Energy Service Station being built in North Geelong.

We achieved 10.9 per cent water recycling in 2022–23. This figure was lower than in previous years due to the amount of rain, which minimised the amount of recycled water needed for irrigation purposes.

Part 1 • Year in review

Biosolids

During 2022–23, we continued to turn 100 per cent of our 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 involves sterilising the biosolids with heat and turning them into pellets that are produced in accordance with the standards set by the EPA for use on farms.

In 2022–23, we produced 56,175 tonnes of wet biosolid and turned it into 9,251 tonnes of dried biosolid product that was sold as a commercial fertiliser product. The proven benefits of the product created strong demand, and the supply chain was extended to farms across Victoria, New South Wales, South Australia and Tasmania.

Capital investment

We spent \$109.6 million on capital and related infrastructure works during 2022–23. Over the next five years, we will commit \$639 million to improving and maintaining our \$3.7 billion asset base on behalf of our customers and community. This helps us complete a number of significant projects and guarantee delivery of efficient, cost-effective and environmentally responsible services that can meet future regional growth needs.

Corporate governance

Barwon Water was established under the *Water Act 1994*. The responsible Minister for the period from 1 July 2022 to 30 June 2023 was the Hon Harriet Shing MP, Minister for Water.

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

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

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

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

At a glance

	2022–23	Change (%)	2021–22	Change (%)	2020–21	Change (%)	2019–20	Change (%)	2018–19	Change (%)
Population served (water)	370,487	5.9	349,996	2.5	341,410	3.3	330,462	2.8	321,562	3.0
Population served (sewage)	342,239	5.8	323,367	2.6	315,055	3.5	304,411	2.8	296,262	4.0
Connected properties (water)	178,505	2.3	174,511	2.2	170,759	3.0	165,804	2.5	161,695	2.3
Connected properties (sewage)	162,725	2.4	158,879	2.3	155,238	3.2	150,417	2.8	146,272	4.2
Water treatment plant volumes (megalitres)	37,454	8.2	34,624	-3.3	35,807	-0.8	36,104	-7.0	38,822	6.0
Water reclamation plant volumes (megalitres)	35,372	6.2	33,318	2.2	32,591	15.3	30,806	8.9	28,278	-7.3
Employee numbers FTE	338	4.8	322	0	322	1.025	314	-0.1	314	-0.2
Number of days lost to injury	0	0	0	0	0	-600	6	500	1	-88.9
Total revenue (\$'000)	258,428	1.3	255,145	2.9	248,034	0.2	249,901	4.1	240,078	2.4
Net operating result (before income tax) (\$'000)	8,565	-65.9	25,109	-8.6	27,466	4.6	26,250	-2.2	25,692	42.9
Total assets (\$'000)	3,710,564	14.7	3,236,010	0.8	3,211,891	12.9	2,844,693	1.7	2,797,204	2.6
Capital expenditure (\$'000)	109,696	200.1	53,174	-19.2	65,840	-15.0	77,438	-4.4	81,025	22.6

Message from the Chair

I am proud to present Barwon Water's Annual Report for the 2022–23 financial year. It demonstrates our focus on the Victorian Government's Water for Victoria plan and our work to provide secure, affordable and safe water and sewerage services to our customers and community.



I would like to acknowledge the Traditional Owners of the lands on which we live and work and acknowledge that they never ceded this land. I thank them for the care they have taken of the land, water and environment for tens of thousands of years and continue to this day. I pay my respects to Elders past, present and future and to all Aboriginal and Torres Strait Islander people. It is a privilege to share in the knowledge and experiences from the oldest living culture in the world.

This annual report concludes our 2018–23 Price Submission customer commitments in the final year of that price period. It shows how we are pursuing our aligned Strategy 2030 vision, to enable regional prosperity by listening and learning from our community, partnering strategically with customers and regional stakeholders, striving towards a healthier environment for all, and building a workforce with people who perform at their best and enjoy a strong connection to our region.

One of the highlights of the year was recognition of three of our key decarbonisation initiatives by the Institute of Public Administration Australia, winning the Climate Change Impact and Adaptation Award for a regional, collaborative approach. The Barwon Renewable Energy Partnership means we are moving towards being powered by 100 per cent renewable electricity, and the Colac Renewable Organics Network is generating renewable electricity for two of the region's big employers: Bulla Dairy Foods and the Australian Lamb Company. We are a critical step closer to achieving our third initiative – the Regional Renewable Organics Network – with the signing of agreements with five local councils to convert 40,000 tonnes of household organic waste to biochar and renewable energy.

We deeply care about our customers and their needs. This commitment to customer service excellence was reflected in Essential Services Commission surveys of Victorian water customers. The latest results (August 2022 to May 2023) rated Barwon Water first amongst sixteen water corporations for value for money, level of trust, reputation in the community and overall satisfaction. We also achieved this result in the previous survey period (June 2022 to March 2023).

Mindful of the challenges of increased cost of living, we proactively called 36,000 customers experiencing financial hardship to offer a range of support options.

The Board continued to strengthen its environmental, social and governance approach in alignment with the United Nations' Sustainable Development Goals. We have continued to strengthen and deepen our relationships with Traditional Owners and to embed First Nations thinking and knowledge in everything we do. Assessment of climate risk is central to decision making at all levels of our business.

Our focused financial management and proactive planning continues with the aim of ensuring future water needs are met for all of our community.

A handwritten signature in dark blue ink that reads "Jo Plummer". The signature is fluid and cursive.

Jo Plummer

Chair, Barwon Water

Message from Interim Managing Director

In this annual report, we present the events of the final year of the 2018–23 price period.



Despite the persistent challenges in the local and global economy during the 2022–23 financial year, we remained dedicated to fulfilling the five service outcomes that our customers expressed as their top priorities.

Holding ourselves accountable and delivering on our promises has been a core aspect of our approach, ensuring that our actions align with our customers' preferences.

This commitment will once again be evident in the upcoming price period, with the Essential Services Commission approving our 2023–28 Price Submission in June.

Highlights

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

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

In the 2022–23 financial year:

- We began implementing our Urban Water Strategy 2022: Water for our Future, which recognises that, with a hotter, drier climate and population growth, we need to think differently about how we use water and where it should come from.
 - We continued to build strategic partnerships with councils and the Victorian Government to develop Integrated Water Management (IWM) solutions for sustainable communities, including Geelong's future growth areas.
 - We started planning to further increase recycled water use on the Bellarine by upgrading the Portarlington Water Reclamation Plant. This will allow it to produce fit-for-purpose recycled water at a significantly lower salinity than the existing water.
 - We progressed water efficiency initiatives and community education programs, and conducted smart network trials designed to identify leaks and minimise water loss.
- We started upgrading the Forrest Water Treatment Plant – an \$8.75-million project and core promise from our 2018–2023 Price Submission – to ensure we can continue to provide high-quality, affordable and secure services for Forrest customers and the community.
 - We helped residential and non-residential customers to save 165 million litres of water by implementing our Sustainable Water Use Plan.
 - We started upgrading Birregurra's water supply in preparation for decommissioning of the town's ageing local water treatment plant, open supply channel and storage basins. The town will instead be serviced by a 19-kilometre underground pipeline from Colac.
 - We increased the storage capacity of the Apollo Bay basin by 26 million litres.

Part 1 • Year in review

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 2022–23 financial year:

- We progressed our Customer Experience (CX) transformation program, which includes the ‘voice of customer’ insights program, an improved complaints management system, and a commitment to ‘I care, we care’ across all customer touchpoints.
- We improved the processes we use to inform our customers about planned and unplanned outages with SMS alerts.
- We increased the availability of e-billing to give our customers greater choice around how and when they interact with us, and introduced a live chat service to our website.
- We proactively and empathetically managed debt collection, taking pressure off customers who are experiencing hardship.
- We reconstructed water and sewerage services to the Bellbrae Primary School, part of the Victorian Government’s major redevelopment of the school.
- We delivered on a core promise of the 2018–23 Price Submission by starting to upgrade the Gellibrand water treatment plant, which will help us continue to deliver high-quality and reliable water and sewerage services at affordable prices.
- We replaced close to 20 kilometres of old and damaged water pipe at a cost of around \$4 million. This will minimise repairs, reduce supply interruptions and ensure continued water quality.
- We partnered with Deakin University to develop a ‘smart-sewer’ system in Lorne. Smart-sewer systems utilise AI and machine learning to predict sewer blockages, enabling crews to prevent spills.

Outcome 3: A healthier environment for all

We are on track to achieve 100 per cent renewable electricity by 2025 and net zero emissions by 2030.

In the 2022–23 financial year:

- We reduced our emissions by 16 per cent from last year, largely due to the increased use of renewable electricity.
- We continued learning from, and building relationships with, both Wadawurrung and Eastern Maar Traditional Owners, who helped guide us in how we source, move and potentially return water to rivers.
- We worked with businesses and councils to implement Renewable Organics Networks for Colac and the broader G21 region. This initiative will contribute to a circular economy for the region’s organic waste, provide renewable electricity for our sewage treatment plants, and produce high-value, carbon-based products.
- We signed waste supply agreements with the Borough of Queenscliffe, City of Greater Geelong, Golden Plains Shire and Surf Coast Shire so that organic waste from kerbside collection can be recycled at the Regional Renewable Organics Network, which will be built at the Black Rock water reclamation plant in Connewarre.
- We committed \$50 million to an expanded sewer upgrade and repairs program that will improve reliability of the regional network, and protect the local environment. The first round of work began in Anglesea and Lorne in June 2023.
- We continued working on the Colac Renewable Organics Network at the Colac water reclamation plant, which will cater for future growth in Colac and produce even more clean, green and low-cost energy. Stage One of the innovative project was commissioned in December 2022 and the town’s water reclamation plant is now powered by renewable electricity from biogas, which is generated by organic waste from Australian Lamb Company (ALC) as it breaks down.
- We maintained an extensive environmental monitoring and assessment program for the Anglesea Borefield.

- We worked with our local community and stakeholders to implement the remediation plan for Boundary Creek and Big Swamp.
- We took a big step toward using 100 per cent renewable electricity when the power purchase agreement with Mount Gellibrand Wind Farm (near Birregurra) went live, as part of our Barwon Renewable Energy Partnership with Barwon Health and GeelongPort.
- We continued teaming up with the Birregurra Community Group to explore opportunities for sustainable water use. As of March 2023, about one in five properties in Birregurra had a leak identified and repaired, saving an estimated 38 mega litres of water a year and \$81,000 in water charges¹ to the whole community.
- We progressed our partnership with Viva Energy to use recycled water from the Northern Water Plant to produce renewable hydrogen for the New Energies Service Station in Geelong.
- We continued to increase community awareness about Class A recycled water in the Armstrong Creek, Torquay North and Charlemont areas by providing education materials.
- We led a research partnership with the Victorian Government, RMIT, Deakin University, South East Water, City of Greater Geelong and Intelligent Water Networks that converted organic waste into biochar for application in batteries and other energy storage devices.

1. This estimate is based on what the community would have paid over a 12-month period if the leaks hadn’t been fixed.

Part 1 • Year in review

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 2022–23 financial year:

- We worked closely with Wadawurrung Traditional Owners and the local community to transform two of our disused sites – Porrongitj Karrong in Breakwater and Murrk Ngubitj Yarram Yaluk (former Bellarine Basin) – into more than 95 hectares of environmental and public open space.
- We worked with Reconciliation Australia, local Traditional Owners and other Aboriginal groups to finalise our second Reconciliation Action Plan.
- We won the Institute of Public Affairs Australia Climate Change Impact and Adaptation Award in partnership with Barwon Health and GeelongPort.
- We celebrated 10 years of the Geelong Cats Djilang program, which engages young First Nations peoples in the Barwon region in exploring and celebrating Aboriginal culture. This year's Djilang program connected the story of the Djilang guernsey, the sharing of Barwon River stories and the cultural value and importance of water to Wadawurrung people.
- We extended our recycled water pipe infrastructure near Portarlington to assist wineries and growers on the Bellarine with irrigation. The expansion is ready to be used by seven new customers, and there is capacity for more to join.
- We invited the Lorne community to participate in a conversation about ways of achieving a sustainable and resilient future as part of the 'Lorne: Water, Your Say' program.

Outcome 5: Affordability for all our customers

We will work hard to keep our costs down without compromising our services and we will help our customers to manage their bills.

In the 2022–23 financial year:

- We were rated number one by our customers in Victoria against the Essential Service Commission's metrics of value for money, reputation, trust and overall satisfaction (for the period June 2022 to May 2023), and also in the previous survey period (June 2022 to March 2023).
- We delivered one of the lowest average residential bills in Australia (as compared to other water businesses with more than 100,000 customers).
- We supported 38,678 customers to access government concessions to help pay their bill.
- We made more than \$40 million in cost savings over five years, exceeding our five-year Customer Affordability Pipeline target of \$32 million.
- We deeply engaged with our customers and community to inform the 2023–28 Price Submission.
- We delivered an operating expenditure productivity rate of 1.95 per cent per annum (excluding CPI), which is one of the most ambitious of all Victorian water corporations.
- Our revenue exceeded \$258 million in the 2022–23 year. This was a result of increased CPI in the year off-setting lower usage volumes, which resulted from wetter weather conditions.
- We spent \$109.6 million on capital investments to maintain and improve service quality while supporting regional growth.
- In partnership with 18 other Geelong-based organisations, we helped refresh the Geelong Region Financial Inclusion Action Plan (FIAP), which aims to combat financial disadvantage in our region.

- We worked collaboratively with local agencies and councils to deliver our Customer Support Strategy and help customers experiencing hardship, particularly as communities recover from the COVID-19 pandemic.
- We supported 3,224 customers via our Customer Support Program. The program provided grant assistance of \$367,193 to customers.
- We assisted 267 customers experiencing vulnerability as part of the Community Rebate and Home Plumbing Assessment and Retrofit programs, with a total value of \$278,704 and an estimated 22.25 megalitres (22,250,000 litres) in water savings.

This annual report highlights what we have done over the last financial year to demonstrate our ongoing commitment to achieving and exceeding our ambitious targets – even in the face of evolving challenges – while listening attentively to our customers so we are ready for the next pricing period.

With great pleasure, I present to you the Barwon Water Annual Report for 2022–23.



Shaun Cumming

Interim Managing Director

Our Strategy 2030

Vision

A prosperous region

Mission

To strengthen the economic, social, cultural and environmental prosperity of our region through the delivery of sustainable, affordable, innovative and reliable water and sewerage services.

How?

Our work will be aligned to achieving the ambitious, bold aspirations we established in Strategy 2030. We expect ourselves to:

- perform at our best
- listen and learn
- partner strategically
- find the way.

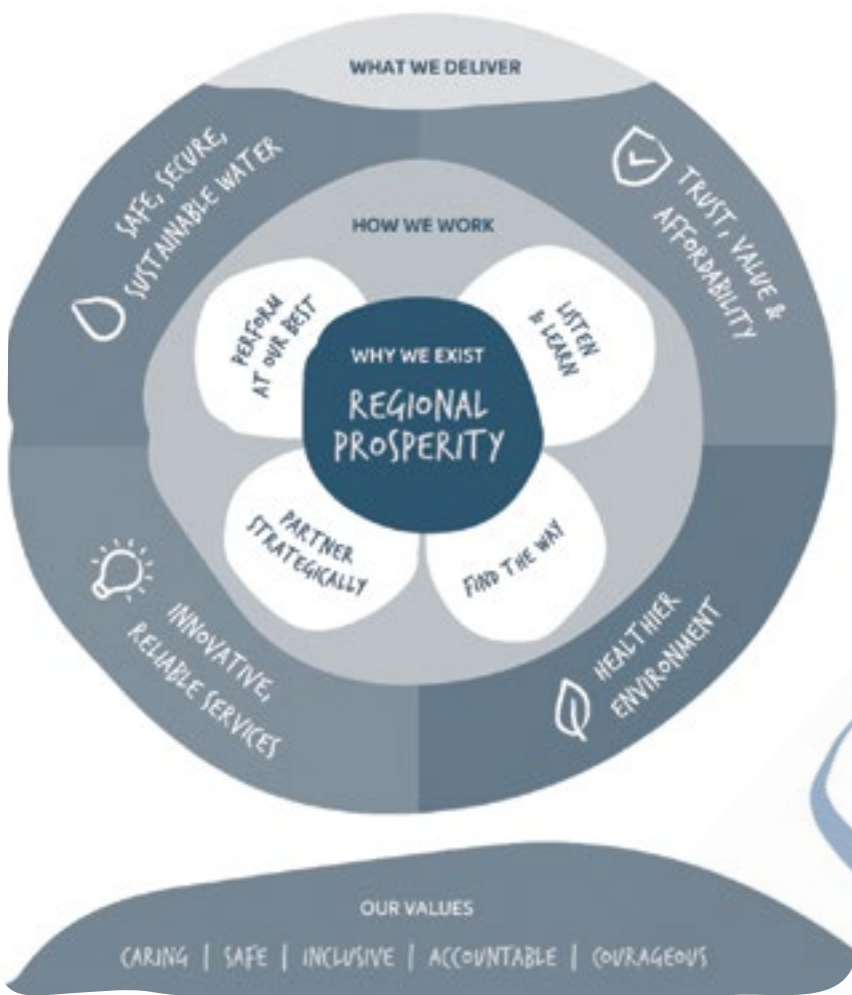
Delivering a refreshed Strategy 2030

We have developed and learnt a lot since we established Strategy 2030 in 2017.

We have seen how quickly and dramatically our world can change – through pandemics, droughts, bushfires and floods. We know we need to be prepared and agile enough to respond.

Through deep, genuine, and ongoing engagement, we have heard what our customers and community want from us when it comes to facing significant global challenges; they want us to work in partnership with others, leveraging the intrinsic value of our services to enhance the region’s prosperity – economically, socially, culturally and environmentally.

Our refreshed Strategy 2030 reflects this change in approach and is aligned with the next five-year pricing submission. The final version of the refreshed strategy was released in September 2022, in line with our 2023–28 Pricing Submission process.



Summary of financial results

Barwon Region Water Corporation Financial Management Compliance Attestation Statement

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



Jo Plummer

Chair, Barwon Region Water Corporation
14 September 2023

Financial summary

The 2022–23 financial year saw us maintain our focus on customer affordability, innovation and sustainable investment for infrastructure renewal and growth activities.

Our operations have continued to make a significant positive contribution to the regional economy during a year that presented challenging cost-of-living pressures for many of our customers. During 2022–23, we generated revenues of \$258.4 million supported by \$3.7 billion in assets, spending \$109.6 million in capital and related infrastructure works.

As the fifth and final year of the 2018–23 Price Submission, we continued to keep prices low and deliver affordable water services to our customers. In keeping with this commitment, we have again delivered a strong and financially sustainable result. Borrowings were increased by \$43.5 million to \$557.9 million, to support the capital expenditure program, which was our largest since 2012–13 at \$109.6 million. At year end, cash on hand was \$14.3 million.

Although the state government request to deliver supplier payments within 10 business days was lifted this financial year, we remain committed to supporting small businesses. Barwon Water paid 76 per cent of small suppliers within 20 days, with 49 per cent of those being within ten days (in line with the prior year). Our subsidiary, Barwon Asset Solutions, paid 97 per cent of small businesses within ten days.

Challenges overcome

Despite the pandemic now being behind us, the reality of the broader economic environment raised various challenges during 2022–23. With wet weather patterns affecting tariff revenues, rising inflation causing upward pressure on supplier prices, and the overall financial impact on our customers, we have had to continue to find efficiencies in all that we do, with the primary mechanism for this being the ongoing delivery of our Customer Affordability Pipeline (CAP). The CAP has now delivered over \$40 million of savings to the group over the last five years, supporting the prices we committed to during the 2018–23 pricing period.

Despite rising interest rates in Australia, the ongoing management of our debt portfolio has minimised the impact of these rises, and has supported our ongoing commitment to, and ongoing focus on, disciplined capital and cash management throughout the year.

Major changes or factors affecting performance

Our revenue for the year increased to nearly \$259 million from \$255 million in the prior year. Although water usage volumes were reduced due to wet weather patterns, the increased Consumer Price Index (CPI) impacts largely offset volumes. Despite challenges both in reduction in demand and increased expenditure due to economic conditions, the Group, through strong fiscal management, delivered a strong surplus of \$8.6 million.

Although the overall result from our Power Purchasing Agreements (PPAs) to date remains positive, changes in forecast electricity prices have impacted the annual valuation of future cashflows related to the PPAs. This has resulted in a \$5.4 million expense in 2022–23.

Depreciation, amortisation and impairment costs of \$78.1 million were higher than prior year by \$5.4 million. The decommissioning of assets related to the Forrest, Gellibrand and Birregurra Water Treatment Plants has resulted in the acceleration of depreciation in those assets (and will continue in 2023–24 and 2024–25).

Our operating expenditure during the financial year has also been impacted by higher than anticipated inflation during the year, as well as demand-led volume increases in some areas, such as contractor costs. Existing provisions in place for the Barwon Downs remediation project have also been impacted, resulting in an additional \$1.2 million of operating expenditure.

Significant changes in financial position

Total assets have increased year on year by \$474.6 million. This increase has been primarily driven by an revaluation of infrastructure assets in the year resulting in a significant increase in the fair value of those assets.

Investment in infrastructure during the financial year was funded through \$74.2 million in funds from operations with the balance funded through an increase in borrowings. Total debt increased by \$43.5 million, with cash and cash equivalents increasing by \$2.4 million to \$14.3 million.

Barwon Water delivered a \$109.6 million capital works program – its largest since 2012–13 – continuing our ongoing commitment to long-term service delivery through prudent and efficient infrastructure planning. Our capital works program continues to focus on sewerage and water mains replacement and rehabilitation across the network.

The largest investment was for the Colac Reclamation Plant Upgrade, followed by the work undertaken on the Bellarine Transfer main.

Events subsequent to balance date

No material events occurred after balance date.

Part 1 • Year in review

Summary of financial results

	2022–23 (\$'000)	2021–22 (\$'000)	2020–21 (\$'000)	2019–20 (\$'000)	2018–19 (\$'000)
Tariff revenue	206,922	199,784	195,094	193,181	193,222
Capital revenue	39,128	31,327	42,302	44,026	36,989
Government contributions	1,433	4,404	660	389	511
Other revenue	10,945	19,630	9,978	12,305	9,356
Total revenue	258,428	255,145	248,034	249,901	240,078
Operating expenditure	122,368	118,713	105,952	107,271	99,651
Depreciation expenditure	78,128	72,720	73,839	70,816	68,424
Finance costs	31,905	32,855	35,018	36,845	37,712
Other expenditure	11,068	10,119	10,801	8,719	8,599
Total expenditure	243,469	234,407	225,610	223,651	214,386
Net other economic flows ¹	(6,394)	4,371	5,042	n/a	n/a
Net result before tax	8,565	25,109	27,466	26,250	25,692
Current assets	67,403	65,607	72,234	83,670	70,444
Non-current assets	3,643,161	3,170,403	3,139,657	2,761,023	2,726,760
Total assets	3,710,564	3,236,010	3,211,891	2,844,693	2,797,204
Current liabilities	111,979	104,484	107,111	111,301	112,003
Non-current liabilities	1,184,303	1,015,589	1,029,591	938,995	910,514
Total liabilities	1,296,282	1,119,073	1,136,702	1,050,296	1,022,517
Net cash flows from operations	74,193	49,970	83,722	77,699	87,317
Payments for infrastructure, property, plant and equipment	118,159	63,393	76,845	79,299	82,408

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

Barwon Water’s financial performance to 30 June 2023

Financial result	2022–23	2021–22	2020–21	2019–20	2018–19
Internal financing ratio	62.6%	108.07%	162.55%	103.90%	100.91%
Gearing ratio	15.7%	17.24%	17.88%	21.70%	21.20%
Interest cover (EBIT)	1.27 times	1.77 times	1.79 times	1.71 times	1.68 times
Interest cover (Cash)	3.13 times	2.53 times	3.42 times	3.10 times	3.17 times
Return on assets	1.10%	1.80%	2.06%	2.23%	2.29%
Return on equity	0.30%	0.92%	1.08%	1.11%	1.03%

Part 1 • Year in review

Capital expenditure

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

We delivered \$109.6 million in capital and related infrastructure works during 2022–23.

The \$4.1 million spent on water headworks projects included:

- \$2.5 million for the Colac Pipeline Upgrade (sections 19, 20, 23 and 25)
- \$0.51 million for water channel renewals
- \$0.38 million for the Marengo Basin Upgrade.

The \$25.9 million spent on major water transfer and distribution projects included:

- \$11.4 million for the Bellarine Transfer Main (Stage 5B)
- \$3.2 million for Torquay High Level Feeder Main (Stage 5)
- \$1.6 million for replacement of the Highton Basin cover and liner.

Other major water infrastructure projects included:

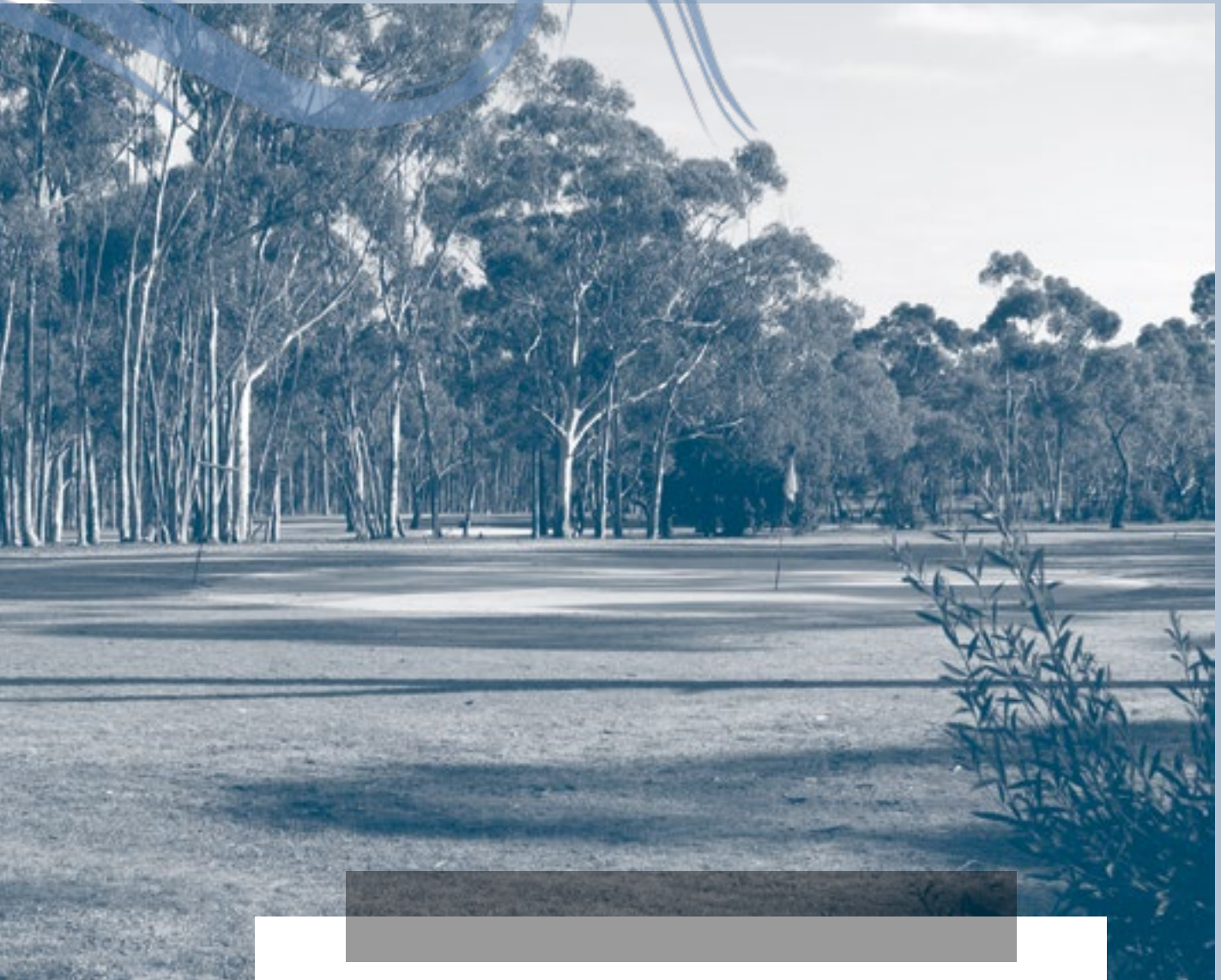
- \$5.9 million for water main replacements
- \$4.0 million for the Forrest Water Treatment Plant upgrade
- \$1.2 million for the Wurdee Boluc Water Treatment Plant renewals and improvements.

The \$3.9 million spent on recycled water infrastructure included:

- \$0.96 million for Recycled Water on the Bellarine (Stage 3)
- \$0.66 million for recycled water infrastructure for the Winchelsea Water Reclamation Plant
- \$0.62 million for the Armstrong Creek Boundary Road low-level pressure reducing valve.

The \$45.2 million spent on investment in sewerage infrastructure included:

- \$15.9 million for the Colac Water Reclamation Plant upgrade
- \$4.8 million for mains replacement and rehabilitation
- \$2.9 million for the Lara West–Windermere Road Sewerage Pump Station.



Part 2.

Water consumption

Part 2 • Water consumption

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	3.1	3.1	3.1	3.1
May	3.1	3.1	3.1	3.1
June	3.1	3.1	3.1	3.1
July	2.5	2.5	2.5	2.5
August	2.5	2.5	2.5	2.5
September	2.5	2.5	2.5	2.5
October	2.7	2.7	2.7	2.7
November	2.7	2.7	2.7	2.7
December	2.7	2.7	2.7	2.7
Total	36.3	36.3	36.3	36.3

Regional metered water consumption (megalitres)

Region	2022–23	Change (%)	2021–22	Change (%)	2020–21	Change (%)	2019–20	Change (%)	2018–19	Change (%)
Apollo Bay	248	0.9	246	5.4	233	-1.0	235	-13.0	271	1.6
Aireys Inlet	114	-15.0	134	0	134	2.9	130	-2.1	133	7.5
Anglesea	320	-21.5	408	5.5	387	1.7	380	2.3	372	6.2
Bellarine Peninsula	4,968	-5.2	5,242	3.3	5,073	4.0	4,879	-8.2	5,318	11.3
Colac and district	2,794	-0.1	2,796	8.7	2,573	-3.6	2,746	-2.9	2,829	2.0
Geelong urban	22,323	-5.0	23,494	3.4	22,721	-2.6	23,248	-6.0	24,740	7.6
Lorne	269	-11.2	303	-2.9	312	2.5	304	-6.2	324	-0.1
Skenes Creek	26	-8.8	29	-10.7	32	11.1	29	-13.6	34	12.6
Torquay	2,192	1.3	2,165	4.7	2,067	-1.6	2,100	3.1	2,038	11.0
Total	33,254	-4.5	34,817	3.8	33,533	-1.5	34,051	-5.6	36,057	7.7

Geelong urban includes:

Anakie, Armstrong Creek, Avalon, Balliang, Barwon Heads, Batesford, Bell Park, Bell Post Hill, Bellarine, Belmont, Breakwater, Ceres, Charlemont, Clifton Springs, Connewarre, Corio, Curlewis, Drumcondra, Drysdale, East Geelong, Fyansford, Geelong, Geelong West, Grovedale, Hamlyn Heights, Herne Hill, Highton, Indented Head, Lara, Leopold, Little River, Lovely Banks, Manifold Heights, Mannerim, Marcus Hill, Marshall, Moolap, Moorabool, Newcomb, Newtown, Norlane, North Geelong, North Shore, Ocean Grove, Portarlington, Rippleside, South Geelong, St Albans Park, St Leonards, Staughton Vale, Thomson, Wallington, Wandana Heights, Waurin Ponds, Whittington.

Colac and district includes:

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

Bellarine Peninsula includes:

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

Torquay includes:

Torquay, Jan Juc, Mount Duneed.

Part 2 • Water consumption

Residential and non-residential metered potable water

Region	Residential			Non residential			Per capita consumption (litres/person/day) ³	Average annual consumption (ML) ⁴
	Number of water customers ¹	Volume consumed (ML) ²	Weekly potable consumption (kL)	Number of water customers ¹	Volume consumed (ML) ²	Total consumption (ML)		
Geelong and district	152,109	22,149	425,949	11,478	7,587	29,737	174	30,119
Colac and district	7,047	1,355	26,053	1,231	1,432	2,787	249	2,726
Apollo Bay/Skenes Creek	2,317	198	3,805	171	106	304	217	300
Lorne	2,296	189	3,640	160	80	269	259	295
Aireys Inlet/Fairhaven	1,650	146	2,798	46	12	157	284	173
Total	165,419	24,037	462,246	13,086	9,218	33,254	178	33,613

- Properties connected to Barwon Water's water supply service.
- Metered consumption excludes non-revenue water.
- The per capita usage figure is based on the yearly residential consumption figure divided by permanent population, which is calculated using Australian Bureau of Statistics Census data for 'per cent of occupied dwellings' and 'average people per (occupied) dwelling'. The figure doesn't take into account the high summer tourism population of some towns.
- 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
	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	18	923	84	1,126	12,462	341	2,390	4,175
Colac and district	3	11	N/A	N/A	N/A	N/A	11	11
Apollo Bay/Skenes Creek	2	0	N/A	N/A	N/A	N/A	0	0
Lorne	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Aireys Inlet/ Fairhaven	3	38	N/A	N/A	N/A	N/A	38	38
Total	26	973	84	1,126	12,462	341	2,440	4,224

Non-revenue water (ML) 2022–23

	Leakage	Firefighting*	Other**	Total
Barwon Water service region	4,006	-	193	4,200

*Water used for firefighting purposes is not metered.

**Includes combined potable metered hydrant volumes and volumes 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

Location	2022–23				
	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)	338	6,071	1,049	3.10	172.79
Total		6,071	1,049		172.79

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	3
Equal to or greater than 300 ML and less than 400 ML	0
Equal to or greater than 400 ML and less than 500 ML	2
Equal to or greater than 500 ML and less than 750 ML	2
Equal to or greater than 750 ML and less than 1,000 ML	0
Greater than 1,000 ML	1
Total no. of customers	17

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

Part 2 • Water consumption

Non-residential water efficiency

We continued to focus on water efficiency and supporting our non-residential customers through various programs in 2022–23, in line with our five-year Sustainable Water Use Plan.

The Business Grants program continued to award grants for a diverse range of projects, including installation of an on-site water recycling plant for a commercial nursery, and installation of a water-efficient irrigation system to allow a not-for-profit organisation to transform unused land into a regenerative market garden.

We continued to provide more than 25 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 also connected to recycled water supplies, which allows the courses to be maintained at a reduced cost while operating more sustainably.

Business Water Grants and Rebates were open to non-residential customers in 2022–23. The water grants support larger businesses and agricultural customers to achieve permanent water savings by substituting drinking water with alternative sources, recycling wastewater or upgrading equipment to improve water efficiency.

Businesses awarded grants also receive a data logger so they can track and monitor consumption patterns and identify leaks in real-time. To date, projects have delivered an annual estimated water saving of 85 million litres.

We continued to work closely with our catchment partners as part of our WaterSmart Council and Coastal Partnership programs. Both programs promote sustainable water use to the broader community through education initiatives, water efficiency and sustainability projects. In 2022–23, projects included support for a community orchard in Torquay, a regenerative market garden in Drysdale and a caravan park upgrade. We also supported public amenity upgrades – providing water efficient fixtures and fittings across the Bellarine, as well as educational signage encouraging users to save water – and helped Geelong Cemeteries to install data loggers, helping them identify leaks.

We supported over 235 non-residential customers to detect and rectify leaks as part of our data logger program. This effort, combined with our dedicated Colac on-farm project, helped to save approximately 26 million litres of drinking water in 2022–23.

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

Major customer participation in water conservation programs

Name of customer	Information as to customers participation in water conservation program*
Viva Energy Refining Pty Ltd (multiple sites)	Water management and recycling program in use.
City of Greater Geelong (multiple sites)	Yes, participates in the Sustainable Water Use data logger and WaterSmart council programs.
Malteurop Australia Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Turi Foods Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Australian Lamb (Colac) Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Bulla Dairy Foods	Yes, participates in the Sustainable Water Use data logger program.
J R & C A Santospirito (multiple sites)	Yes, participates in the Sustainable Water Use data logger program and Class C recycled water user.
Bannockburn Golf Club Inc	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.
Barrett Burston 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.
Barwon Health - The Geelong Hospital	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.
Pavilion Partners Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.
Fremantle Harbour Properties 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.
EP Robinson Pty Ltd	Yes, participates in the Sustainable Water Use data logger program.

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



Part 3.

Social and environmental sustainability



Part 3 • Social and environmental sustainability

Reconciliation

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.

Key achievements in 2022–23 included:

- We continued to implement our partnership agreement with the Wadawurrung Traditional Owners Aboriginal Corporation.
- We supported cultural awareness training for all our staff, so everyone can understand the truth about colonial history, and work towards healing historical wounds.
- We visited key sites with Traditional Owners in an effort to embed Indigenous approaches to land and water into our business, so we can protect the natural assets on which we all depend.
- We enhanced Aboriginal and Torres Strait Islander employment opportunities.
- We engaged with Traditional Owners on strategic projects, such as Murrk Ngubitj Yarram Yaluk and Porronggitj Karrong.
- We created a new First Nations Identified Position (First Nations Project Adviser).
- We undertook business cases to consider impacts and opportunities in relation to Traditional Owner values and broader threats and objectives as they apply to the land.
- We supported National Reconciliation Week and NAIDOC Week events.

In the second half of 2023, we will launch our first Stretch RAP. It has been developed in consultation with key stakeholders, including Eastern Maar and Wadawurrung Traditional Owners within the Barwon Water region. Local First Nations consultancy Arranyinha played a pivotal role in developing the Stretch RAP.

The focus of our Stretch RAP will be further building on, and embedding, the strategies and positive changes that were developed during the implementation of our last RAP. We will also be working towards having a positive impact and creating change within our sphere of influence – notably in areas such as engagement and involvement with the First Nations and Traditional Owner communities.

Our Stretch RAP is formed around the pillars of relationships, respect, and opportunities, and will push us to constantly embed and expand on our commitments. The Stretch RAP outlines the steps we will take to ensure that reconciliation becomes part of everything we do at Barwon Water. It shows we will continue to invest in relationships with Traditional Owners and First Nations organisations, and advance reconciliation within our organisation and other spheres of influence in the region and the broader water industry.

Over the last financial year, we have continued building and maintaining our relationships with both Wadawurrung Traditional Owners Aboriginal Corporation (Wadawurrung) and Eastern Maar Aboriginal Corporation (Eastern Maar). We have a formal Partnership Agreement (2021–24) with Wadawurrung that helps guide us as we undertake projects together and helps Wadawurrung to estimate the resources required to do the work.

Another key achievement in this time period was the creation of a new role at Eastern Maar – Water Partnerships Officer – via a multi-party agreement between Eastern Maar and the three Water Corporations that operate within their country.

Working with Traditional Owners to Care for Country

Key findings and outcomes from the Care for Country project have been included as actions within our Stretch RAP and were started in 2022–23.

One project that is already underway is looking at opportunities to apply a Caring for Country lens across different parts of the business. This will help us positively impact how we plan, design, deliver, operate and maintain key assets. The process will also assist staff to further cultivate a mindset of care for the environment. Key to the success of this project will be instilling the Caring for Country values of the Eastern Maar and Wadawurrung peoples in all proposed changes.

Part 3 • Social and environmental sustainability

Murrk Ngubitj Yarram Yaluk

In 2022–23, we finished removing the redundant Bellarine Basin and restoring the natural alignment of Yarram Creek as part of a partnership project with the Victorian Government.

The ongoing restoration of this 37-hectare site recognises the important and unbroken connection and stewardship of land and water on the Bellarine Peninsula by Wadawurrung Traditional Owners. The historic Wadawurrung name for the place – Murrk Ngubitj Yarram Yaluk – meaning ‘head waters of continuously flowing river’ – has also been restored as the official name.

The area is a unique habitat on the Bellarine Peninsula that features a thriving wetland, remnant grassy woodlands, wedge-tailed eagle and collared sparrowhawk nests, and a variety of areas with revegetation opportunities.

The Murrk Ngubitj Yarram Yaluk restoration aligns with a state government commitment to opening up and enhancing green and open space. The vision for the area is for a unique, inclusive and accessible community place for people to celebrate, respect, enjoy and immerse themselves in the cultural, natural and recreational values of the place.

While only community volunteers currently have access to the space, it is expected that Murrk Ngubitj Yarram Yaluk will be open to the general public early in 2023–24 as the landscape is restored and accessibility assets are progressively built – a process we expect will continue over the coming 2–3 years.

Other key developments in 2022–23 included:

- Plans to restore the historic biodiversity of the place were significantly bolstered when the Victorian Government awarded Wadawurrung Traditional Owners nearly \$450,000 for works at Murrk Ngubitj Yarram Yaluk.
- A community-led Friends of Murrk Ngubitj Yarram Yaluk group was established and commenced monthly working bees to Care for Country – undertaking practical activities such as weeding, planting and biodiversity monitoring.
- Guided by a site masterplan, developed with input from Wadawurrung Traditional Owners and community input, we started planning accessibility assets for visitors such as bike tracks, a carpark, toilets, walkways and seating.

Ongoing development of the area will be guided by four objectives covering nature, culture, community and sustainability.

Porronggitj Karrong

Porronggitj Karrong, which means ‘place of the Brolga’ in Wadawurrung language, is a 66-hectare section of floodplain north of the Barwon River Breakwater. With high ecological, heritage, cultural and recreational values, the site has been identified as providing a unique opportunity to contribute to the prosperity of our community.

To support the right of Wadawurrung Traditional Owners to be self-determining, the site development will be led by Wadawurrung Traditional Owners Aboriginal Corporation in partnership with us.

In exploring opportunities to open the area to the community, the conventional project planning and delivery model has been reimagined. As project leaders, Wadawurrung Traditional Owners will play a central role in exploring opportunities to remediate the land and waters, make Country healthy again, and open the site as a cultural and community precinct that supports Wadawurrung living culture, and the broader region.

We are allowing time to gather information and understand the values of the place – both from Wadawurrung and environmental perspectives – before we reimagine the landscape through the development of a Healthy Country Plan. The Healthy Country Plan will then guide us in how we manage the land, creating opportunities for everyone to come and learn and enjoy this special place.

In 2022–23, the following project developments occurred:

- Several important assessments and investigations were conducted on the site including Flora and Fauna Assessments, Paleobotany Studies, Ethnobotanical Studies and Cultural Heritage Assessments. The results showed that Porronggitj Karrong was an estuarine environment surrounded by different areas of native vegetation for most of the past 9,500 years. In the 1800s, with the construction of the breakwater upstream and tidal barrage downstream, it became a freshwater wetland environment. Charcoal analysis revealed little evidence of past burning within the immediate area. However, charcoal counts rose with depth, which is consistent with Wadawurrung cultural burns within the wider landscape and further back in time.
- Regional Development Victoria provided funding to help us complete the remaining investigations as part of our Listening to Country phase of the project.
- Heritage Victoria granted conditional approval for Barwon Water to remove four of the fourteen sections of the 756-metre state heritage-listed ovoid sewer aqueduct multi-span bridge structure. Built in 1915, the aqueduct bisects the site and crosses the Barwon River; however, safety concerns prompted by the bridge’s poor structural integrity have meant river access under the aqueduct has been closed for around 30 years. The approval will facilitate safe public access along the river and through Porronggitj Karrong, and a principal contractor has been appointed to undertake the complex aqueduct stabilisation and span removal works.

Part 3 • Social and environmental sustainability

Over the next financial year, we will continue to work with our principal contractor, structural engineers and heritage advisers to plan ways to carry out the aqueduct works safely. This is expected to take some time as the aqueduct conservation and river opening works are unique and complex, with many stakeholders, and an area that is an intermittently inundated floodplain.

The project community reference group will be kept actively engaged through this process as we work to meeting the shared project vision:

“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 and cultural safety training to employees throughout 2022–23, with a focus on:

- First Nations history in Australia
- life as a contemporary First Nations person
- cultural heritage
- a visit to cultural sites around Geelong.

The training has helped employees to look at the world through the eyes of a First Nations person. The training has also improved employee understanding of how best to support and work with Traditional Owners, by sharing the history of the region and Traditional Owner values. Combined, it is hoped that these new understandings will help create a more culturally safe workplace for First Nations employees.

During 2023–24, we will review our cultural training program, in line with actions identified in our Stretch RAP.

Aboriginal and Torres Strait Islander Employee Network

In 2022, an employee-led Aboriginal and Torres Strait Islander network for First Nations employees was launched as a means for helping employees to connect with others in a culturally safe and respectful way.

To make the networking events as inclusive and accessible, the events will be held quarterly across our regional facilities.

NAIDOC Week

The 2022 NAIDOC week theme was ‘Get up! Stand Up! Show Up!’ One of the key messages from the 2022 theme was that now is the time for making systemic changes that promote equity and recognition for First Nations peoples.

Some of the activities that we ran during NAIDOC week included:

- an employee site tour of Porrongitj Karrong, which was led by Barwon Water and Wadawurrung staff
- a pop-up First Nations Little Library
- an on-site language workshop, which was delivered by Wadawurrung Traditional Owner, Corrina Eccles
- promotion of local activities.

We also supported NAIDOC Week building projections, in partnership with the City of Greater Geelong, to celebrate the cultural strength of our First Nations communities.

Reconciliation Week

National Reconciliation Week was held from 27 May to 3 June 2023 with the theme ‘Be a Voice for Generations’. We commenced the week by supporting Reconciliation in the Park, a community event in Johnstone Park aimed at increasing local understanding of Djilong’s history and culture that engages the broader community in local reconciliation activities.

We also partnered with the City of Greater Geelong and The Torch to showcase artworks from First Nations peoples as part of the Reconciliation Week projections program.

Finally, we provided a series of yarning circles focused on what reconciliation means – both broadly and at an individual level – allowing space for discussion and questions. The Yarning Circles were a resounding success and gave a range of people new ideas about how to progress reconciliation on both a personal and business level.

Employment – Traineeship program

Our Aboriginal Employment and Retention Strategy was developed as part of our Innovate RAP, and is structured around five key areas: Recruitment, Induction, Inclusive Workplace Practices, Retention and Development.

The core principles guiding our strategy are:

- understanding and embedding First Nations cultural values and
- supporting the holistic wellbeing of First Nations peoples.

These principles are the foundation for creating and delivering culturally appropriate, respectful and meaningful outcomes for First Nations employees.

Two complementary initiatives that we continued implementing in the last financial year, in line with this strategy, were:

- the 12-month traineeship program, which was delivered in partnership with Wan-Yaari Aboriginal Consultancy Services and Gforce Employment Solutions (see page 62 for more information)
- the in-depth Connection to Country program for all employees, which included cultural heritage education and visits to culturally significant sites in the region.

Since 2017, we have employed 20 trainees who identify as Aboriginal in the program. At the conclusion of their respective traineeships, three trainees have continued full-time employment with Barwon Water and the remaining trainees have either followed career pathways with other employers or pursued further studies at university level.

Part 3 • Social and environmental sustainability

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.

The committee, comprised of people from diverse customer segments, backgrounds and experiences, met five times in 2022–23 to share insights relevant to our various customer strategies, programs and projects. Key areas of focus for the committee during this time were the finalisation of our 2023–28 Price Submission and feedback on refreshing the committee process for the coming financial year.

Other briefings included:

- 2018–23 Price Submission performance review
- capital works program performance
- Customer Experience Strategy
- digital metering trial for the Customer Advisory Committee.

In addition, we also received feedback on key projects, including:

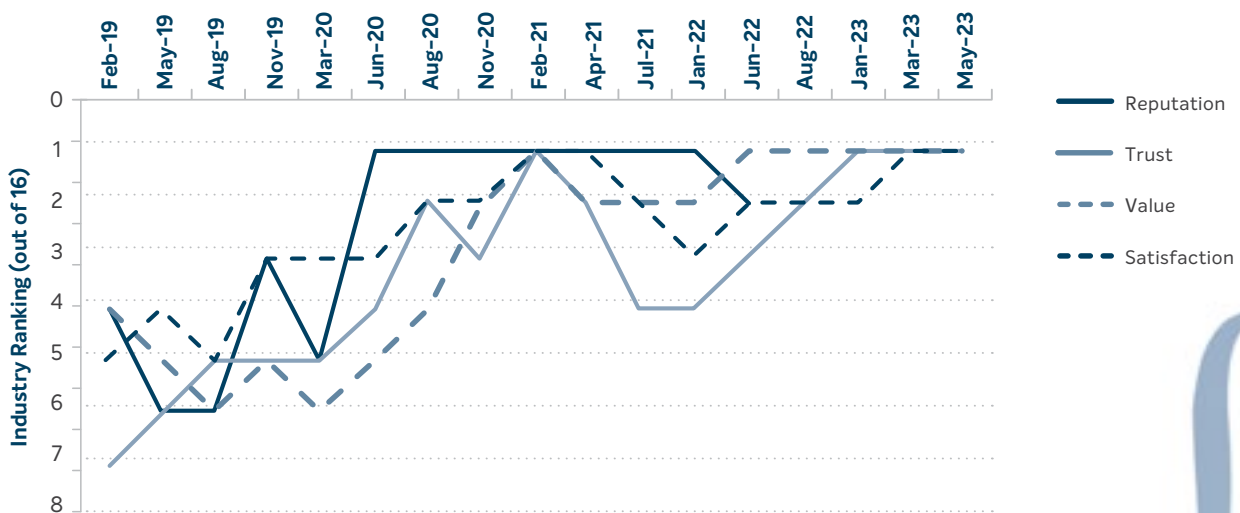
- ‘Lorne: Water, Your Say’ program
- Regional Renewable Organic Network
- Porronggitj Karrong and Aqueduct
- Murrk Ngubitj Yarram Yaluk (formerly Bellarine Basin)
- Sustainable Water Use Plan
- Birregurra water supply upgrade
- Class C recycled water storage levels and management
- Geelong Region Financial Inclusion Action Plan and
- Torquay water supply network upgrade.

Caring for customers

We continued to perform well in the Victorian Essential Services Commission’s customer perception surveys for the water sector. The Commission undertakes regular customer surveys, communicating the results to the public. In the most recent results (August 2022 to May 2023), Barwon Water was rated first for value for money, level of trust, reputation in the community and overall satisfaction. Barwon Water achieved the same outstanding result for the previous survey period (June 2022 to March 2023).

In June 2023, Customer Service Benchmarking Australia ranked us second in the Victorian water sector for call quality for the preceding 12 months. We ranked third nationally for the water sector and ninth out of 198 organisations from all Australian sectors.

Essential Services Commission – Customer Perception Survey results



Part 3 • Social and environmental sustainability

Customer experience program

Barwon Water's five-year Customer Experience (CX) program has delivered approximately 70 CX initiatives since 2019 in areas including service design, improved service channels, technology and people.

Key actions implemented in 2022–23 included:

- We started a process to refresh our CX strategy in March 2023 to better align with Strategy 2030 and establish the next cycle of the plan. Key points that will be reflected in the new plan will include: scaling the CX capability established in the previous strategy period; supporting customers experiencing vulnerability; and improving customer experience through the organisation's digital uplift process.
- We further improved the Voice of Customer program with a new digital platform. This increased our ability to understand themes and trends in our customer feedback.
- We updated all customer surveys this year to improve their usability and introduce a new performance metric – customer satisfaction – to align with Strategy 2030.
- We focused on rapid resolution of customer concerns by developing a customer resolutions framework. We plan to build on this in the new financial year to further improve the way we support customers experiencing vulnerability.
- We delivered refreshed induction training for new contact centre staff that covered systems, processes and service standards. The new approach has expedited the onboarding of new starters, whilst maintaining our key performance indicators.

- We conducted a full review and update of customer-related processes by 1 March 2023, in line with new water industry standards introduced by the Essential Services Commission in late 2022. This review included a significant refresh of the Customer Charter, which explains our obligations and those of our customers and is available on our website.
- We developed a customer experience roadmap as part of the organisation's broader digital strategy. A high-level architecture was also mapped out to reflect customer and business needs.
- We reviewed our website's functionality and accessibility. This review identified many opportunities for improvement and led to several enhancements, including functionality of online forms and the online customer portal.

Assisting customers experiencing financial vulnerability

We recognise that some customers may experience temporary or longer-term circumstances that cause financial vulnerability. In our 2018–23 price period, we committed to spending an additional \$2.5 million to proactively help customers manage their bills and be more water efficient. At the conclusion of the price period, we had spent \$2.7 million – seven per cent above our target.

In April 2022, we conducted research that helped us identify new ways of reducing barriers for those who need customer support – for example, better outreach to customers with specific needs such as language barriers and disability. The research was used to inform our refreshed CX strategy.

Our customer support program continues to benefit from the expertise and support of partnerships at three levels of engagement:

- **Local agency engagement**
We met with our local support agency working group in December to help us improve engagement with customers facing longer-term debt challenges. As always, the forum gave us insight into the issues and trends impacting those accessing frontline community support in our region.
- **Regional engagement**
In April 2023, we participated in launching the next 'build' phase of the Geelong Region Financial Inclusion Action Plan (FIAP). The FIAP – the first place-based FIAP in the country – features commitments from 18 member organisations to drive financial wellbeing in our region. The FIAP will be active for the next three years with regular opportunities for member collaboration.
- **National engagement**
We are one of the founding member agencies of the Thriving Communities Partnerships program and our involvement continued in 2023. This cross-sector collaboration works to ensure that everyone has fair access to all essential services, including utilities, financial services, telecommunications and transport.

Part 3 • Social and environmental sustainability

In 2022–23, we maintained our support for customers experiencing financial hardship. Some of the key actions we undertook include:

- We continued proactively engaging with customers, which included a dedicated outbound calling program that placed calls to almost 36,000 people.
- We continued our proactive ‘We’re here to help you with your water bill’ customer support campaign, which we promoted via customer email newsletters, our website, bills and via traditional and social media advertising.
- We organised for an external provider to deliver family violence awareness training to all leaders and customer-facing employees. Our staff and customer family violence policies were also externally reviewed and subsequently updated.
- We improved our data analysis and modelling capabilities by recruiting people with specific expertise into the customer experience team, which will in turn improve our ability to shape an effective customer support program.
- We worked closely with frontline community support agencies in the region to raise awareness of our customer support activities and improve our outreach to all parts of the community. An example of this was the partnership we cultivated with Cultura as a way of engaging with the Karen/Karenni community, and other emerging communities.
- We continued to support our frontline staff to identify and support customers who may be experiencing financial hardship.
- We actively promoted our WaterAssist Home Program to help homeowners with high-water use to reduce water use and save on their water bills.

Aged debtor management

Although we continued to proactively manage our aged debtor profile as a means of minimising the financial impact on the business, the value of aged tariff debt increased from \$5.5 million to \$7.4 million in 2022–23. This result is unsurprising as many of our customers are continuing to experience financial difficulties, and an increasing number are requesting assistance due to cost-of-living pressures.

In line with our Customer Support Strategy, we carried out the following actions during the financial year:

- We granted customers who needed it more time to pay their account, assisting them with short-term cash flow issues and allowing them to pay their account without penalty.
- We offered instalment plans to help customers pay their account. No penalties or referrals for debt collection were applied.
- We gave customers the option of paying their bills through Centrepay, which is a Centrelink program that pays bills directly on behalf of the customer.
- We supported 3,224 customers as part of our Customer Support Program, which was a slight decrease compared to the 3,518 customers we supported in 2021–22. This result was due to a decrease in the number of outbound calls we were able to make during the financial year (see the ‘Flexible payment plan’ section for further analysis).
- Our Customer Support Program provided grants valued at \$367,193 to customers experiencing vulnerability through services including Arrange & Save, plumbing assistance, and high-leak bill support.

Flexible payment plan – Arrange & Save

Our Arrange & Save program assisted 3,008 customers during 2022–23, which represents a 5 per cent decrease when compared to the previous financial year. This decrease is a result of a contraction in the number of outbound calls we were able to make due to fluctuating staff numbers.

In the 2021–22 financial year, 43,372 calls were made. In 2022–23, this reduced to 37,486. Whilst the call volume dropped by 14 per cent, Arrange & Save conversion only dropped by five per cent, which signals improved efficiency and capability within our smaller outbound calling team.

The program helps customers experiencing financial hardship by offering them a payment plan that gives a ‘credit’ of one instalment if they can meet their instalment arrangements for five consecutive periods. We provided customer credits totaling \$280,280 during 2022–23 as part of this program.

Government Utility Relief Grant Scheme

A total of 938 Victorian Government Utility Relief Grants were offered to eligible Barwon Water customers this financial year, which was an eight per cent decrease on the 1,016 provided during 2021–22 and a result of the fewer outbound calls we made during the financial year (see section above).

Concession cards

Barwon Water supported 38,678 customer accounts to access government concessions during 2022–23, which represented around 24 per cent of our domestic customer base.

Those eligible for concessions included holders of Centrelink pension and health care cards, as well as Department of Veterans’ Affairs Gold Card holders.

Part 3 • Social and environmental sustainability

Medical concessions

Barwon Water continued to support customers with special medical needs in 2022–23 by providing a concession on top of Victorian Government dialysis concessions.

In addition to this, we continued offering concessions to customers with medical conditions that result in higher than usual water consumption.

Government dialysis rebates totalled \$2,746 during the 2022–23 year, supplemented by an additional \$5,908 contributed directly by us.

Tenant rebate adjustment

In responding to customer feedback requesting greater control over bills, we relatively reduced fixed charges and increased variable ones.

As tenants only pay the variable consumption rate, we implemented a rebate on all tenant bills during the five-year price period, which progressively increased each year. The \$43 per annum rebate in 2022–23 supported over 34,000 tenants and totalled just under \$1.3 million.

Helping customers save water

In 2022–23, we received Victorian Government funding to continue the Community Housing Retrofit Program, designed to support not-for-profit and community housing organisations.

Throughout the financial year, we worked closely with several organisations – including Aboriginal Housing Victoria, Common Equity Housing, Housing Choices Australia and North Geelong Rental Housing Cooperative – to support 120 customers with plumbing audits and retrofits. Combined, these efforts saved over 14.9 million litres of water.

Community service obligation

\$ per year	2022–23	2021–22
Pension and health concessions	\$10,845,684	\$10,600,785
Utility relief grants	\$252,890	\$337,357
Dialysis rebates (State Government)	\$2,746	\$3,621
Barwon Water medical rebates	\$5,908	\$5,987
Barwon Water Customer Support (Hardship) program rebates	\$367,193	\$392,272
Water and sewer rebates	\$568,173	\$557,673
Community rebate/Government water bill rebates	\$65,000	\$75,005
Hardship relief grant scheme (sewerage connection scheme)	\$0	\$0
Total	\$12,107,594	\$11,972,700

Environmental sustainability

We understand there are sustainable limits on the use of natural resources, including water. To help meet these limits in the face of growing demand, we must do more with our existing infrastructure and available resources.

In 2022–23, we improved water conservation and sustainable water-use outcomes by continuing to deliver the targeted customer programs identified in our five-year Sustainable Water Use Plan. In the future, we will also be guided by our Urban Water Strategy 2022: Water for our Future, which was endorsed in September 2022. With a hotter drier climate likely, we will gradually shift to more climate resilient sources to ensure that there is enough water to support the prosperity and liveability of our region.

Recycled water

In 2022–23, we continued to invest in dual pipe water infrastructure to increase supply of Class A recycled water to residents at Armstrong Creek and Torquay North. We also commenced a major feasibility study investigating the development of an alternative water grid in the Geelong region to link recycled and stormwater sources to locations of highest potential for productive use.

We supplied Class A recycled water from the Northern Water Plant to Viva Energy's Geelong refinery, minimising the use of drinking water in refinery operations.

All our water reclamation plants produce Class C recycled water, and we continued supplying this water for a range of non-residential uses in the last financial year including golf course maintenance, horticulture, agriculture and viticulture.

In 2022–23, we progressed recycled water projects on the Bellarine, and at Bannockburn, Birregurra, Winchelsea, North Geelong, Waurin Ponds and Apollo Bay.

We also continued to deliver the Recycled Water on the Bellarine project. With previously allocated federal funding of \$5.5 million, plus a further \$1.972 million received from the Victorian Government in this financial year, we expect the project will produce 450 million litres per year of low-salinity, high-quality recycled water to support agriculture and horticulture, significantly reducing use of potable water.

Urban Water Strategy 2022: Water for our Future

The Urban Water Strategy 2022: Water for our Future was approved by the Victorian Minister for Water in September 2022.

With its 50-year outlook, five-year detailed plan, and annual review cycle, our Urban Water Strategy will help us prepare and respond flexibly and adaptively to ongoing challenges, such as climate change and a growing population. By adopting a long-term outlook for each of our region's water systems, it will help us secure high-quality, affordable water for all our service areas and deliver an average of 1,000 million extra litres of water every year for the next 50 years.

This in turn will help us meet the needs of our cities, towns, businesses, industry and agriculture, while improving the health of our rivers – the Barwon and the Moorabool – protecting valuable ecosystems and helping Traditional Owners maintain connection to Country, as well as the significant cultural value of these places.

The strategy was co-designed with Traditional Owners, customers, community and stakeholders, and reflects their ideas and values.

For more information about Water for our Future, visit barwonwater.vic.gov.au/water-and-waste/water-for-our-future

Residential water conservation

In 2022–23, we continued to deliver actions from our Sustainable Water Use Plan by promoting the Permanent Water Saving Rules, delivering water literacy campaigns, and supporting a range of water-saving programs.

Water literacy campaigns

During 2022–23, we continued to educate and advise customers about sustainable water use, in line with the Victorian Government's water plan, Water for Victoria.

One way we did this was through 'Summer Awareness' and 'Permanent Water Saving Rules' campaigns, which were designed to remind customers and visitors about the ongoing need to be mindful of their water-use. The campaigns were promoted through local newspaper advertising, social media, media releases, and targeted radio and bus advertising throughout the region.

We also continued the 'Three Ps' campaign on social media to remind everyone to keep our sewerage network free of materials that might cause blockages and overflows.

In October 2022, we launched a new water literacy initiative called 'Our Water, Their Home' at the Royal Geelong Show. The purpose of the initiative was to encourage the community to learn more about where drinking water comes from, and how turning on the tap impacts the local wildlife that depend on our waterways, including birds, platypus, frogs and fish. The Royal Geelong Show activation was then followed up with an online campaign, including an animation and social media posts.

Part 3 • Social and environmental sustainability

Birregurra Sustainable Communities – Water Program

In 2022–23, we continued working in partnership with the local community in Birregurra to implement the Birregurra School Water Efficiency Program (SWEP) and Sustainable Communities – Water Program. This has been a highly rewarding arrangement over the past two and a half years and we estimate the partnership has helped the local community save 38 million litres of water by supporting behaviour change programs coupled with leak detection and repairs.

A highlight of the partnership during the financial year was the launch of the ‘Garden Living Laboratory’, which was designed to help Birregurra customers to reduce high outdoor water usage. The ‘Garden Living Laboratory’ provides information about plants varieties that are suited to the local climate, strategies for drought-proofing gardens and water-efficient irrigation systems.

Schools Water Efficiency Program (SWEP)

We continued to support the Victorian Government’s Schools Water Efficiency Program (SWEP) in 2022–23, which 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.

The program requires a three-year commitment from schools and the first year is subsidised by the Department of Energy, Environment and Climate Action (DEECA). To encourage schools to continue to participate in SWEP, we subsidise data hosting and access ongoing.

In 2022–23, 88 schools in our region participated in the program. Five schools also received a SWEP grant or rebate, which was intended to help them locate and fix ongoing leaks or implement a sustainable water-use project within the school grounds. This program will be offered again in 2023–24.

During 2022–23, SWEP schools in the Barwon Water region have saved a total of 18.7 million litres of water and \$78,900 in water-related charges. Since the program started in 2012, they have collectively saved more than 1 billion litres of drinking water and \$3.4 million in water-related charges.

WaterAssist Home Program

In 2022–23, we continued to support residential customers who use more than 680 litres of water per day through our WaterAssist Home Program.

The program aims to improve the water efficiency of these homes by assisting customers to save water and reduce bills by providing a high-quality, affordable home water-use assessment and plumbing service to repair leaks.

During 2022–23, a total of 40 customers participated in WaterAssist Home, saving approximately 1.84 million litres of water.

Integrated Water Management

We continued to chair and provide executive support to the inter-agency Barwon Integrated Water Management (IWM) Forum over the last financial year. Made up of regional leaders, including Traditional Owners, five local councils, government agencies and Deakin University, the forum works collaboratively to identify and oversee the delivery of initiatives that will improve the integration of water management in urban and rural landscape.

Over 2022–23, the forum continued to facilitate delivery of 19 prioritised IWM opportunities, including capital and strategic projects identified in the revised Strategic Directions Statement from 2022.

The forum’s projects ranged from place-based to regionally significant projects, such as urban stream restoration projects and large-scale alternative water capital projects. Of the 19 priority projects, 15 were funded, while the remaining continued to seek funding opportunities.

Key IWM initiatives overseen by the forum in 2022–23 included:

- ongoing work with the City of Greater Geelong to implement agreed actions within the Northern and Western Geelong Growth Areas IWM Plan into the Precinct Structure Plans
- working in partnership with the Surf Coast Shire to address the impact of excessive volumes of stormwater entering the Karaaf wetlands ecosystem
- commencing the conceptual design and business case for a large-scale, staged alternative water grid, which will distribute recycled water and stormwater for beneficial uses
- leading and contributing to specific regional and local IWM planning processes and capital works including:
 - Kitjarra-dja-bul Bullarto Langi-ut (Barwon River Master Plan) Master Plan
 - Avalon Corridor IWM Plan
 - Queenscliff IWM Plan
 - Bannockburn IWM Plan
 - delivery of recycled water from the Apollo Bay Water Reclamation Plant to the Apollo Bay Golf Course
 - stormwater upgrades in Winchelsea to improve water quality and town cooling.

Sustainable water strategies

The Central and Gippsland Region Sustainable Water Strategy was released in 2022, informed by the findings of our Water for our Future program. Since its release, we have continued working closely with the Victorian Government to progress all relevant policy directions and actions.

Part 3 • Social and environmental sustainability

Community and stakeholder engagement

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

Following are some of the key projects we supported with engagement strategies in 2022–23:

2023–28 Price Submission

We continued our comprehensive price submission engagement program, asking customers and the community to have their say about our proposed services and prices over the next five years. The engagement process was conducted via online surveys and a deliberative regional forum. We also sought the advice of our Customer Advisory and Environmental Advisory committees through a series of deliberative workshops.

Murrk Ngubitj Yarram Yaluk

We sought community feedback on the draft concept plan for Murrk Ngubitj Yarram Yaluk, which will inform future site uses and activities. Community tours of the site were also hosted to share the progress of site works and help to visually present proposed uses and activities.

Recycled water for the Bellarine

We continued to engage with Bellarine Peninsula community and landowners, as well as horticultural and agricultural customers, about expanding recycled water use. This engagement was designed to support the proposed upgrade to the Portarlington Water Reclamation Plant in 2023–24, which will make higher-quality recycled water available for use in this area once completed.

Regional Renewable Organics Network

We continued our Regional Renewable Organics Network engagement with targeted stakeholder, community and environmental group briefings, events (including the Royal Geelong Show) and ongoing updates via social media and our website.

Boundary Creek Remediation and Environmental Protection Plan

We continued to engage with relevant stakeholders about this plan in 2022–23, meeting with the community and stakeholder reference groups four times to maintain community oversight of implementation and harness community knowledge. We also continued sharing project updates via a dedicated section on our website.

Anglesea Borefield

We continued to share information about the borefield's environmental monitoring and assessment plan and bulk entitlement review process. Key to this process was the Anglesea River Working Group, which has continued to provide community oversight of the process. We also continued to engage with other local interest groups and the broader community via targeted briefings and attendance at the ANGAIR Wildflower Show.

Porronggitj Karrong and Barwon River Ovoid Sewer Aqueduct

The community reference group for the project met three times during 2022–23 to discuss the progress of the Porronggitj Karrong cultural and community precinct, and seek input into a Heritage Interpretation Plan for the aqueduct.

'Lorne: Water, Your Say'

We launched this project to help engage the Lorne community in a conversation about how to secure a sustainable and resilient water future for Lorne.

Key activities included community pop-ups, information and an online survey to capture values and priorities of local residents, businesses and visitors.

We are committed to ongoing community conversations about Lorne's future water supply options and expect this community engagement to continue over coming years.

Class A recycled water for new communities

We continued our community education and awareness campaign about Class A recycled water for Armstrong Creek, Torquay North and Charlemont customers.

Our campaign consisted of targeted engagement with users, school resources, videos and animations, and translated resources all designed to explain the benefits and approved uses of Class A recycled water.

Infrastructure projects

We also continued community engagement planning and delivery for key infrastructure projects in 2022–23, including major regional sewerage system upgrades, the Colac Water Reclamation Plant upgrade, the Birregurra water supply upgrade, and the Forrest and Gellibrand Water Treatment Plant upgrades.

Customer Advisory Committee

See page 28.

Environmental Advisory Committee

In 2022–23, our community-based Environmental Advisory Committee (EAC) continued to provide critical environmental and sustainability advice to our Board and management.

The EAC membership was also refreshed through an Expression of Interest process. This expanded the group to include representatives from seven regional environmental groups, nine community representatives and an independent chairperson.

Over 2022–23, the EAC met four times to consider and advise on key issues including:

- our Zero Emissions program
- research into emerging contaminants
- restoration of riparian river corridors
- implementation of our Urban Water Strategy 2022: Water for our Future
- prioritisation and values assessment of our portfolio of natural assets.

In December 2022, the EAC participated in an end-of-year event with the Customer Advisory Committee. Both groups visited the Murrk Ngubitj Yarram Yaluk site on the Bellarine Peninsula to hear about the ecological rehabilitation of the decommissioned basin site and restoration of Yarrum Creek headwaters, which is being delivered in partnership with Wadawurrung Traditional Owners.

Part 3 • Social and environmental sustainability

Education

The focus of our broad-based, free education program in 2022–23 was promoting the program to target audiences – pre-school, primary, secondary and tertiary students and the wider community – and re-engaging schools and community groups post-COVID.

Our Education Advisers continued to coordinate the program and develop materials supporting the following key messages:

- water as a natural resource
- the health benefits of drinking water
- the need for the efficient and sustainable use of water
- our organisation’s role in the supply of water and sewerage services
- recycled water reuse
- the impacts of climate change on local water supply and
- our organisation’s transition to net zero emissions.

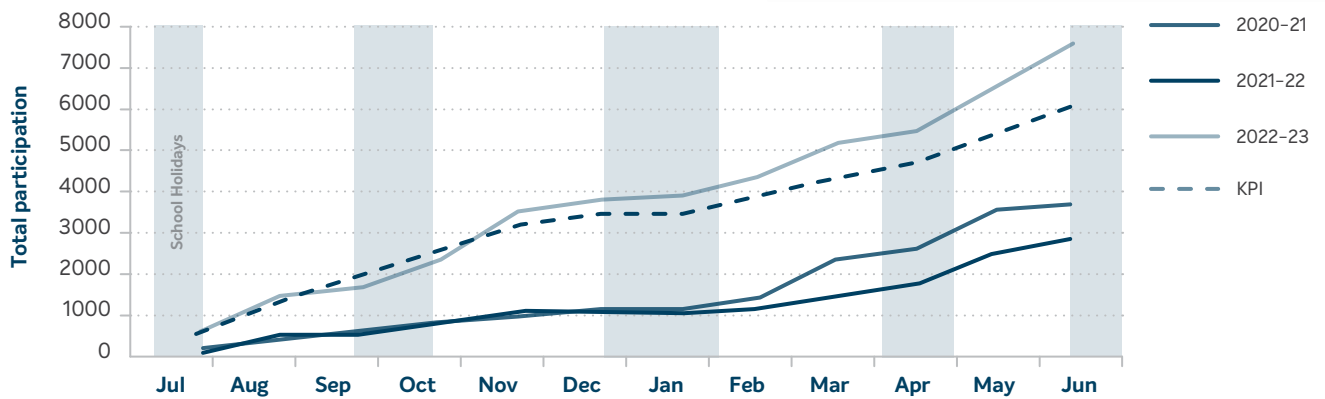
Participation in the education program increased steadily throughout the financial year, with a notable increase in the first half of 2023 as schools further embraced face-to-face educational experiences.

In total, 7,539 participants from 217 schools and community groups engaged in our education program. This included 92 site tours and 62 in-class sessions.

In addition, ten schools participated in tree planting events sponsored by Barwon Water, with a total of 2,750 native grasses and shrubs donated via our genU community nursery partnership.

We expect that the dedicated Community Education Adviser we appointed in April 2023 will help further increase engagement with community groups and not-for-profit organisations in 2023–24.

Education program participation (by financial year)



	2022–23	2021–22
Students and community members reached	7,539	2,835
Tours conducted	92	37
In-class and virtual sessions conducted	62	34

Part 3 • Social and environmental sustainability

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

Since acknowledging in June 2017 that our historic management of periodic groundwater pumping activities at the Barwon Downs Borefield – conducted between 1983 and 2016 – had led to a reduction in groundwater contribution from the Lower Tertiary Aquifer into Boundary Creek (a tributary of the Barwon River), we have been on a long-term journey to help remediate and facilitate natural recovery processes in this area, as guided by the Boundary Creek, Big Swamp and Surrounding Environment Remediation and Environmental Protection Plan (REPP).

We undertook the following actions as part of the REPP in 2022–23:

1. We started planning to decommission the Barwon Downs Borefield extraction bores, as promised in our 2023–28 Price Submission.
2. We progressed additional technical works required to inform an update of the REPP, and Surrounding Environment Investigation, which must be submitted to Southern Rural Water by 31 July 2023.

The outcomes of works conducted so far include:

- ongoing recovery of the Lower Tertiary Aquifer, with groundwater levels in the central portions of the aquifer nearing pre-pumping levels
- recovery and maintenance of soil moisture within Big Swamp's upper aquifer system, and subsequent decrease in the severity of wet-dry cycling processes and the potential for acid flush and/or fish kill events in the Barwon River
- improvements in water quality within the lower reaches of Boundary Creek and Big Swamp (noting that these have and will continue to be impacted by climate and other catchment-scale stressors due to the presence of the naturally occurring acid sulfate soils)

- improvements in our ability to ensure that our supplementary flows are passed through the private on-stream dam located upstream of Big Swamp
- continued recolonisation of Big Swamp with desired vegetation species following the 2010 fires, and ongoing stabilisation of these species towards a 'new normal'.

Further information regarding the Boundary Creek, Big Swamp and Surrounding Environment REPP, the outcomes of technical work, and quarterly and annual reports can be found on our dedicated webpage: yoursay.barwonwater.vic.gov.au/boundary-creek

Drought Preparedness Plan

We have integrated our Drought Preparedness Plan into the Urban Water Strategy 2022: Water for our Future to better respond in the event of supply shortages.

We use the Drought Preparedness Plan as a management tool to ensure security of water supply for customers during drought and when storages run low.

Drought Response Report

Climate conditions were slightly wetter than average for 2022–23, which resulted in good catchment inflows and healthy storage levels in all supply systems.

As such, the Melbourne to Geelong Pipeline will continue to operate at minimum rates and as a base source over the summer period. A groundwater pumping test was completed at the Anglesea Borefield in July 2022 to inform the upcoming bulk entitlement review.

No water restrictions were applied during 2022–23, although permanent water saving rules remained in place.

Water saving and restrictions

In 2022–23, we continued to manage water supplies in a sustainable way using the following mechanisms:

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.

The rules are as follows:

- hand water gardens and lawns with a hose fitted with a trigger nozzle can be used 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
- cleaning of hard surfaces with water is restricted – use a broom instead.

For more information visit barwonwater.vic.gov.au

Restriction rule curves

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

Water restrictions by law

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

The four stages of water restrictions focus on outdoor water use and restrict activities such as garden watering, filling of pools and spas, and car washing. During the 2022–23 reporting year, no water restrictions were introduced.

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Communications strategy

Our communications strategy aims to educate the community about the value of water and increase understanding of where our water comes from. It also aims to increase knowledge about using water sustainably to help customers preserve water resources and save money on bills.

To raise awareness of the status of water supplies and encourage water conservation, we regularly communicated with the community through a variety of targeted channels including print and digital advertising, social media, messaging on our bills, proactive media stories and monthly customer e-newsletters. We also shared our rationale for planning for a secure water future via communications and briefings with our larger customers and stakeholder groups, ranging from local councils to sporting clubs and our advisory committees.

Drinking water quality

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

In September 2022, we successfully passed our HACCP Surveillance Audit. This showed that we have a mature water quality risk management plan and customers can be confident that we continually identify, assess and manage drinking water risks.

Throughout 2022–23, we delivered drinking water to each water sampling locality in accordance with the required standards of the *Safe Drinking Water Regulations 2015*.

The number of water quality complaints received in 2022–23 was 1.17 per 1,000 properties. This represents no significant change to the number of water quality complaints received in 2021–22 (1.15 complaints per 1,000 properties).

In March 2023, our water quality risk management plan was audited against the requirements of the *Safe Drinking Water Act* (Section 10). The auditor highlighted many areas of positive performance and remarked on overall evidence of a mature system for production and delivery of fit-for-purpose drinking water.

The auditor identified four instances of minor non-compliance, which meant that none of the identified issues represented a risk to public health.

Environmental flows

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, an entitlement of 1,000 million litres a year was created for the upper Barwon River by transferring part of our entitlements to an environmental entitlement in 2018.

In addition to ongoing delivery of passing flows, we continued to work with the Corangamite Catchment Management Authority (CMA) and the Victorian Environmental Water Holder to deliver environmental flows under these Environmental Entitlements, and in accordance with seasonal watering plans developed by the Corangamite CMA, to provide critical flow components required to maintain river health.

In the past, we have always supported the Corangamite CMA and Central Highlands Water to deliver environmental flows to the Moorabool system through coordination of water supply releases side-by-side with environmental flows to increase flow rate in the Moorabool River. However, we were unable to do this in 2022–23 due to a water treatment chemical supply shortage, which restricted our ability to source water from Lal Lal Reservoir over the summer period. We expect that these coordinated releases will be able to resume in 2023–24.

Although there is no formal environmental entitlement in place, we have continued to work with the Corangamite CMA to deliver environmental flows to Painkalac Creek from Painkalac Reservoir after the reservoir was taken offline for water supply purposes (the townships of Aireys Inlet and Fairhaven are now connected to the Geelong water supply system).

Other statutory obligations

Managing and protecting water supply catchments is an essential first step in providing high-quality, safe drinking water for our customers and the community in accordance with our obligations under the *Safe Drinking Water Act 2003* and the Australian Drinking Water Guidelines.

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

Catchment and waterway management

We harvest water from declared drinking water supply catchments on the Barham, Barwon, Gellibrand, Moorabool, and St George rivers and their tributaries. 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 2022–23, we continued to work in partnership with the Corangamite CMA, through our river health agreement, and Landcare to protect and enhance waterways within drinking water supply catchments, contributing \$142,000 in partnership funds to the:

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

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We also contributed \$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.

This funding supported the Corangamite CMA’s 2021–2024 Waterway Frontage Protection Program, which saw 65 individual sites funded, with 32 of these located within Barwon Water’s service region and Special Water Supply Catchment areas. Funded works included stock exclusion fencing, stock crossings and off-stream water points for stock, willow removal, weed control, revegetation, and pest animal management works, all designed to protect and improve over 35 km of river frontage.

In 2022–23, we also increased our contribution towards the ongoing operation of the Corangamite Citizen Science program to over \$40,000 per year. The program supports community groups to conduct water-quality testing at monitoring sites and delivers education programs for students in the Corangamite region. Staff also promote river health and catchment issues through presentations and attendance at public events.

Another significant inclusion to the program has been water-quality testing at Waterwatch sites, which are selected and monitored by Wadawurrung Traditional Owners Aboriginal Corporation, with the results published in a water quality report produced in partnership with Wadawurrung Traditional Owners.

Over the last financial year, we continued to support Corangamite CMA on both the Living Moorabool and Upper Barwon Flagship projects, which aim to deliver a large-scale restoration approach to catchment and waterway health. Investment from Barwon Water enabled the Corangamite CMA to remove invasive willows and revegetate a 51-ha site around Bolwarra Weir with over 13,000 native plants to improve the health of the Moorabool catchment.

In addition, we also completed on-ground works for Stage One of a \$4.3 million project to remove willows, stabilise the stream banks and revegetate streamside buffers for a 4 km reach of the East Barwon River. This is a significant project and is critical for improving flows in the river and reducing water logging of adjacent land. Stock exclusion fencing and revegetation will also improve and protect water quality. Planning for Stage Two is well underway and will be delivered during summer 2023–24.

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

Supported by the Conservation Ecology Centre and the Wild Otways Initiative, we also monitored and managed feral pig and deer populations around the West Barwon reservoir.

Overall, our ongoing partnerships with the Corangamite CMA and various community groups in 2022–23 continued to protect riverbanks, enhance riparian environments, manage pests and weeds, remove fish barriers, deliver environmental flows and create shared benefits for the community.

Program	Partner	Focus	2022–23 funding
Landcare partnerships	Moorabool Catchment Landcare Group	Upper Moorabool River catchment	\$47,400
Landcare partnerships	Southern Otway Landcare Network	Barham River catchment	\$47,400
Landcare partnerships	Upper Barwon Landcare Network	Upper Barwon River catchment	\$47,400
River health partnership	Corangamite CMA	Priority waterways and catchments	\$70,000
Corangamite region Citizen Science	Corangamite CMA	Waterway health education	\$40,700
The Living Moorabool	Corangamite CMA	Upper Moorabool River catchment	\$130,000

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Protecting Victoria's environment – Biodiversity 2037

As an organisation that is responsible for significant areas of land and major infrastructure, as well as a service provider for the region, we understand that managing our impact on native biodiversity is an important aspect of our work.

As such, we have continued 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 managed biodiversity assets at a wide range of sites, including active infrastructure sites and surrounding undeveloped land.

We developed and implemented procedures, training and advice to support environmental planning and management of capital works projects. At the same time, we kept up to date with new and amended legislation to ensure that our planning and management efforts continue to comply with requirements.

Throughout 2022–23, we developed and implemented a new environmental management training package for Barwon Water staff. This training covered environmental topics relevant to the works we undertake, including what General Environmental Duty means to us. We also worked closely with contractors to develop on-site environmental procedures that reduce environmental risk and protect environmental values. This has helped us avoid and minimise biodiversity impacts caused by the siting, design and construction of new infrastructure.

By utilising our relationship with the Geelong Community Nursery, we have undertaken revegetation projects focused on catchment and biodiversity restoration, with an emphasis on historical vegetation types and increasingly through the lens of Traditional Owners with a Caring for Country perspective. In this, we have continued building collaborative relationships with Traditional Owners and sought advice and help in implementing environmental restoration and management programs.

We have also undertaken site rehabilitation and revegetation where capital works have happened, and adopted an approach that re-planting native vegetation from an area in a more natural way is a better way of revegetating areas outside of urban settings when compared to formal landscaping.

An increasing focus of our work has been on sites around redundant assets, or adjacent to active assets, to increase their biodiversity values and ecological functioning. We're also increasingly looking to manage these sites as environmental assets for the wider community to enjoy. This approach to landscaping has been applied around existing and new infrastructure, using locally indigenous species, to provide screening, aesthetic or ecological values, and in keeping with the vegetation that would have naturally occurred at that location.

Environmental licence compliance

During the reporting period, Barwon Water's amalgamated EPA licence was replaced with separate operating licences for each of our ten water reclamation plants.

Both the amalgamated licence and newly issued operating licences allow for the discharge of recycled water into local waterbodies, and for reuse of treated wastewater. The amalgamated licence included 113 licence conditions spread across ten premises. During the applicable period (July 2022 to March 2023), we achieved compliance against all 113 of these licence conditions.

The new operating licences were issued to Barwon Water in March 2023 and, since their issue, we have achieved compliance against all 112 licence conditions.

Notably during 2022–23, we made a number of permitted releases of recycled water from our lagoon-based treatment plants at Birregurra, Winchelsea and Bannockburn. These releases were required to safely manage water storage levels following extreme and sustained rainfalls in October and November 2022. The releases of recycled water were managed in accordance with risk assessment and monitoring programs, following extensive engagement with the community, relevant stakeholders and EPA Victoria. The releases were successfully implemented to prevent any permanent harm to the receiving waters, whilst ensuring the recycled water storages remained within safe operating levels.

During 2022–23, we also achieved compliance against all nine license conditions that apply to the separate EPA licence we have for an emergency biosolids storage and processing site, located at Melbourne Water's Western Treatment Plant.

Greenhouse gas emissions, electricity consumption and generation

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

To mitigate greenhouse impacts, we have committed to reaching 100 per cent renewable electricity use by 2025 and zero net emissions (scope 1 and 2) by 2030.

To achieve these targets, we have been implementing a comprehensive program of timely and cost-effective measures.

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

We report direct emissions (scope 1) 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.

Our calculated scope 1 and 2 emissions total for 2022–23 was our lowest on record at 23,538 tCO₂-e. This was 18 per cent less than our projected emissions of 28,742 tCO₂-e and represents a 16 per cent reduction on last year's result.

Our renewable electricity initiatives supplied 43 per cent of our electricity needs for the year, reducing our scope 2 emissions by a total of 11,121 tCO₂-e.

Emissions associated with sewage collection, treatment and recycling, which make up the largest portion of our greenhouse emissions and energy use, were down 17 per cent on last year. Emissions associated with water treatment and supply were also down – 22 per cent less than 2021–22. In both cases, this was largely due to the increased use of renewable electricity.

While these results are described in detail on the following pages, further energy and emissions results are provided in Appendix A.

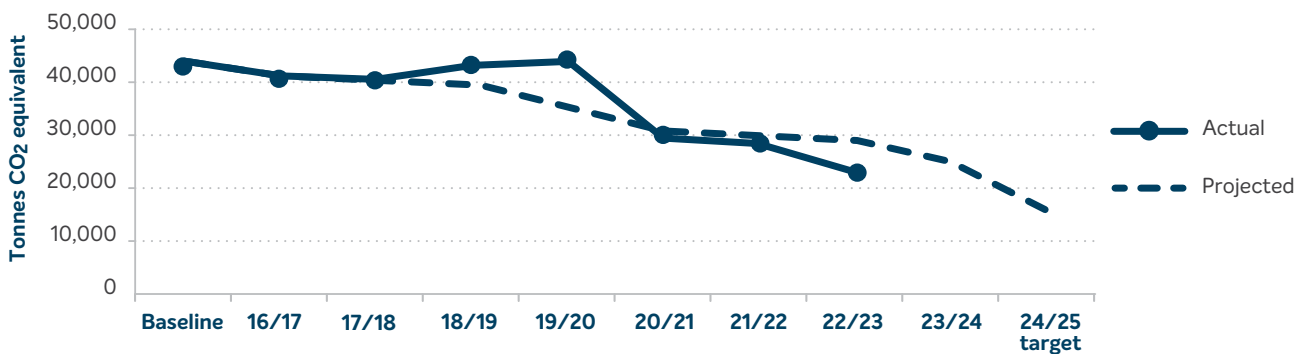
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Total greenhouse gas emissions

Greenhouse gas emission types	2021–22 total emissions	2022–23 result (tCO ₂ -e)			Variance from last year
		Scope 1	Scope 2	Total emissions	
Water treatment and supply	3,683	113	2,759	2,872	-
Sewage collection, treatment and recycling	22,928	7,470	11,660	19,130	-
Transport	1,021	1,036	0	1,036	-
Other	534	177	323	500	-
Total emissions (tCO ₂ -e)*	28,166	8,796	14,742	23,538	-
Carbon offsets (self-generated) retired	0	0	-	0	-
Net emissions (tCO₂-e)*	28,166	8,796	14,742	23,538	-16.4%

* tCO₂-e = tonnes of carbon dioxide equivalence

Progress towards 1 July 2024 greenhouse gas emissions target (net scope 1 and 2 emissions)



Total electricity consumption

Activity	MWh*	
	2021–22	2022–23
Water treatment and supply	5,828	5,294
Sewage collection, treatment and recycling	23,560	24,434
Other	617	699
Total electricity consumption	30,005	30,426

* MWh = megawatt-hours

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Renewable electricity consumption

Source	MWh		2022–23 percentage of total use	Variance from last year
	2021–22	2022–23		
Renewable electricity use: from Commonwealth Government's LRET				
Grid sourced: Mandatory Large Scale Renewable Energy Target	4,864	4,923	16%	-
Renewable electricity use: self-sourced activities				
Biogas	488	991	3%	-
Hydroelectric	633	118	0%	-
Solar	9,715	9,503	31%	-
Wind	-	2,471	8%	-
Other	-	-	-	-
Total self-sourced renewable	10,836	13,083	43%	19%
Total renewable	15,700	18,005	59%	13%

Emissions reduction and renewable energy initiatives

As mentioned above and reflected in the Statement of Obligations (Emissions Reduction), our aim is to switch to 100 per cent renewable electricity by 2025 and achieve zero net emissions (scope 1 and 2) by 2030.

To achieve this target, our approach will follow this 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 prevented at least 11,121 tonnes CO₂-e in 2022–23 from entering the atmosphere through a range of initiatives including:

- We operated more than 4 megawatts of on-site renewable electricity generation assets, including:
 - 3-megawatt Black Rock solar farm
 - 360-kilowatt Colac biogas co-generation facility (this is being expanded by a further 550 kilowatts in late 2023)
 - 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
 - 30-kilowatt rooftop solar array at our Anglesea Water Reclamation Plant.

- We commenced the Barwon Renewable Energy Partnership (BREP) Power Purchase Agreement with Mt Gellibrand Wind Farm, Barwon Health and GeelongPort, completing the portfolio of projects we need to reach 100 per cent renewable electricity by 2025.
- We continued to support the Zero Emissions Water Power Purchase Agreement with Kiamal Solar Farm, which generated renewable electricity that was fed into the grid.
- We drove around in the 11 hybrid trucks and two battery-electric passenger vehicles in our fleet.

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Thanks to the work we have completed to date, we are now on track to switch to 100 per cent renewable electricity from 1 July 2024.

Looking further ahead to our target of net zero emissions by 2030, we are developing a comprehensive carbon sequestration and offsets program to mitigate our residual scope 1 emissions.

We have continued investigating nature-based carbon sequestration opportunities at both a local level, and in collaboration with the broader Victorian water industry. To this end, the development of the Regional Renewable Organics Network has progressed well this financial year and is expected to sequester significant volumes of carbon through biochar production, while reducing emissions by diverting organic wastes away from landfill.

We have also continued engaging in scientific research, development and collaboration in pursuit of improved understanding and reduction of wastewater fugitive emissions. This work requires us to be actively involved in water industry networks and programs, as well as maintain direct partnerships with the research sector.

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

Climate change resilience

In addition to reducing our emissions, we are deeply committed to managing climate change risks and building our resilience to climate change. Our vision is to be agile in adapting and acting on climate challenges and opportunities so our region can continue to prosper and thrive. We implemented the following in 2022–23 to help us achieve this.

Climate risk governance and management

Climate change risks are governed by our enterprise risk management framework, which identifies our most important business risks. The dedicated Climate Change Key Business Risk (KBR) identifies our 2030 and 2070 risk rating, plus our target risk rating, key controls and treatments.

The KBR is underpinned by our organisational wide climate change risk assessment. The risk assessment aligns with the Water Services Association of Australia Climate Change Adaptation Guidelines and covers both physical and transition risks. The risk assessment also directly informs our Climate Resilience Plan, in particular the actions.

The KBR and progress towards achieving our target risk rating was reviewed by the Risk Management Committee in 2022–23, which also received an update on the Climate Resilience Plan. As part of this annual update, we measured both the implementation progress of Climate Resilience Plan actions, and collected data across a range of Key Performance Indicators that help us measure our progress towards achieving the overall Climate Resilience Plan goals (see diagram on opposite page).

Climate planning and response


Delivering our Climate Resilience Plan is one of the major controls identified in the Climate Change KBR and we are currently just over halfway through the process of implementing the plan.

Released in 2021, the Climate Resilience Plan provides a cohesive vision and plan for building our resilience to climate change. The diagram below articulates our approach to climate resilience, including the five categories of actions – embedding climate resilience, water security, asset resilience, transition to zero net emissions and community resilience.

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Our focus in 2022–23 was on treating the critical and high-rated risks, while also embedding climate resilience thinking within our processes. Actions carried out during this time include:

- We commenced a spatial climate change asset impact assessment – informed by the Guidelines for Adaptive Management of Wastewater Systems Under Climate Change in Victoria – to better understand the vulnerability of our assets to climate change.
- We also used the Climate Change Water Availability Guidelines to help us develop our Urban Water Strategy 2022: Water for our Future, which was released in the financial year.
- We embedded climate change risks and opportunities in six new asset management plans.
- We continued upgrading the Birregurra and Gellibrand Water Treatment Plants to make them more resilient to bushfire.
- We delivered the Geelong Water Transfer System Masterplan.
- We continued to track implementation of the Climate Resilience Plan and monitor progress towards achieving our outcomes



Our Vision

Barwon Water is agile, adapting and acting on climate challenges and opportunities so the region can continue to prosper and thrive.






Our Objective

Climate change resilience is embedded across Barwon Water.

Goal 1	Goal 2	Goal 3	Goal 4
Deeper understanding of our climate vulnerability and capability to respond	Clear and well accepted vision and mandate for climate resilience	Effective and adaptive governance, monitoring and tracking process in place	Partnering and proactively working to achieve climate resilience

Action areas

				
Embedding climate resilience	Water security	Asset resilience	Transition to zero net emissions	Community resilience

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. The key objectives of these entitlements are to:

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

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

2022–23 Overall surface water bulk entitlement performance

We achieved an overall compliance rate of 100 per cent in 2022–23 for the numerous daily extraction limits across the surface water bulk entitlements.

One non-compliance with passing flow conditions was reported in 2022–23. This occurred at Bostock Reservoir, under the Upper East Moorabool System bulk entitlement, and was due to a failed equipment upgrade.

Each bulk entitlement requires annual reporting of water taken and any non-compliance with the provisions contained within the bulk entitlement. This information is provided in the following tables.

Bulk Entitlement (Aireys Inlet) Conversion Order 1997		
14.1 (d)	Painkalac Reservoir Level at 30/6/23	29.95 mAHD
	Painkalac Reservoir Storage Volume at 30/6/23	532 ML (100%)
14.1 (e)	Volume taken 2022–23	0 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 DEECA in 2016.
14.1 (g to j)	Transfers, amendments or new entitlements under this order.	Nil
14.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
14.1 (l)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by the Barwon Water.	No

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Bulk Entitlement (Apollo Bay) Order 2010		
10.1 (c)	Approval, amendment and implementation of programs and proposals under clauses 8 and 9.	
	Clause 8 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 9 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by DEECA in 2016.
10.1 (d)	Volume diverted 2022–23 (West Barham diversion).	0 ML
	Volume pumped 2022–23 (Barham River).	371 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 30/6/23	
	Olangolah Reservoir Level	344.39 mAHD
	Olangolah Reservoir Volume	129 ML (100%)
	West Gellibrand Reservoir Level	342.15 mAHD
	West Gellibrand Reservoir Volume.	1,860 ML (100%)
12.1 (d)	Volume taken 2022–23	3,371 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 DEECA in 2016
12.1 (f to i)	Transfers, amendments or new entitlements under this order.	Nil
12.1 (j)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
12.1 (k)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

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Bulk Entitlement (Gellibrand) Conversion Order 1997		
11.1 (b)	Volume taken 2022–23	14 ML
11.1 (c)	Approval, amendment and implementation of programs and proposals under clauses 8, 9 and 10.	
	Clause 8 – Making Allowances	Not applicable.
	Clause 9 – Environmental Obligations	Ongoing management in accordance with Barwon Water’s Environment Strategy and Environmental Obligations Program.
	Clause 10 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by DEECA 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 30/6/23.	120.3 mAHD
	Allen Reservoir storage volume at 30/6/23.	215 ML (100%)
14.1 (e)	Volume taken from the weir and storage 2022–23 (Note: the weir has been decommissioned)	350 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 DEECA in 2016.
14.1 (g to j)	Transfers, amendments or new entitlements under this order.	Nil
14.1 (k)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	No
14.1 (l)	Any difficulties experienced or anticipated by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

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Bulk Entitlement (Meredith) Conversion Order 1995		
11.1 (d)	Approval, amendment and implementation of programs and proposals under clauses 9 and 10.	
	Clause 9 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 10 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by DEECA in 2016.
11.1 (e)	Volume taken 2022–23	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 30/6/23	0.32 m
	Weir Pool Storage Volume at 30/6/23.	19 ML (100%)
13.1 (e)	Volume taken under this entitlement 2022–23 (River Flow).	0 ML
13.1 (f)	Volume taken under this entitlement over the past 3 years (2018–19 to 2022–23).	0 ML
13.1 (g)	Approval, amendment and implementation of programs and proposals under clauses 11 and 12.	
	Clause 11 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 12 – Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by DEECA 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

Part 3 • Social and environmental sustainability

Bulk Entitlement (Lal Lal - Barwon) Conversion Order 1995 / Amendment Order 2010		
19.1 (f)	Amount of water in Barwon Water's share of reservoir capacity at 30/6/22.	16,792 ML (100%)
19.1 (g)	Annual flow into Barwon Water's share of reservoir capacity at 30/6/22.	460 ML
19.1 (h)	Annual volume released to West Moorabool River from specified point A (Releases to Barwon Water).	0 ML
19.1 (i)	Volume taken under this entitlement from specified point B (She Oaks Diversion Weir).	451 ML
19.1 (k)	Volume taken from a location downstream of specified point A, other than specified point B.	Nil
19.1 (l)	Annual losses debited to Barwon Water's share of reservoir capacity.	543 ML
19.1 (m)	Annual losses from releases between specified points A and B.	0 ML
19.1 (n)	The implementation of programs approved under sub-clauses 16.2, 17.2, and 18.2.	
	Clause 16.2 – Environmental Obligations	Ongoing management in accordance with Barwon Water's Environment Strategy and Environmental Obligations Program.
	Clause 17.2 – Joint Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
	Clause 18.2 – Authority's Metering Program	Ongoing implementation of Bulk Entitlement Metering Program as approved by the DELWP in 2016.
19.1 (o)	Any temporary or permanent transfer of all or part of this entitlement.	Nil
19.1 (p)	Any bulk entitlement or licence in respect of the waterway temporarily or permanently transferred to Barwon Water with respect to the reservoir.	Nil
19.1 (q)	Any amendment to this Bulk Entitlement.	Nil
19.1 (r)	Any new bulk entitlement granted to Barwon Water with respect to its entitlement to a share of reservoir capacity.	Nil
19.1 (s)	Any failure by Barwon Water to comply with any provision of this bulk entitlement.	Nil
19.1 (t)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	Nil

Part 3 • Social and environmental sustainability

Bulk Entitlement (Upper Barwon System) Conversion Order 2002 / Amendment Order 2018		
15.1 (d)	Storage Volumes at 30/6/23.	
	West Barwon Reservoir (Barwon Water Share).	11,713 ML (60%)
	West Barwon Reservoir (Total).	13,342 ML (62%)
	Wurdee Boluc Reservoir.	30,714 ML (81%)
	Barwon System Total.	44,056 ML (74%)
15.1 (e)	Volume taken under this entitlement 2022–23	32,683 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 DEECA 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 30/6/23.	
	Korweinguboorra Reservoir	2,327 ML (100%)
	Bolwarra Weir	113 ML (100%)
	Bostock Reservoir	6,403 ML (87%)
	Upper Stony Creek Reservoirs	6,137 ML (65.5%)
	Lower Stony Creek Reservoir	0 ML (0%)
14.1 (e)	Volume taken under this entitlement 2022–23	4,263 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 DEECA 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.	Yes – Barwon Water recorded one non-compliance event for passing flow conditions at Bostock Reservoir due to a failed equipment upgrade. This resulted in the failure to pass 0.8 ML/day for a period of 3 days. Once the issue was rectified additional passing flows were released in subsequent days to make up for the reduction in flow.
14.1 (l)	Any existing or anticipated difficulties experienced by Barwon Water in complying with this bulk entitlement and any remedial action taken or proposed by Barwon Water.	No

Part 3 • Social and environmental sustainability

Bulk Entitlement (Greater Yarra System – Thomson River Pool – Barwon Water) Order 2014		
16.1 (a)	The annual amount of water taken under this bulk entitlement (MW billable) in 2022–23	379 ML
16.1 (b)	The water allocation made available under this bulk entitlement and volume of carryover.	21,791 ML 63,611 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.	Yes. The responsibility for making seasonal determinations for the GYS-TRP changed in September 2022 from Melbourne Water as Resource Manager to Melbourne Water as Storage Manager, following the Minister for Water’s appointment of Melbourne Water as Storage Manager and revocation of Melbourne Water’s Resource Manager appointment. On 15 September 2022, the Minister for Water amended Barwon Water’s Greater Yarra System – Thomson River Pool BE to reflect this.
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 2022–23	389 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:

- Information supplied refers to volume in megalitres unless stated otherwise.
- References (eg. 14.1 (d)) relate to clause numbers in each Bulk Entitlement Order.
- 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).



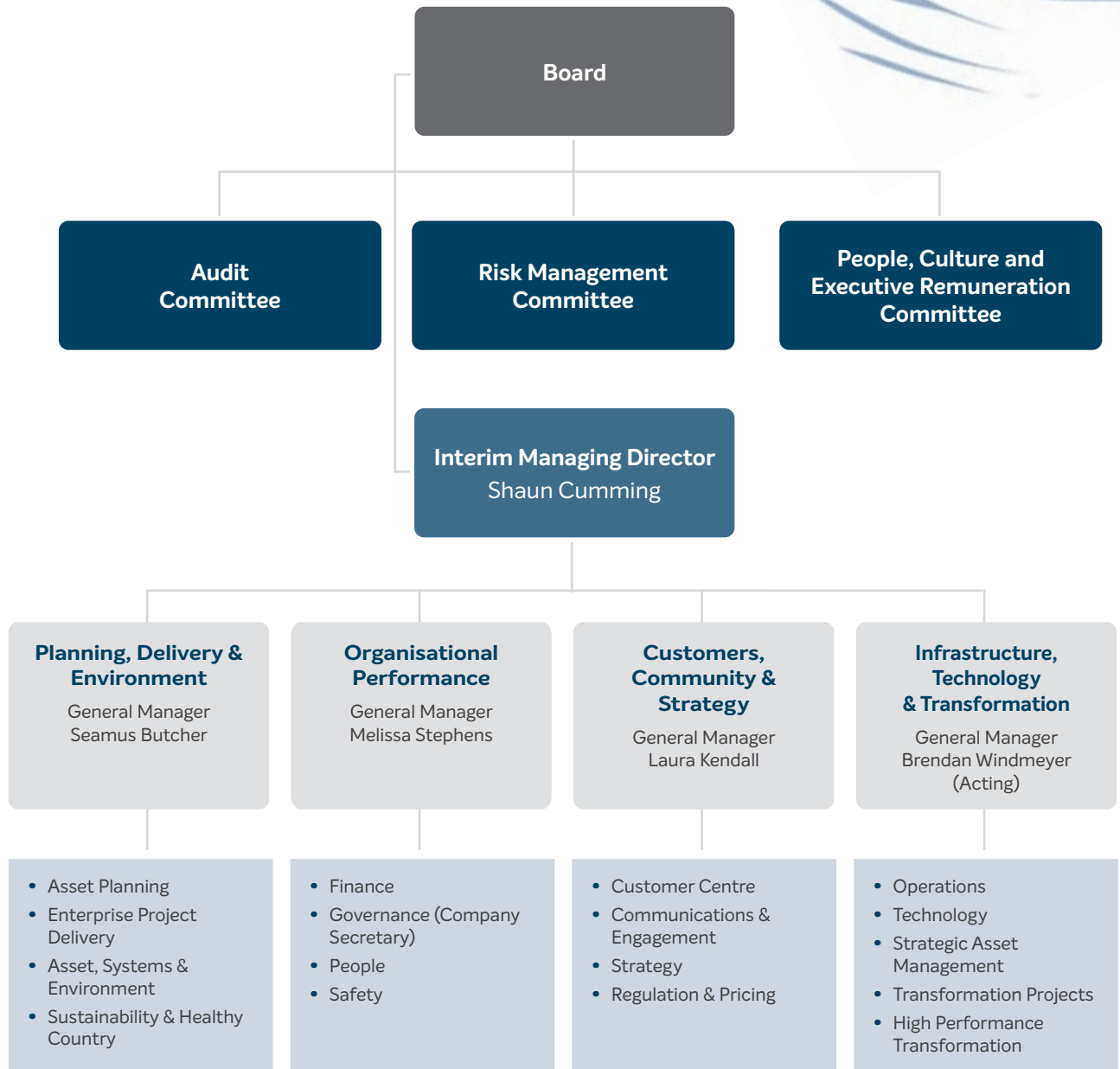
Part 4.

Corporate information



Organisational structure

As at 30 June 2023



Part 4 • Corporate information

Role of the Board

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

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

Board composition

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

Board meetings

Board meetings are scheduled every month, except for 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 advises the Board about their duties and other governance matters.

Board committees

The Board has established a number of committees to provide strategic guidance and assist it 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 after it meets.

Audit Committee

The Audit Committee comprises a non-executive Chair and four non-executive directors. Meetings are held at least 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.

The Audit Committee members/directors for 2022–23 were as follows:

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

Risk Management Committee

The Risk Management Committee comprises a non-executive Chair and four non-executive directors. Meetings are held at least quarterly and at any other time, as requested by a member of the committee. The committee takes a lead role in overseeing risk management across the organisation, making sure that risks are identified and adequately addressed by management.

The Risk Management Committee members/directors for 2022–23 were as follows:

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

People, Culture and Executive Remuneration Committee

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

The committee also oversees Barwon Water's executive employment and remuneration practices, including compliance with government expectations, guidance and directives.

The People, Culture and Executive Remuneration members/directors in 2022–23 were:

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

Part 4 • Corporate information

Barwon Asset Solutions Board

Barwon Asset Solutions is a wholly owned subsidiary of Barwon Water.

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.

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

The Barwon Asset Solutions Directors for 2022–23 were:

- Jo Plummer (Chair)
- Nik Devidas
- Bernard Walsh
- Tracey Slatter (Managing Director resigned 15 June 2023)
- Shaun Cumming (Interim Managing Director, effective 16 June 2023)
- 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, as well as that of its committees and individual directors. This process is consistent with the Governance Guidelines issued by DEECA.

Independent advice

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

Director's 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 of 30 June 2023

Jo Plummer

Chair

MBA, FAICD

Appointed to Board: October 2015

With a portfolio of roles, Jo is an experienced Board Chair. Most pertinently 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 from October 2017 until May 2022.

Additionally, Jo's portfolio includes:

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

She is a highly experienced business strategist and has worked across large commercial corporate, small and medium-sized enterprise, government and not-for-profit environments.

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

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

Elaine Carbines AM

Deputy Chair

**B Arts, Dip Ed, GAICD, FIPPA,
Hon Doc (Deakin)**

Appointed to Board: October 2015

Elaine is the Deputy Chair of Ports Victoria. She was formerly 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 – GeelongPort, 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, a Fellow of the Institute of Public Administration Australia (Victoria) and a National Fellow of the Institute of Public Administration.

Tracey Slatter

Managing Director

M Comm, FIPAA, GAICD

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

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

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

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

Part 4 • Corporate information

John Gavens

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

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

He is a Director of Dental Health Services Victoria and Melbourne Polytechnic and was a director of Barwon Asset Solutions and the Great Ocean Road Coast Committee. He is also an independent audit committee member for several public sector agencies and conducts practice quality reviews for Chartered Accountants ANZ.

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

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

Bernard Walsh

MIEAust, CPEng, GAICD
Appointed to Board: October 2015

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

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

Bernard is a board member at Barwon Asset Solutions and has been a board member of 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.

Ann Lansberry

MEng, DipBA, GAICD
Appointed to Board: October 2017

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

She has a background in water operations, business management and risk management, specialising in the small-medium business and not-for-profit sectors.

Ann is currently the President of the Discovery Science and Technology Centre.

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

Corrina Eccles

Appointed to Board: October 2019

Wadawurrung Traditional Owner, Corrina Eccles, has 24 years of employment experience in Aboriginal organisations and community engagement, and advocacy for cultural values, support and connection. She has contributed to various advisory and committee groups including representation on many Boards in the region.

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

Peta Maddy

BEng(ChemEng)(Hons), BSc(PharmTox), GAICD
Appointed to Board: October 2021

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

Peta is the Deputy Chair Commissioner at the Victorian Environmental Water Holder (member of Risk and Audit Committee) and an independent member of the Audit and Risk Committee for Surf Coast Shire Council.

She has held previous non-executive director roles at Southern Rural Water (Chair Asset Governance Committee) and Grampians Wimmera Mallee Water (Chair Water Resources Committee).

She is a past President of the Victorian branch of the Australian Water Association, was a council member of the Victorian Catchment Management Council and chaired the inter-departmental reference group for the Victorian Rural Drainage Strategy.

Peta has a Bachelor of Engineering (Chemical) with Honours, a Bachelor of Science (Pharmacology and Toxicology) and is a graduate of the Australian Institute of Company Directors.

Nik Devidas

BBus(BusInfoSys)
Appointed to Board: October 2021

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

Nik is the co-Founder and Managing Director of Rock IT, which was established in 2003. Rock IT is a globally ranked managed service provider which focuses on helping businesses develop cost-effective, scalable information technology systems without compromising on security or performance. In 2023, Nik founded 4walls Cyber Advisory, which aims to simplify cyber resilience by providing comprehensive, easy-to-understand cyber security solutions.

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

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

Nik holds a Bachelor of Business (Business Information Systems) from RMIT University and is a Graduate of the Australian Institute of Company Directors.

Part 4 • Corporate information

2022–23 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	5	4	3	5	5
E Carbines Term continuing	9		3	2		
C Eccles Term continuing	7			1		
J Gavens Term continuing	10	5	1			
B Walsh Term continuing	10	5	2*	2	5	5
A Lansberry Term continuing	10	5	4			0
D Powell Term continuing	8	4		2		
P Maddy Term continuing	10	5	4		5	5
N Devidas Term continuing	10	5*	4		5	5
T Slatter (ceased BAS directorship 15/06/23)	9	5	4	3	5	4

* Only required for a portion of the meeting

Employment data

Scholarship program and industry-based internships

Since we started this program, we have provided financial support and paid internships to 16 students. To better support diversity in applicants and disciplines, one of the two scholarships offered each year is allocated specifically to women candidates coming from a science, technology, engineering or mathematics background. This has enabled us to move from a scholarship program largely dominated by men to a gender-balanced one.

Graduate Program

Our two-year graduate program gives graduates an opportunity to perform multiple roles within the organisation through planned rotations. This helps them gain skills and experience in different aspects of the business, supports them to tackle real-world problems, gives them access to a structured leadership development program, and opens opportunities to network more broadly in the water industry.

Two women graduates joined the program in 2022–23. They are both engineers and former interns.

The graduate program forms part of our holistic approach to strategic workforce planning, which includes our Engaging Women in STEM Strategy.

First Nations Cadetship Program

The First Nations Cadetship Program aims to build leadership and behavioural competencies by assigning business rotations that align with the individual career goals of trainees. The cadetship is a possible pathway for First Nations trainees who have completed a traineeship with the Barwon Water Group.

The two-year cadetship program consists of two or three relevant placements across the organisation, and is supported by additional leadership development programs. Trainees are also further supported by a mentor and regular development meetings with skilled supervisors. First Nations cultural support is available throughout the cadetship from Wan-Yaari Aboriginal Consultancy.

Public sector values and employment principles

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

We advise our employees on a range of matters including avoiding conflicts of interests, responding to offers of gifts and dealing with misconduct.

We comply with the *Public Administration Act 2004* by selecting employees based on 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*.

In 2022–23, we employed three employees in our Talent Development and Inclusion team to provide high-quality, responsive and professional recruitment and selection services, as well as advice and support for managers involved in recruitment and selection processes.

People Strategy

We continued with our cultural transformation process in 2022–23. The business has made significant shifts in developing a constructive culture, with our primary style now being humanistic and encouraging (as measured by our Organisational Cultural Inventory).

Our People Strategy 2022–25 continues to support the cultural uplift and delivery of Strategy 2030. Our strategy leverages the strengths of our in-house leadership development program (LEAD2030) and our culture of diversity and inclusion. It also addresses the challenges and opportunities implicit in embedding hybrid ways of working, and technical skills and competency gaps driven by external factors.

Over the 2022–23 year, we continued the roll-out of LEAD2030 to all employees and new people leaders. Other key development areas included the expansion of Clarity4D profiling and workshops, which were delivered to individuals and teams with the intention of building higher performing teams.

Our competency framework was refreshed during the year and has been shared with leaders. Coaching cards and self-reflection cards have also been created to support conversations with team members about performance and development.

Further building our capability to support employees with career development, our mentoring program was expanded to two new cohorts during the year.

Our Moments of Gratitude Program also continued to demonstrate high engagement with employees, who use the program to recognise each other for living our values.

Part 4 • Corporate information

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

We have an EEO policy, as well as policies for the prevention of bullying and harassment. These policies detail our commitment to addressing bullying, promoting equality of opportunity and maintaining a workplace free of all forms of harassment and discrimination. They also highlight the responsibility of each employee to ensure their behaviour reflects our policy requirements, noting that behaviour contrary to the policies may be subject to disciplinary action, in accordance with our Performance Counselling Policy.

To help improve gender equality in 2022–23, we developed our Belonging @ Barwon Water Inclusion Action Plan 2022–25, which incorporates our Gender Equity Action Plan as required under the *Gender Equality Act 2020*. We also reviewed our recruitment practices following a Gender Impact Assessment of our Recruitment Policy.

The effectiveness of these initiatives will be measured in an ongoing way through key indicators including pay equity, segmentation across departments, and the uptake of flexible working arrangements across all genders.

To provide a safe workplace free from discrimination and harassment in 2022–23, we implemented the following measures:

- We maintained policies and procedures that establish clear expectations of behaviour in the workplace and processes for addressing unacceptable behaviours.
- We delivered annual training to all employees to ensure they understand the behavioural expectations of Barwon Water including EEO, anti-bullying, harassment and discrimination training, including refresher training.
- We promoted and celebrated diversity and inclusion events throughout the year to highlight the value of diverse experiences and backgrounds in the workplace.
- We developed an unconscious bias e-learn, making it available to all employees.
- We established team commitments across the organisation, whereby teams define their own purpose, goals and behaviours required, as well as behaviours that will not be tolerated.
- We focused on constructive behaviours and competency uplift as supported by the LEAD2030 and DEVELOP2030 programs.
- Trained contact officers provided information to employees about rights and obligations as they apply to the prevention of bullying, harassment and discrimination.
- We organised a qualified third party to deliver sexual harassment training to help employees better understand their obligations.
- We continued supporting the #IStandForRespect pledge, demonstrating our commitment to addressing sexual and sex-based harassment, and maintaining a workplace safe for everyone.

Talent Retention Strategy

We will achieve high performance by building a more diverse and accountable organisation with inclusive and shared leadership that delivers outstanding value to our customers and the community. As such, a key goal of our Talent Retention Strategy is a diverse and high-performing workforce.

The strategy is a multi-streamed framework designed to establish the high-performance capability we need to successfully deliver Strategy 2030 and is aligned to, and supports, the People Strategy 2022–25. It aims to help us attract, retain and develop the skill and capability of current and future employees to meet current and future needs, drive an inclusive culture, and to minimise business risk.

Part 4 • Corporate information

Gifts, Benefits and Hospitality Policy

The Gifts, Benefits and Hospitality Policy establishes standards and procedures for responding to gift, benefit and hospitality offers, as well as offering them, and is consistent with the DEECA model policy.

The policy is designed to help employees and directors to avoid conflicts of interest and maintain high levels of integrity and public trust. The policy discourages gift offers and states offers must never be accepted unless there is clear justification, in line with approved conditions in the policy.

We continued to deliver training designed to educate all employees about their responsibilities according to the policy, including refresher training. As part of the training, we made it clear that:

- directors and employees are responsible for ensuring their own conduct meets the required standards of integrity
- public interest must be placed above own interest when carrying out official duties
- all gift offers must be declared in accordance with the policy and prohibited gifts refused.

For further information about our Gifts, Benefits and Hospitality Policy, visit barwonwater.vic.gov.au

Belonging @ Barwon Water Inclusion Action Plan

We have been working towards creating a diverse and inclusive working environment with a workforce that reflects the community that we serve since we introduced our first diversity and inclusion plan in 2016.

Our current plan, the Belonging @ Barwon Water Inclusion Action Plan 2022–25, includes four key focus areas to help us achieve this goal: Lead, Adjust, Recruit and Promote.

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

The action plan guides our approach to inclusion and diversity with defined targets for gender balance at senior leader level and across the organisation, as well as Aboriginal and Torres Strait Islander inclusion, disability, and cultural and linguistic diversity. The identified actions are also intended to drive inclusion more broadly by recognising and celebrating difference, while fostering a true sense of belonging for each individual working at Barwon Water.

Annually, we complete a voluntary survey of all employees to collect diversity and inclusion data (see 2022–23 results below). The survey results provide workforce demographic data, as well as qualitative information relating to employees’ sense of belonging. This helps guide our actions for the next 12 months and measures our performance against our targets.

Belonging Diversity metrics table

Belonging @ Barwon Water Diversity Metrics – Focus Areas	Target – June 2023	Actual progress at June 2023
Gender balance (Senior Leadership Team)	40% men 40% women 20% flexible	43% men 57% women
Gender balance (Organisation)	60% men 40% women	58% men 42% women
Aboriginal & Torres Strait Islander inclusion	3% Aboriginal and/or Torres Strait islander peoples employed	3%
Cultural and linguistic diversity (language other than English or born overseas)	20% cultural and linguistic diversity employed across the organisation	12%
People with a disability	12.5% of employees identify as living with a disability	9%

Part 4 • Corporate information

Traineeship program

Our 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.

In partnership with Gforce, we have supported 72 trainees in our dynamic program since 2016, which also involves working with Wan-Yaari Aboriginal Consultancy Services.

Fourteen trainees joined the 2022 intake: six women – four of whom took up traineeships that traditionally attracted more men – as well as two trainees who identified as Aboriginal.

Of those 2022 trainees, ten have obtained employment with us, two have gone on to further studies, and two have pursued their own career choice.

A highlight for the 2022 program was when one of our trainees was nominated for the Apprenticeship Employment Network (AEN) awards. AEN is the peak industry body representing not-for-profit group training companies across Victoria.

The traineeship program plays an important role in helping us support diversity across cultural and socio-economic demographics, in line with Strategy 2030, and has also helped us attract women trainees into roles that have been traditionally dominated by men: in particular operations and construction. The trainee program also provides us with a pipeline of resources to support operational needs.

Compliance with the Disability Act

The *Disability Act 2006* reaffirms and strengthens the rights of people with a disability and recognises that these rights must be supported across the government sector and within the community.

Our All Abilities Action Plan 2022–25 is a strategic plan that helps us remove barriers preventing people with a disability from using our goods, services and facilities, and from gaining and keeping employment. It also aims to raise awareness of disabilities, which are both invisible and visible to others.

This plan is vital in helping us promote inclusion and participation in the community and achieve changes in attitudes and practices that may result in discrimination. In turn, we believe it will help us drive a safe culture where anyone who chooses to disclose a disability will be treated the same as they were before they disclosed.

Monitoring of activity and measuring outcomes is included as part of the Belonging @ Barwon Water Inclusion Action Plan.



Barwon Water employment statistics 2022–23

2023						
	Casual	Part-time	Full-time	Total (Headcount) 2023	Total (%) 2023	FTE 2023
Gender						
Women	0	54	94	148	41	130.40
Men	4	6	203	213	56	207.73
Self-described	0	0	0	0	0	0
Prefer not to answer	0	0	0	0	0	0
Age						
15–24	4	0	6	10	3	6.11
25–34	0	10	56	66	18	61.84
35–44	0	25	88	113	31	106.40
45–54	0	14	91	105	29	100.58
55–64	0	9	49	58	16	54.79
65+	0	2	7	9	2	8.42
TOTAL	4	60	297	361	100	338.13

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Previous Barwon Water employment statistics 2021–22

2022						
	Casual	Part-time	Full-time	Total (Headcount) 2022	Total (%) 2022	FTE 2022
Gender						
Women	3	53	79	135	39	114.30
Men	2	4	204	210	61	207.44
Self-described	0	0	0	0	0	0
Prefer not to answer	0	0	0	0	0	0
Age						
15–24	5	1	4	10	3	4.55
25–34	0	8	52	60	17	56.58
35–44	0	28	90	118	34	109.76
45–54	0	11	82	93	27	89.77
55–64	0	9	50	59	17	56.09
65+	0	0	5	5	1	5
TOTAL	5	57	283	345	100	321.74

ANZSCO – 2023

ANZSCO Occupation Classification	Headcount
Managers	22
Professionals	181
Technicians and Trade Workers	41
Clerical and Administrative Workers	72
Machinery Operators and Drivers	45
TOTAL	361

ANZSCO – 2022

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

Senior Executive Service contracts for the Barwon Water Group in 2022–23 (broken down by gender)

Class	All		Women		Men		Self-described	
	Number	Variation	Number	Variation	Number	Variation	Number	Variation
SES-3	1	1	1	1	0	0	0	0
SES-2	6	0	2	0	4	4	0	0
SES-1	14	-3	9	-1	5	-2	0	0
TOTAL	21	-2	12	0	9	-2	0	0

Note: SES class not provided prior to 2021–22

Reconciliation of executive numbers for the Barwon Water Group

	2023	2022
Executives (Financial Statement note x)	26	28
Accountable officer	1	1
Less Separations	-4	-5
Total executive numbers at 30 June	23	24

Health, Safety and Wellbeing (HSW)

HSW management system

We implemented a range of processes and initiatives as part of the 2022–23 HSW management plan to deliver out Beyond Zero Safety Strategy, including:

- We conducted a detailed review of processes and procedures against Victorian Occupational Health and Safety (OHS) legislation, as part of a broader legal assurance project.
- We published a monthly newsletter that covered safety performance trends, HSW topics relevant to the workplace and upcoming wellbeing events.
- We progressed a project to improve contractor safety management, which included the roll-out of the Rapid Global software solution to Barwon Water Group employees and our contractors.
- We continued rolling out the Safety Leadership Program, which will strengthen health and safety leadership mindsets and practices across all levels of the organisation.
- We completed a range of risk assessments including plant and equipment, and noise. The process included extensive consultation with health and safety representatives.
- We developed and implemented a fit testing program for personnel required to use respiratory protective equipment.
- We established a lead-paint register for older assets. The register records lead concentration and level of risk exposure associated with its presence in assets.

- We used the AIR System (Asbestos Identification and Rating System), developed by the Victorian Asbestos Eradication Agency, as our asbestos register.
- We progressed our public safety project by focusing on signage and access to assets based on the level of risk.
- We coordinated working groups, including health and safety representatives, to effectively consult and manage health and safety risks impacting the whole organisation.
- We adopted a continuous improvement approach to emergency management frameworks and emergency response capability and capacity across the organisation.

Health and wellbeing program

As part of our health and wellbeing program, we delivered a range of initiatives in 2022–23, including:

- We coordinated weekly Mental Health First Aider (MHFA) forums and used the discussions to refine existing and proposed programs.
- We MHFA trained more employees.
- We introduced the Resilience Project and encouraged employees to follow a simple message – Gratitude. Empathy and Mindfulness (GEM) – in the workplace and at home.
- We encouraged employees to donate to Life Blood.
- We ran a range of webinars covering topics including nutrition, sleep hygiene and mental health.
- We encouraged employees to become physically active with programs such as our weekly yoga program.
- We offered our employees vaccinations and health monitoring, such as skin checks.

- We recognised awareness events focused on men’s health, diabetes, breast cancer and women’s health.
- We promoted R U OK?Day, which included a topic-specific toolbox.
- We supported employees with ergonomics and desk set-up to help prevent posture-related injuries in the office and at home.
- We assessed individuals and provided specialised office equipment to prevent repetitive use and ergonomic-related injuries.
- We engaged local physiotherapists to review and treat employees pre-claim.
- We provided support and communicated with employees affected by non-work-related injuries and illness.
- We used the intranet, internal media and articles in the monthly HSW newsletter to promote awareness of health and wellbeing topics including fatigue and sleep.

Part 4 • Corporate information

HSW performance

In 2022–23 there were zero injuries resulting in a WorkCover claim.

Barwon Water Occupational Health and Safety performance

Measure	KPI	2022–23	2021–22	2020–21	2019–20	2018–19
Injuries	First aid injuries	11	13	9	14	11
	Medical treatment only injuries	0	1	0	1	8
	Lost time injuries	0	0	0	1	1
	Total injuries	11	14	9	16	20
Incidents	Number of incidents	38	34	54	59	130
	Rate per 100 FTE	11.9	9.4	16.7	18.09	39.5
Claims	Number of standard claims	0	0	0	2	5
	Number of time lost claims	0	0	0	1	1
	Rate per 100 FTE	N/A	0	0	0.92	1.82
	Average cost per standard claim*	N/A	N/A	N/A	\$1959	\$15,341
Risk Management	Number of OHS meetings held	36	32**	30**	36**	1,453
	Percentage of internal audits/ inspections conducted as planned	88%	89%	88%	89%	91.3%
	Percentage of reported incidents investigated	95%	92%	90%	90%	74.6%

* There were no claims in 2022–23, 2021–22 and 2020–21.

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

HSW training

HSW training developed and delivered in 2022–23 covered the following topics:

- using respiratory protective equipment
- preventing underground service strikes
- electrical safety
- fatigue
- dealing with complex customer behaviour
- managing encounters with animals
- mental health.

We have also continued to refine our training data in the ELMO Learning Management System to support our tracking and reporting.

Following the success of two cohorts completing the Safety Leadership Program, a third cohort of the program was rolled out in 2022–23. This program supports the advancement of a positive culture through mindset and behaviour.



Environmental performance

Safety, Quality, Environment (SQE) information

Our Environmental Management System continued to be certified under ISO 14001:20015. Key activities we carried out in 2022–23 include:

- We protected, managed and monitored environmental and cultural heritage values during capital project works and at our operational sites.
- We developed and rolled out an environmental management e-Learn for all Barwon Asset Solutions staff and implemented an Environmental Management Plan for one of our legacy sites.
- We continued rolling out industrial waste reduction and management improvement activities.
- We developed an industrial waste collection and reporting tool to track the industrial waste we produce as part of our capital, operational and maintenance works. This will help inform efforts to reduce industrial waste sent to landfill.
- An external auditor completed an Industrial Waste Management Plan audit and made recommendations for management action plans based on the findings.
- We started an internal Environment Protection Compliance and General Environmental Duty (GED) Committee to govern environmental compliance and GED aspects associated with our operational training modules, including site environment plans, tree protection zones and cultural awareness training.

- We obtained new EPA permissions for Barwon Water and Barwon Asset Solutions regulated activities under the *Environmental Protection Act 2017*.
- We obtained planning, environmental and cultural heritage approvals for our capital works program.
- We obtained planning, environmental and cultural heritage approvals for our operational and Barwon Asset Solutions works programs.
- We updated our internal environmental management tools.

In the next financial year, we plan to keep enhancing and adapting our management processes to meet regulatory requirements, our GED and industry-best practice.

SQE integrated management system

We maintained our certification to ISO 9001 Quality, ISO 14001 Environmental and ISO 45001.

Emergency management

We continued to strengthen our emergency management capabilities and capacities throughout 2022–23 by continuously improving frameworks, processes and tools. To support skills development and maintenance, our corporate and operational response teams were made up of a mixture of experienced and developing response personnel.

This year we participated in activities such as:

- a site-based incident response exercise scenario and knowledge workshops
- online Fire Ready Program toolboxes and training
- warden training and general staff evacuation
- communication and implementation of new ways of working in our buildings.

We continued to conduct our Fire Ready Program over the summer months. We also extended the use of these processes to support safety and response to other events likely to require hazard monitoring and early warnings, including severe weather, flood and landslide and chemical incidents.

During the financial year, we conducted an internal independent audit of our emergency management preparedness. We used what we learnt from this to develop a program designed to further improve our emergency management capability and processes.

We also continued to be actively involved in municipal emergency management committees, industry resilience and community of practice forums. We did this to ensure ongoing learning from others and enhance cooperation and understanding between agencies and communities.

There was no emergency procurement activated in the 2022–23 financial year.

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

In 2022–23, we continued to comply with the Information Privacy Principles set out under the *Privacy and Data Protection Act 2014*.

Our Customer Charter and Privacy Charter both explicitly refer to our commitment to protecting the privacy of customers. We ensure the information we hold is protected and actively work to prevent any unauthorised access to, or improper use of, customer information.

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

Freedom of Information

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

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

The Act allows Barwon Water to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include: cabinet documents; some internal working documents; law enforcement documents; documents covered by legal professional privilege, such as legal advice; personal information about other people; and information provided to us in-confidence.

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

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

An application fee of \$31.80 will apply from 1 July 2023.

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

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

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

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/timelines

During 2022–23, Barwon Water received three FOI requests and all became valid under S17 of the Act. An additional two valid FOI requests were processed from the prior reporting period.

We made five decisions during 2022–23. All five decisions were made within the statutory time period. The average time taken to finalise requests in 2022–23 was 12 days from the request being valid.

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

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

FOI statistics/timeliness	
Full access granted	0
Partial access granted	5
Withdrawn / Time elapsed	0
Not proceeded with / FOI incomplete	0
No documents	0
Third party consultation by another agency	0
Outside the Act / publicly available	0
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 by visiting ovic.vic.gov.au

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.

Part 4 • Corporate information

Compliance with the Building Act

As we own or control two government buildings – located at 55–67 Ryrie Street, Geelong and 18 Kadak Place, Breakwater – we are required to include a statement about how these buildings comply with the building and maintenance provisions of the *Building Act 1993*.

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 our existing buildings, the 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 to this, we also conduct routine site inspections and receive security and failure alerts through a variety of automated alarms.

Building Act compliance

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

Other Acts

Carers Recognition Act

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

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

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

Public Interest Disclosures

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 can include one or more of the following:

- substantial corrupt conduct
- a criminal offence
- serious professional misconduct
- dishonest performance of public functions
- an intentional or reckless breach of public trust
- an 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) using 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 to protect from anyone who has made a public interest disclosure about Barwon Water or its employees from detrimental action, allowing such disclosures to be made without fear of reprisal. You can access our procedures on our website:

barwonwater.vic.gov.au

Contacts

As noted earlier, the Act does not permit us to receive public interest disclosures.

If you wish to make a disclosure about our organisation or our people, please make that disclosure directly to the IBAC, the VI or the VO.

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

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

Website: ibac.vic.gov.au

Phone: 1300 735 135

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

Victorian Inspectorate

Level 8, 565 Bourke Street
Melbourne Victoria 3000

Website: vicinspectorate.vic.gov.au

Phone: 1800 518 197

Email: info@vicinspectorate.vic.gov.au

Victorian Ombudsman

Level 2, 570 Bourke Street
Melbourne VIC 3000

Website: ombudsman.vic.gov.au

Online form: ombudsman.vic.gov.au/complaints

Phone: 1800 806 314

Part 4 • Corporate information

Local Jobs First – Victorian Industry Participation Policy

The *Local Jobs First Act 2003*, introduced in August 2018, brings together the Victorian Industry Participation Policy (VIPP) 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 VIPP and MPSG guidelines will continue to apply to all applicable projects respectively in cases where contracts have been entered prior to 15 August 2018.

Projects commenced – Local Jobs First Standard

During 2022–23, our organisation commenced five Local Jobs First Standard projects totalling \$57,193,048.51 (excluding GST). All projects were located in regional Victoria.

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

- an average local content commitment of 90 per cent was made
- we committed to a total of 36.12 jobs – annualised employee equivalent (AEE) – including creation of 3.04 new jobs and retention of 33.09 existing jobs (AEE)
- we committed to a total of 1.61 positions for apprentices/trainees/cadets, including 0.83 new apprenticeships/traineeships/cadets and retention of 0.78 existing apprenticeships/traineeships.

We commenced one project that met requirements of the MPSG and committed to less than one apprentice/trainee/cadet.

Projects completed – Local Jobs First Standard

During 2022–23, our organisation completed one Local Jobs First Standard project valued at \$703,838.00 (excluding GST). This project was located in regional Victoria. The MSPG did not apply to this project.

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

- an average local content commitment of 92.55 per cent was made
- we committed to a total of 0.49 jobs (AEE) – no new jobs were created and 0.49 existing jobs were retained
- we committed to no new positions for apprentices/trainees and no new apprenticeships/traineeships were created
- we retained no existing apprenticeships/traineeships
- MPSG applicable projects provided zero hours to apprentices/trainees and engaged no apprentices/trainees (MPSG did not apply).

During 2022–23, there were ten small and medium-sized businesses that prepared a VIPP Plan or LIDP for contracts, with none prepared by large businesses.

During 2022–23, five projects had the minimum formal weighting of ten per cent applied for local content in the tender evaluation of the VIPP Plan or LIDP.

We commenced five contracts greater than \$1 million for which a VIPP Plan or LIDP was required.

Projects commenced – Local Jobs First Strategic

During 2022–23, we commenced no Local Jobs First Strategic projects.

Social Procurement

Our 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:

- We spent \$343,308 with certified Victorian Social Enterprise.
- We spent \$138,049 with certified Victorian Indigenous business.
- We spent \$76,140 with First Nations corporations.
- We continued our 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 ongoing full-time employment and training of 3.2 employees and 13 supported employees. It has also assisted genU to successfully champion seven supported employees into open employment during 2022–23.
- We were an ongoing signatory to GROW Compact, which has a primary objective of addressing long-term, entrenched, placed-based disadvantage in the G21 region.
- We became a Kinaway Platinum Partner, which enabled us to secure the services of a relationship manager who assists with cultural awareness education and training, provides advice on our RAP development and informs us about new suppliers.

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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*.

We are committed to operating our business lawfully and ethically, and working with suppliers that are aligned with our values, as they apply to corporate responsibility, environmental and workplace safety protection, and staff inclusion and diversity. We require our suppliers to operate in accordance with all modern slavery laws.

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

In 2022–23, we achieved the following:

- We developed and submitted a Board-approved Modern Slavery Statement to the Department of Home Affairs.
- We reviewed, enhanced or developed contractual clauses, tender templates and evaluation tools to mitigate modern slavery risk.
- We conducted enhanced due diligence assessments during procurement activities in areas deemed as high-risk, such as chemical supply, including additional modern slavery prevention components where appropriate to do so.
- We collaborated with the Water Services Association of Australia (WSAA), and other national water corporations, to source a tool to monitor, report on, and help guide and drive improvements to supplier modern slavery ratings.

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 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 2022–23, there were 64 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022–23 in relation to these consultancies was \$7,783,865 (excl. GST). Details of individual consultancies are outlined on our website: barwonwater.vic.gov.au.

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

In 2022–23, there were 59 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022–23 in relation to these consultancies was \$294,566 (excl. GST).

Disclosure of major contracts

In 2022–23, we entered into one contract with a value of over \$10 million. This contract was for the design and construction of two Water Treatment Plants (WTPs) for the townships of Forrest and Gellibrand to replace the existing WTPs. The contract was awarded to Laurie Curran Water Pty Ltd.

Details about this contract are available on the Buying for Victoria Website at:

tenders.vic.gov.au.

Government Advertising Expenditure

While any government advertising campaign with a total media spend of \$100,000 or greater needs to be disclosed, our advertising campaign expenditure in the 2022–23 reporting period did not exceed this amount.

Information and Communications Technology (ICT) expenditure

For the 2022–23 reporting period, we had a total ICT expenditure of \$21,128,108 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)
\$9,197,149	\$5,076,695	\$14,273,844	\$6,854,264

"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
Climate change Undertake activities and provide services that minimize environmental impacts, mitigate and adapt to climate change, increase renewable energy use, and demonstrate reasonable progress in integrating climate change adaptation into planning and decision making across the business.	E1 Emission reductions Demonstration of reasonable progress toward achievement of the entity’s greenhouse gas emission reduction target specified in the Statement of Obligations (Emissions Reduction).	E1 Total annual reportable greenhouse gas emissions in tonnes of carbon dioxide equivalent (tCO ₂ -e). Compliance with all greenhouse gas emissions reporting requirements outlined in Ministerial Reporting Direction 06.	Refer to greenhouse gas emissions, energy consumption and generation (pages 39–41) and Appendix A (from page 95)
	E2 Electricity consumption Demonstrate reasonable progress to sourcing 100 per cent of their electricity from renewable sources by 2025, as is required of all government operations in the Whole of Victorian Government emissions reduction pledge.	E2 Total electricity consumption, and total renewable electricity consumption, in megawatt hours (MWh). Compliance with all electricity and renewable electricity reporting requirements outlined in Ministerial Reporting Direction 06.	
	E3 Adaptation to climate change and variability Application of the Guidelines for Assessing the Impact of Climate Change on Water Suppliers in Victoria for Urban Water Corporations through their application in drought preparedness and urban water strategies. Demonstration of reasonable progress in integrating climate change adaptation into planning and decision-making across the business (all sources of water, wastewater, and where relevant drainage and flood management) including in: <ul style="list-style-type: none"> • source waters and demand • built assets • natural environment • people and workplace • interdependencies • customer and product delivery. 	E3 Qualitative description in Corporation’s annual report of how Climate Change Water Availability Guidelines have been applied. Qualitative description in Corporation’s annual report of how Climate Change Sewerage Guidelines have been applied (if finalised). Inclusion of one or more of the following statements in Corporation’s annual report (amended as appropriate for the corporation’s circumstances): <ul style="list-style-type: none"> • climate change adaptation plan, strategy or framework • how corporation is mainstreaming climate change adaptation considerations into all aspects of business decision-making; and/or • how corporation is addressing climate change adaptation only on an ad-hoc basis as/when required. AND Qualitative description of how Corporation is adapting to climate change in line with chosen Statement/s.	Refer to Climate Resilience Plan (pages 42–43)

Part 4 • Corporate information

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.	This year Barwon Water consistently ranked in the top four water businesses for Value for Money, Reputation, Trust and Overall Satisfaction in the ESC perception survey. We continued to deliver our dedicated Customer Experience (CX) Program and our commitment to continuous improvement has driven increased levels of customer satisfaction. This resulted in Barwon Water achieving the number one ranking across all four categories for the period June 2022 – May 2023.
	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 an internal communications and engagement strategy that provides a framework for building customer and community trust. Barwon Water integrates a variety of approaches and methods into its community and stakeholder engagement plans, including referencing and embedding the IAP2 Public Participation Spectrum in all activities. Barwon Water uses its online community engagement platform (yoursay.barwonwater.vic.gov.au) to share information about engagement processes and outcomes for all major planning, strategic and construction projects. Examples of these include: <ul style="list-style-type: none"> • 2023–28 Price Submission • Regional Renewable Organics Network • Murrk Ngubitj Yarram Yaluk • Aqueduct and Porronggitj Karrong • Birregurra water supply upgrade.

Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
<p>Water for Aboriginal cultural, spiritual and economic values</p> <p>Recognise and support Aboriginal cultural values and economic inclusion in the water sector</p>	<p>AC1 Supporting Aboriginal self-determination</p> <p>Demonstrate effective and genuine engagement and partnerships with Traditional Owners and Aboriginal Victorians for involvement in business opportunities and access to water for spiritual, customary, social, and economic purposes, and other self-determined purposes.</p> <p>Demonstrate there are internal processes, policies and plans in place to support Aboriginal self-determination /empowerment/employment etc. for Aboriginal community members.</p>	<p>AC1.1</p> <p>Implementation and reporting on a strategy that demonstrates how the water corporation is providing procurement opportunities to Aboriginal Enterprises to supply goods and services to water corporations, including addressing any procurement barriers. Aboriginal enterprises to supply goods/services to water corporations and number of Aboriginal enterprises procured in the last year.</p> <p>AC1.1.2</p> <p>Total number of tender requests received, total number of Aboriginal enterprise tenders received, and total number of Aboriginal enterprises procured in FY.</p>	<p>Some of the key outcomes relating directly to the creation of opportunities within the water sector for the First Nations community and businesses include:</p> <ul style="list-style-type: none"> • Our undertaking to purchase from Aboriginal and Torres Strait Islander businesses is included in both the organisation's Procurement Policy and Social Procurement Strategy, with the objective to provide opportunities for First Nations Owned businesses. • All tender and quotation documentation has been reviewed to ensure there are no barriers to procuring goods and services from First Nations owned businesses. All our tender and quotation templates include reference to purchasing goods and services from Victorian Aboriginal businesses and employment for Victorian Aboriginal people. • We have developed a First Nations Procurement section on our Intranet. Employees can identify accredited Victorian Indigenous businesses through a link to Kinaway. Kinaway is an Aboriginal Chamber of Commerce based in Melbourne through which Aboriginal and/or Torres Strait Islander businesses and entrepreneurs have a collective voice both within the Aboriginal and/or Torres Strait Islander business community and the general business community. Barwon Water is a Platinum member of Kinaway. • We have numerous commercial relationships with Aboriginal and Torres Strait Islander owned businesses. Some of the goods and services procured through these businesses during 2022–23 include stationary, cultural awareness training, employment, consulting works, graphic design, civil works and artwork. <p>During 2022–23, Aboriginal-owned business continued to be engaged from previously awarded contracts. Kinaway continued to assist Barwon Water in identifying potential Aboriginal business that could provide additional goods or services to enhance existing panel contracts. All Barwon Water tenders were publicly advertised using the Buying for VIC website, allowing Aboriginal businesses to respond to these procurement opportunities.</p> <p>Our spend with Aboriginal-owned and certified businesses and corporations during the 2022–23 was \$217,445.</p> <p>One new business was procured in 2022-23.</p> <p>Tender data for 1.1.2 was not recorded in 2022–23 and we are reviewing how we collect this data in 2023–24.</p>

Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
		<p>AC1.2</p> <p>Number and description of offered and/or active sponsorships of Aboriginal people in relevant study and training courses, including scholarships, vocational education and traineeships initiated in the last year.</p>	<ul style="list-style-type: none"> • One scholarship student • One cadetship • 2 trainees • 1 leadership program participant. <p>We continued to support a university-based internship student through the Career Tracker program.</p> <p>A newly created First Nations Cadetship, described in detail on page 59, helped to form a pathway beyond the Traineeship Program.</p> <p>Our traineeship continues to provide entry-level pathways with two First Nations trainees joining the program in field-based and IT positions.</p> <p>Our Aboriginal Partnership Adviser completed the Barring Djinang leadership program.</p>
		<p>AC1.3</p> <p>Number of staff within the water corporation who have undertaken a cross-cultural training course (by relevant Traditional Owner) in the last year and working towards development of mandatory cultural safety training program/policy.</p>	<p>56 employees completed Connection to Country cultural awareness training.</p> <p>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.</p> <p>To further increase cultural awareness and cultural safety, Yarning Circles have been introduced with significant participation from employees.</p> <p>Ongoing training developed and facilitated by Traditional Owners through an 'On Country Connection to Country' excursion is run throughout the year for all employees, and forms part of the new employee onboarding program. Twenty-one participants attended this year.</p> <p>We continued to provide Cultural Awareness training through an online learning platform, which forms part of the onboarding program for all new employees.</p>
		<p>AC1.4</p> <p>Number of Aboriginal staff employed</p>	<p>Three per cent of our employees identify as Aboriginal and Torres Strait Islander.</p> <p>Note: Only proportional data is available (Source: VPSC People Matters survey).</p>

Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
	<p>AC2 Partnerships with Traditional Owners</p> <p>Demonstrate effective and genuine partnerships with Traditional Owners for inclusion to enable input into water planning and management decisions related to Aboriginal water values and other self-determined priorities.</p>	<p>AC2.1</p> <p>Number of effective engagements and partnerships with Traditional Owners in water planning and management, including a number of water projects completed that led to improved outcomes for Aboriginal Communities</p>	<p>We have one partnership agreement, and one multi-party agreement with Traditional Owners.</p> <p>A three-year partnership agreement (2021–24) with Wadawurrung Traditional Owners Aboriginal Corporation provides information on the topics and projects that we will be engaging with them on.</p> <p>We meet regularly with Eastern Maar Aboriginal Corporation (Eastern Maar) and have recently created a new role 'Water Partnerships Officer' at Eastern Maar via a multi-party agreement between Eastern Maar and the three water corporations that operate within their Country.</p> <p>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 Water for our Future Program, Urban Water Strategy, Water is Life and land/water management opportunities.</p> <p>There is no specific data available on the number of engagements occurring on a regular basis.</p>
		<p>AC2.2</p> <p>Demonstrate that Traditional Owners have had the opportunity to review and/or endorse all sections of the annual report that include specific reference to Traditional Ecological Knowledge, values and wellbeing.</p> <p>AC2.3 (new)</p> <p>Water corporation can demonstrate it has informed relevant Traditional Owners of opportunities to access water entitlements or allocation within their Country.</p>	<p>Wadawurrung Traditional Owners Aboriginal Corporation has reviewed and endorsed relevant sections of the annual report.</p> <p>We commit to continuing to learn from and build relationships with both Wadawurrung and Eastern Maar and engaging early and partnering in the development of all future annual reports.</p> <p>Work is progressing on several actions in the Central and Gippsland Region Sustainable Water Strategy to allow water to be returned to the Moorabool River for Traditional Owner cultural values and environmental needs, as well as exploring opportunities to return water to Wadawurrung in Durridwarrah Wetland for cultural and environmental reasons.</p>

Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
	<p>AC 3 Aboriginal Inclusion Plan/ Reconciliation Action Plan</p> <p>To be considered in conjunction with AC1 and AC2, taking into account the relevant local context.</p>	<p>AC 3</p> <p>Implementation of either an Aboriginal Inclusion Plan, Reconciliation Action Plan or a Self Determination Plan, reflecting measures AC1.1 to AC1.3 and AC2.1 as appropriate and report against number of actions achieved and ongoing.</p>	<p>We completed our Innovate Reconciliation Action Plan by implementing the plan's 56 actions. Some of these actions are ongoing, including:</p> <ul style="list-style-type: none"> • participation and celebration of both National Reconciliation Week and NAIDOC Week • maintenance of mutually beneficial relationships with Aboriginal and Torres Strait Islander peoples, communities and organisations to support positive outcomes • cultural awareness training • implementation of the First Nations Employment and Retention Strategy • supporting First Nation supplier diversity within our organisation • working together with Traditional Owners on strategic projects • implementing a 'Caring for Country' approach into our organisation. <p>To support the next phase of reconciliation journey, we have developed our Stretch RAP (conditionally endorsed by Reconciliation Australia), which will run from 2023–26.</p> <p>The new plan will include actions to address previous measures (AC1.1 to AC1.3, and AC2.1), alongside a range of other actions.</p> <p>Traditional Owner corporations have been given copies of the draft Stretch RAP and their feedback was incorporated into the final version.</p> <p>Wadawurrung Traditional Owners Aboriginal Corporation also provided a foreword for the Stretch RAP.</p>

Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
Resilient and liveable cities and towns Contribute to healthy communities by supporting safe, affordable, high-quality services and resilient, liveable environments.	L1 Integrated Water Management (IWM) (urban) In relevant IWM forum(s), actively facilitate and champion water's contribution to the resilience and liveability of cities and towns of the region consistent with the forum's objectives.	L1 Progress towards: <ul style="list-style-type: none"> • participation in, or establishment of IWM forum(s) in your region • contribution to development or review, and implementation of Strategic Direction Statement(s) in your region • implementation of priority IWM projects and plans, as applicable • delivering IWM outcomes for the region (regional IWM forums) and/or IWM targets set out in the relevant catchment scale IWM plans (metro IWM forums). 	<p>We provided leadership for, and contributed to the functioning of, the Barwon IMW Forum by chairing and providing executive support to the Forum.</p> <p>In partnership with the Barwon IWM Forum members and DEECA, we continued to implement the priority IWM projects identified in the recently updated Strategic Directions Statement (SDS), the Forum's key strategic document.</p> <p>We continued 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.</p> <p>We worked with the IWM Forum members and various regional networks, such as the Barwon Regional Partnership, to explain the multiple community-wide benefits of IWM and attract investment for various projects.</p> <p>We led and contributed to significant regional IWM projects and processes, including the delivery of fit-for-purpose recycled water to Deakin University's Waurin Ponds Campus, the Bellarine Peninsula's agricultural industry and the Stead Park sporting complex in northern Geelong. We also provided strong support to the Surf Coast Shire, which was investigating options to improve the health of the Karaaf Saltmarsh and provide regional IWM outcomes.</p> <p>We investigated the feasibility, design and costs of a large-scale, staged alternative water grid which distributes recycled water and stormwater for beneficial uses.</p>
	L2 Water efficiency (urban) Implement water efficiency initiatives, actions or programs aligned with Target 155 (Metros), Target Your Water Use (Regional Urban), Water for Victoria and relevant sustainable and urban water strategies.	L2a Continue to collaborate on the Victorian Water Efficiency Strategy delivering on water efficiency outcomes in Water for Victoria and relevant urban and sustainable water strategies, including: <ul style="list-style-type: none"> • water corporations working together to develop statewide initiatives; and • reporting the number of customers in need assisted by the Community Rebate Program, and for participating organisations only, the Community Housing Retrofit Program. 	<p>We have continued to participate in the Victoria Water Efficiency Network to ensure a coordinated approach to Target Your Water Use and Permanent Water Saving Rules initiatives.</p> <p>We have assisted 267 customers (Community Rebate Program 147 customers assisted, and Community Housing Retrofit Program 120 customers assisted) with a combined total value of \$278,704 and an estimated 22.25 million litres in water savings.</p>

Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
		<p>L2b</p> <p>Water corporations are required to provide:</p> <ul style="list-style-type: none"> • water consumption figures for each district for residential and non-residential water users including drinking water, alternative water sources and non-revenue water • major non-residential water users, including number of customers who fall within prescribed volume ranges and naming of users and whether they participate in water efficiency program. 	<p>Water consumption figures for residential/non-residential and major non-residential users are reported as per L2b measure in Part 2 of this report.</p> <p>The 2021–22 BoM National Performance Report showed Barwon Water having the sixth lowest typical bill across Australia among our peers (businesses with 100,000+ customers), with Greater Western Water ranking 2nd and South East Water 3rd. While the national average bill for 200kL consumption was \$1,552, a Barwon Water bill was only \$1,118.</p> <p>For 2023–24, average residential owner customer bills for occupiers and tenants (160kL) will increase to \$1,141 and \$335 respectively.</p>
	<p>L3 Circular economy outcomes (new)</p> <p>Reasonable progress towards integrating circular economy principles into business decisions across all aspects of the water cycle.</p> <p>Measures related to this indicator will highlight the water sector's contribution towards targets under Recycling Victoria.</p>	<p>L3</p> <p>Progress towards circular economy might include:</p> <ul style="list-style-type: none"> • Qualitative description of projects or initiatives undertaken that adopt circular economy principles and/or contribute towards identified targets in Recycling Victoria. • Percentage of biosolid mass reused (urban only). 	<p>We have updated our Zero Waste Plan with a circular economy lens, utilising the three principles from Ellen Macarthur Foundation (designing out waste and pollution, keeping products and materials in use and regenerating nature) across all aspects of our business.</p> <p>Other significant projects with circular principles adopted and contributing towards targets under Recycling Victoria include:</p> <ul style="list-style-type: none"> • The Regional Renewable Organics Network – this will provide a processing solution for 40,000 tonnes of municipal food and garden organic waste, commercial and industrial organics and biosolids. It will produce renewable energy and produce biochar, which sequesters carbon, reducing emissions by 10,000–15,000 tonnes CO2 per annum. • Purchase of a hydrogen powered truck – coordinated via the Viva-led New Energy Service Station project, this is an example of ongoing research into opportunities to use recycled water to produce Green Hydrogen. • Ongoing investigation of opportunities for agri-business and regeneration of our natural assets. <p>We reused 100 per cent of biosolid mass during the financial year.</p>

Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
<p>Recognising recreational values</p> <p>Support the wellbeing of communities by considering recreational values in water management</p>	<p>Rec1: Recreational values</p> <p>Consideration of recreational values in carrying out functions and providing services.</p>	<ol style="list-style-type: none"> 1. Number of site-based projects delivered to improve recreational enjoyment of water storages – for example, projects to improve or maintain access, infrastructure and facilities. 2. Efforts taken around the following three themes of Water for Victoria: <ul style="list-style-type: none"> • Community engagement processes that identified and considered recreational objectives relating to management of waterways. • Improvements to information sources (e.g. online) to help recreational users plan their activities. • Collaboration with other organisations and government agencies (e.g. through membership of working groups or through other means) 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. 	<p>We continued to improve the visitor experience at our major water storages, surplus and under-utilised land holdings – partnering with Traditional Owners and wider community to identify and develop opportunities.</p> <p>We provided access to six major water storages – West Barwon, Wurdee Boluc, Painkalac, Bostock and Upper Stony Creek Reservoirs as well as Bolwarrah Weir – for walking, bird watching, horse riding, mountain biking, dog walking, sightseeing and picnicking. We coordinated fish stocking at our reservoirs in collaboration with Fisheries Victoria and community groups. We also supported community events at our reservoirs, such as mountain biking or running festivals.</p> <p>During 2022–23 we continued to progress Murrk Ngubitj Yarram Yalluk (37ha former Bellarine Basin site) and the 66ha Porronggitj Karrong precinct project. These Country restoration projects will protect and enhance unique habitats and biodiversity and are helping us develop new partnerships with Traditional Owners and the wider community, exploring opportunities to enhance the social and recreational values associated with water and water assets. Of particular note, the Friends of Murrk Ngubitj Yarram Yalluk community group has now been established with volunteers meeting monthly to help Traditional Owners and the Bellarine Catchment Network with land management at this site.</p> <p>We explored how Barwon Water assets and landholdings can contribute to the multi-layered Kitjarra-dja-bul Bullarto langi-ut masterplan (lower Moorabool and lower Barwon River corridors)</p> <p>We also commenced early planning for the West Barwon Reservoir Master Plan, in collaboration with the Eastern Maar Aboriginal Corporation. This is our first formal Land and Recreation Management Plan (as per action 7.3) and it will form the basis of a roll-out over progressive years across all our reservoirs if successful. Projects will focus on restoring and celebrating cultural values and re-opening community open space for the region to enjoy.</p> <p>Along with the City of Greater Geelong, we have been helping to facilitate community groups wanting to establish new community gardens on pipe reserves in Armstrong Creek and North Geelong.</p> <p>We have a dedicated section of our corporate website outlining information on all public recreational spaces, which is regularly reviewed.</p> <p>During 2022–23, we continued to promote these places through our social media channels and local radio editorials. We also developed interpretive signage for a number of reservoirs, which celebrated Traditional Owner connection to land and waterways.</p>

Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
Leadership and Culture Water corporations reflect the needs of our diverse communities and develop strategies and goals that will increase cultural diversity in the workforce and gender equity in executive leadership	G1 Diversity and inclusion Improve gender and cultural diversity in workforce including gender equity in both executive leadership and throughout the organisation. Diversity Inclusion plans to be based on best practice and include reference to identifying barriers to succession and meeting targets. 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, including a Gender Equality Action Plan and publication (via the water corporation's website) of progress in relation to the plans or equivalent explanation.	We continued to implement Barwon Water's Diversity, Inclusion and Gender Equity Strategy through implementing the Belonging @ Barwon Water Action Plan. This current plan aligns to and meets the requirements of the <i>Gender Equality Act 2020</i> . Our 2022–23 progress was reported to the Gender Equality Commission and will be next reported on their website in February 2024.
		G1.2 Number of females occupying senior executive positions over projected five-year period.	We aim to maintain a balanced senior leadership team and representation is currently 43 per cent men and 57 per cent women. As part of the Belonging @ Barwon Water Inclusion Action Plan 2022–23, there are various targets and actions to support gender equality. The gender balance target for our Senior Leadership Team is 40 per cent women, 40 per cent men and 20 per cent flexible.
		G1.3 Adopt strategies and actions to achieve a one per cent target for Aboriginal people in the business, noting the Victorian Public Service has a two per cent target [1] and work to a stretch target of three per cent by 2020 (DELWP policy [2]).	Three per cent of our employees identify as Aboriginal and Torres Strait Islander. We are working towards a stretch target through various programs, which are driven by our Aboriginal Employment and Retention Strategy, which was recognised at the state and national level for Organisational Excellence by the Australian Water Association.



Part 4 • Corporate information

Priority area	Key Performance Indicator	Measure	Barwon Water activity/response
		<p>G1.4</p> <p>Actions taken to improve participation by Traditional Owners and Aboriginal Victorians in Board committees and other organisational committees.</p>	<p>Corrina Eccles is on the Barwon Water Board as a non-executive Director. Corrina, who is a Wadawurrung Traditional Owner and has worked for more than 20 years with Aboriginal organisations, brings a unique insight into Indigenous culture, perspectives and values relating to water.</p> <p>We have 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"> • Porrongitj 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) – We are working in partnership with Wadawurrung, local community, special interest groups and government agencies to restore and provide public access to the Yarram Creek headwaters and surrounding landscape. • We have a Partnership Agreement in place with Wadawurrung Traditional Owners Aboriginal Corporation (2021–24). • We appointed an additional First Nations Identified position within the Environmental Management and Aboriginal Values Team that will work closely with Traditional Owner and First Nations community organisations. • We supported the Djilang initiative with the Geelong Advertiser.
		<p>G1.5</p> <p>Number of respondents to the Victorian Public Sector Commission (VPSC) People Matter Survey from each water corporation.</p>	<p>Barwon Water achieved a participation rate of 82 per cent in the 2023 People Matters survey.</p>
		<p>G3</p> <p>Performance indicators adopted to monitor occupational health and safety in line with FRD 22H, section 6.10.</p>	<p>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.</p> <p>This has been reflected in a steady decline of our Total Reportable Injury Frequency Rate (TRIFR), which reduced from 1.83 in the 2021–22 to zero in 2022–23.</p>
<p>Performance and Financial Sustainability</p> <p>Improve efficiency and consistency in the reporting of performance while delivering safe and cost-effective water and wastewater services in a financially sustainable way</p>	<p>Audited statement of performance demonstrating a concise statement of performance, financial sustainability and provide a positive picture of a corporation's financial sustainability over time.</p>	<p>PF1.1</p> <p>Financial Performance Indicators</p> <p>PF1.2</p> <p>Water and Sewerage Network Performance Indicators</p> <p>PF1.4</p> <p>Customer Responsiveness Performance Indicators</p> <p>PF1.5</p> <p>Water Reuse Indicators</p>	<p>This set of indicators are reported within the Performance Report contained within the Annual Report following the annual audit process undertaken by VAGO.</p> <p>DTF undertook a desktop rating in June 2023, which determined that Barwon Water's credit rating would remain A- from 1 July, 2023.</p> <p>The FAL rate is increased for 2023–24 to 1.08 per cent.</p>





Part 5. Performance report

Part 5 • Performance report

Barwon Region Water Corporation (Barwon Water) and Barwon Asset Solutions Pty Ltd (BAS) (collectively 'the Group').

Consolidated Performance Report 2022–23

1. Financial Performance Indicators

Key Performance Indicator	2021–22 Result	2022–23 Result	2022–23 Target	Variance to prior year	Notes	Variance to target	Notes
Cash Interest Cover Net operating cash flows before net interest and tax / net interest payments	2.53	3.34	3.90	32.0%	1a	-14.4%	1b
Gearing Ratio Total debt (including finance leases) / total assets	17.24%	16.15%	19.0%	-6.3%		-15.0%	2b
Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure	108.07%	65.47%	63.90%	-39.4%	3a	2.5%	
Current Ratio Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	0.79 times	0.60 times	0.41 times	-24.1%	4a	46.3%	4b
Return on Assets Earnings before net interest and tax / average assets	1.80%	1.16%	1.60%	-35.6%	5a	-27.5%	5b
Return on Equity Net profit after tax / average total equity	0.92%	0.27%	0.70%	-70.7%	6a	-61.4%	6b
EBITDA Margin Earnings before interest, tax, depreciation and amortisation / total revenue	51.22%	45.89%	50.60%	-10.4%	7a	-9.3%	

Notes:

- 1a Increase in cash interest cover due to combination of increased revenue, and timing of receipts from, service, usage and trade waste charges partially offset by higher payments to employees.
- 1b Lower than target cash interest cover due to higher than budgeted payments to employees and suppliers.
- 2b Despite borrowings increasing in 2022-23, an increase in the fair value of our infrastructure assets reduced the gearing ratio against target.
- 3a Internal financing ratio adversely impacted by high level of capital expenditure compared to the prior year.
- 4a Current ratio lower than prior year due to increased trade payables, and an increase in the Heritage asset maintenance work provision.
- 4b Current ratio higher than target because of higher than budgeted cash and trade receivables at year end.
- 5a & 5b Return on assets is lower due to shortened useful life of decommissioned assets leading to higher depreciation, increased Full Time Equivalent employees, a reduction in the value of Contract for Difference financial derivatives, and a higher asset base due an increase in the fair value of infrastructure assets.
- 6a & 6b Return on equity is lower due to shortened useful life of decommissioned assets leading to higher depreciation, increased Full Time Equivalent employees, a reduction in the value of Contract for Difference financial derivatives, and a higher equity base due an increase in the fair value of infrastructure assets.
- 7a EBITDA margin is lower than prior year due to a reduction in the value of Contract for Difference financial derivatives and increased Full Time Equivalent employees.

Operational Performance

Performance Report requirements for the suite of operational performance indicators have changed for 2022-23. These changes include:

- Aligning definition to the Essential Services Commission's performance reporting framework.
- Adding the following indicators:
 - Sewer blockages
 - Typical bills (owner occupiers and renters)
 - Customers on flexible payment plans
 - Customers awarded hardship grants
 - Total complaints
- Removing the following indicators:
 - Total net CO2 emissions
 - Sewer spills interruptions
 - Restoration of unplanned water supply interruptions

Part 5 • Performance report

2. Water and Sewerage Network Performance Indicators

Key Performance Indicator	2021–22 Result	2022–23 Result	2022–23 Target	Variance to prior year	Notes	Variance to target	Notes
Water Service – minutes off supply (planned and unplanned) How many minutes on average a customer was without water supply during a year	14 Minutes	17 Minutes	30 Minutes	21.4%	1a	-43.3%	1b
Unplanned water supply interruptions Percentage of customers receiving five unplanned interruptions in the year	0.3%	0.3%	0.4%	0.0%		-25.0%	2b
Sewerage Service – sewer blockages Number of sewer blockages reported per 100 kilometres of sewer main	54	51	54	-5.6%	3a	-5.6%	3b
Sewerage Service – sewer spills Number of sewer spills reported per 100 kilometres of sewer main	15	14	17	-6.7%	4a	-17.6%	4b
Sewerage Service – containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours	98.4	99.5%	98.5%	1.1%		1.0%	

Notes:

- 1a Unfavourable performance is a result of a material increase in the number of planned interruptions that have a longer interruption time on average compared to unplanned interruptions. The number of unplanned interruptions are similar to last year. Planned interruptions are returning to pre-pandemic levels.
- 1b Favourable performance is a result of continued focus on pre-work preparation prior to the water supply being isolated, resulting in a reduction to the average duration of the unplanned water supply interruption.
- 2b Favourable performance is a result of risk-based prioritisation of renewals and upgrade initiatives for water mains, resulting in a reduction in failure rates and corresponding reduction in number of customers affected by multiple unplanned water supply interruptions.
- 3a & 3b Favourable performance is a result of the reduction of blockages rather than an increase in sewer main length and follows the trend down over the last four years.
- 4a Favourable performance is a result of increasing total sewer main length and decrease in the number of total spills.
- 4b Favourable performance is a result of continued focus on reducing sewer spills toward zero.

Part 5 • Performance report

3. Customer Responsiveness Performance Indicators

Key Performance Indicator	2021-22 Result	2022-23 Result	2022-23 Target	Variance to prior year	Notes	Variance to target	Notes
Typical household bill ^ Customer bill (residential) where the customer is an owner occupier at a property that has both water and sewer services connected.	\$1,034	\$1,076	\$1,060	4.0%		1.5%	
Typical household bill ^ Customer bill (residential) where the customer is a renter at a property that has both water and sewer services connected.	\$298	\$314	\$314	5.1%	7a	0.0%	
Customers on flexible payment plans* No. of customers with instalment plans	8,407	8,884	n/a	5.7%	8a	n/a	
Customers awarded hardship grants~ No. of customers awarded hardship grants	3,386	3,287	n/a	-2.9%		n/a	
Customer Responsiveness – water quality complaints No. of complaints per 100 customers	0.12	0.12	0.30	0.0%		-60.0%	10b
Customer Responsiveness – number of payment issue complaints No. of complaints per 100 customers	0.13	0.14	0.12	7.7%	11a	16.7%	11b
Customer Responsiveness – total complaints No. of complaints per 100 customers	0.75	0.75	0.67	0.0%		11.9%	12b

^An increase in customer bills has been interpreted to be an unfavourable variance as this indicator is based on customer focus rather than financial factors and reflects Essential Services Commission price determination position and our commitment to keep bills affordable for customers

*An increase in customers provided with flexible payment plans has been interpreted to be a favourable variance as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy.

~ A decrease in customers provided with hardship grants has been interpreted to be an unfavourable variance as this indicator is based on customer focus rather than financial factors and reflects the position that customers consistently support greater help for vulnerable customers, including those in hardship. This is also consistent with government policy.

Notes:

- 7a Typical household bills increased in line with inflation through the ESCs approved pricing movements.
- 8a This result is the outcome of an ongoing focus on soft skills training, as well as continual refinement in our proactive outbound communication with customers, encouraging them to engage with support mechanisms. An increased focus on identifying and contacting significantly overdue customers has also helped to lift this result.
- 10b Favourable performance continues the favourable trend in recent years due to no events that created widespread complaints.
- 11a & 11b Unfavourable performance due to increased training effort to encourage complaint reporting behaviour in the organisation – complaints are considered to reflect any degree of dissatisfaction from the customer. There has also been an increase in customers questioning bills this financial year, because of cost-of-living pressures.
- 12b Unfavourable performance is largely the result of increased complaints related to billing/payment issues. We continue to focus closely on ensuring that complaints undergo root cause analysis and that we take action to mitigate the systemic issues uncovered.

4. Water Reuse Indicators

Key Performance Indicator	2021-22	2022-23 Result	2022-23 Target	Variance to prior year	Notes	Variance to target	Notes
Recycled water – effluent treatment and reuse Proportion of water recycled as a % of the volume of effluent produced	10.2%	10.9%	20.0%	6.9%	15a	-45.5%	15b

Notes:

- 13a Favourable performance is a result of increased recycled water from Black Rock, Anglesea, and Bannockburn Water Reclamation Plants.
- 13b Unfavourable performance is a result of increased effluent largely caused by the above average rainfall received in the first half of 2022-23.

Certification of Performance Report for 2022–23

We certify that the accompanying Performance Report for the Group in respect of the 2022–23 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the responsible Minister as set out in the 2022–23 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/or between the actual results in the current year and the previous year.

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



Jo Plummer
Chair



Shaun Cumming
Interim Managing Director



Adam Cunningham
Acting General Manager Organisational Enablement

Dated 14 September 2023







Part 6.

Financials

Consolidated General Purpose Financial Report

For the year ended 30 June 2023

The Group has pleasure in presenting its audited general purpose financial statements for the financial year ended 30 June 2023. It is presented in the following structure:

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Consolidated Comprehensive Operating Statement

For the financial year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Revenue and income from transactions			
Service, usage and trade waste charges	2.1	206,922	199,784
Government grants and contributions	2.2	1,433	4,404
Developer contributions	2.1.2	39,128	31,327
Other income	2.3	9,884	18,903
Interest income		241	36
Rental income		820	691
Total revenue and income from transactions		258,428	255,145
Expenses from transactions			
Services and supplies	3.2	68,929	68,062
Interest expense	6.1.2	31,905	32,855
Depreciation, amortisation and impairment	4.1.3	78,128	72,720
Employee benefits	3.1.1	53,635	50,651
Environmental contribution	8.2	9,598	9,598
Other expenses		1,274	521
Total expenses from transactions		243,469	234,407
Net result from transactions (net operating balance)		14,959	20,738
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	9.2	(1,024)	3,704
Net gain/(loss) on financial instruments	9.2	(5,442)	221
Other gains/(losses) from economic flows	9.2	72	446
Total other economic flow included in net result		(6,394)	4,371
Net result before income tax		8,565	25,109
Income tax expense	8.1.1	2,489	5,724
Net result for the period		6,076	19,385
Other economic flows - Other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Increase/(decrease) in revaluation of infrastructure, property, plant & equipment	9.1.2	416,098	35,542
(Increase)/decrease in impairment of infrastructure, property, plant & equipment	9.1.2	-	(8,652)
Income tax relating to components of other comprehensive income	8.1.1	(124,829)	(5,027)
Total other economic flows - other economic flows		291,269	21,863
Comprehensive result		297,345	41,248

The above Consolidated comprehensive operating statement should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

For the financial year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.2	14,273	11,880
Receivables	5.1	26,307	26,447
Contract assets	5.2	21,516	20,362
Inventories		1,579	1,517
Prepayments		2,617	1,460
Non-financial physical assets held for sale	4.3	459	3,279
Other financial assets	5.5	652	662
Total current assets		67,403	65,607
Non-current assets			
Receivables	5.1	-	28
Infrastructure, property, plant and equipment	4.1.1	3,631,655	3,150,563
Right-of-use assets		83	93
Intangible assets	4.2	8,380	11,779
Other financial assets	5.5	3,043	7,940
Total non-current assets		3,643,161	3,170,403
Total assets		3,710,564	3,236,010
LIABILITIES			
Current liabilities			
Payables	5.3	24,134	19,579
Contract liabilities	5.4	12,498	13,430
Interest bearing liabilities	6.1	53,375	54,489
Employee benefits	3.1.2	13,108	12,732
Other financial liabilities	5.5	161	33
Other provisions	5.7	8,703	4,221
Total current liabilities		111,979	104,484
Non-current liabilities			
Payables		2	9
Interest bearing liabilities	6.1	545,920	503,297
Employee benefits – provision	3.1.2	1,015	866
Other financial liabilities	5.5	1,060	655
Other provisions	5.7	5,464	6,239
Net deferred tax liabilities	8.1.2	630,842	503,523
Total non-current liabilities		1,184,303	1,014,589
Total liabilities		1,296,282	1,119,073
Net assets		2,414,282	2,116,937
EQUITY			
Asset Revaluation Reserve	9.1.2	1,218,066	926,797
Contributed capital	9.1.1	459,598	459,598
Accumulated funds	9.1.3	736,618	730,542
Total equity		2,414,282	2,116,937

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 2023

	Notes	Contributed capital \$'000	Asset Revaluation Reserve \$'000	Accumulated Surplus \$'000	Total Equity \$'000
Balance as at 1 July 2021		459,098	904,934	711,157	2,075,189
Comprehensive income for the year					
Net result for the year	9.1.3	-	-	19,385	19,385
Increase/(decrease) in infrastructure, property, plant and equipment as a result of revaluation, net of income tax	9.1.2	-	21,863	-	21,863
Total comprehensive income for the year		459,098	926,797	730,542	2,116,437
Transactions with the State in its capacity as owner:					
Contributions by owners	9.1.1	500	-	-	500
Balance as at 30 June 2022		459,598	926,797	730,542	2,116,937
Balance as at 1 July 2022		459,598	926,797	730,542	2,116,937
Comprehensive income for the year					
Net result for the year	9.1.3	-	-	6,076	6,076
Increase/(decrease) in infrastructure, property, plant and equipment as a result of revaluation, net of income tax	9.1.2	-	291,269	-	291,269
Total comprehensive income for the year		459,598	1,218,066	736,618	2,414,282
Transactions with the State in its capacity as owner:					
Contributions by owners	9.1.1	-	-	-	-
Balance as at 30 June 2023		459,598	1,218,066	736,618	2,414,282

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 2023

	Notes	2023 \$'000	2022 \$'000
Cash flows from operating activities		Inflows (Outflows)	Inflows (Outflows)
Receipts			
Service, usage and trade waste charges		209,920	191,950
Interest received		241	36
Developer contribution fees		9,995	13,279
Government contributions		2,884	3,309
GST received from the ATO		13,778	11,384
Other receipts		8,853	(1,218)
Payments			
Employees		(53,548)	(49,521)
Suppliers		(76,422)	(77,026)
Interest and other costs of finance paid		(31,910)	(32,625)
Environmental contribution levy paid		(9,598)	(9,598)
Net cash inflow operating activities	6.2.1	74,193	49,970
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(118,159)	(63,393)
Proceeds from sale of infrastructure, property, plant & equipment		4,840	17,157
Net cash outflow from investing activities		(113,319)	(46,236)
Cash flows from financing activities			
Proceeds from new and paid down and refinanced borrowings		91,000	30,000
Payment of maturing borrowings paid down and refinanced		(47,500)	(45,000)
Proceeds from contributions by State in its capacity as owner		-	500
Repayment of lease liabilities		(1,981)	(1,637)
Net cash outflow from financing activities		41,519	(16,137)
Net (decrease)/increase in cash held		2,393	(12,403)
Cash and cash equivalents at the beginning of the financial year		11,880	24,283
Cash and cash equivalents at the end of the financial year	6.2	14,273	11,880

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 2023.

The State Government of Victoria is a 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 14 September 2023.

The principal address is:

Barwon Region Water Corporation

55–67 Ryrie Street
Geelong VIC 3220

Barwon Asset Solutions Pty Ltd

55–67 Ryrie Street
Geelong VIC 3220

Principles of consolidation

BAS is 100 per cent owned by Barwon Water.

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

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

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

Accounting policies

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

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

A description of the nature of its operations and the Group’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.

Part 6 • Financials

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months, being the Group's operational cycle, with the exception of employee benefits (refer note 3.1.2).

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars. Figures in the consolidated financial statements may not equate due to rounding.

Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain non-current assets which, as noted, are measured at fair value.

Accounting estimates

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

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
Determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 <i>Revenue from Contracts with Customers</i> (AASB 15) or AASB 1058 <i>Income of not-for-profit entities</i> (AASB 1058)	2.1
The timing of satisfaction of performance obligations	2.1
Determining transaction price and amounts allocated to performance obligations	2.1
Expected credit loss for receivables	5.1.1
Deferred tax	8.1.2
Contract assets	5.2
Other provisions	5.7

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.

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).

Part 6 • Financials

2.11 Service, usage and trade waste charges

	2023 \$'000	2022 \$'000
Service charges		
Water service charges	23,182	22,894
Sewerage service charges	92,182	85,675
Recycled water service charges	1,431	1,342
	116,795	109,911
Usage charges		
Water usage charges	75,059	74,957
Sewage disposal charges	5,056	5,508
Recycled water usage charges	1,193	1,185
	81,308	81,650
Trade waste charges		
Trade waste usage charges	4,782	4,700
Trade waste other fees and charges	4,037	3,523
	8,819	8,223
Total service, usage and trade waste charges	206,922	199,784

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. 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. 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.	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.

Part 6 • Financials

2.1.2 Developer contributions

	2023 \$'000	2022 \$'000
Developer contributions		
Developer contributed assets	27,432	20,019
New customer contributions	11,640	11,292
Other capital contributions	56	16
Total developer contributions	39,128	31,327

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Developer contributed assets	<p>Developer contributed assets arise when developers pay for the cost of the construction of new infrastructure assets, predominately in new land subdivisions and, on completion, gift these assets to the Group to maintain in perpetuity.</p> <p>Depending on the type of developer application, this can result in the performance obligation being satisfied:</p> <ul style="list-style-type: none"> • 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. <p>Revenue in respect to 'developer contributed assets' is recognised at the fair value of the gifted assets by assessing the value of the works using a schedule of rates.</p>	Revenue is recognised at a point in time.
New customer contributions	<p>New customer contributions represent non-refundable upfront charges applicable when customers request to build or develop a property and connect to the Group's water supply and sewerage infrastructure network. The charges contribute towards the cost of augmenting the Group's water supply distribution systems and sewerage disposal systems.</p> <p>Depending on the type of new customer contribution application, this obligation will vary depending on the type of application submitted by the customer. As a result, a performance obligation can occur when:</p> <ul style="list-style-type: none"> • the Statement of Compliance is issued to the customer, • 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. <p>The rates applied to calculate the new customer contributions are regulated by the Essential Services Commission.</p>	Revenue is recognised at a point in time.

Part 6 • Financials

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.

	Service charges \$'000	Usage charges \$'000	Trade waste charges \$'000	Developer contributions \$'000	Total revenue with customers \$'000
2022					
At a point in time	-	-	-	31,327	31,327
Over time	109,911	81,650	8,223	-	199,784
Total	109,911	81,650	8,223	31,327	231,111
2023					
At a point in time	-	-	-	39,128	39,128
Over time	116,795	81,308	8,819	-	206,922
Total	116,795	81,308	8,819	39,128	246,050

2.2 Government grants and contributions

	2023 \$'000	2022 \$'000
Income recognised as from contracts with customers		
Government grants	1,433	4,404
Total government grants and contributions	1,433	4,404

The Group has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the Group has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the Group recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- contributions by owners, in accordance with AASB 1004 *Contributions*;
- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- a lease liability in accordance with AASB 16 *Leases*;
- a financial instrument, in accordance with AASB 9 *Financial Instruments*; or
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*

Part 6 • Financials

2.3 Other income

	2023 \$'000	2022 \$'000
Other income		
Initial recognition – income from derivative financial instruments	–	8,589
Other	9,884	10,314
Total other income	9,884	18,903

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Income from derivative financial instruments	The initial recognition of income represents the fair value of the expected future settlements at the initial recognition, currently in an asset position. Subsequent fair value measurement of the derivative financial instrument is recognised as an other economic flow included in the net result (Note 9.2).	Accrual basis. Recognised in the Consolidated Comprehensive Operating Statement.

Income from derivative financial instruments relates to the fair value on initial recognition of the B-REP power purchasing arrangement as detailed in Note 5.5.

The Group pays or receives the difference between the floating electricity price and the fixed price set under the agreement for the units of energy supplied into the National Electricity Market by the wind farm. The future settlements of Contract for Difference (CfD) are classified as derivative financial instruments.

The Group initially recognised a CfD derivative financial instrument at 30 June 2022 and measured at fair value based on the best available information. The initial recognition of income represents the fair value of the expected future settlements at the initial recognition.

The initial recognition of the CfD derivative is treated as a “transaction” for the purposes of annual financial statements on the basis that it is an interaction between two entities by mutual agreement in respect to which no cash flows take place on effective date.

Refer to Note 7.1 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

Other

Other revenue relates to various services including new meter connections and inspection fees, fire hydrant fees, sale of inventory and derivative settlement income. Revenue is recognised on an accrual basis at either a point in time or over time as the service is provided.

3. The cost of delivering services

Introduction

This section provides additional information about how the Group's funding is applied and the accounting policies that are relevant for an understanding of the expenditure recognised in the consolidated financial statements

3.1 Our people

3.1.1 Employee benefits – consolidated comprehensive operating statement

	2023 \$'000	2022 \$'000
Employee benefits		
Salaries and wages, annual leave and long service leave	47,289	44,298
Employer superannuation contributions	5,224	4,632
Termination benefit	183	71
Other	939	1,650
Total employee benefit costs	53,635	50,651

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.

	2023 \$'000	2022 \$'000
Current provisions:		
Annual Leave		
Unconditional and expected to settle within 12 months	3,938	3,695
Long Service Leave		
Unconditional and expected to settle within 12 months	689	745
Unconditional and expected to settle after 12 months	6,671	6,602
Other		
Unconditional and expected to settle within 12 months	48	52
Provisions for on-costs		
Unconditional and expected to settle within 12 months	724	651
Unconditional and expected to settle after 12 months	1,038	987
Total current provisions for employee benefits	13,108	12,732
Non-current provisions:		
Employee benefits - Long service leave	880	755
On-costs	135	111
Total non-current provisions for employee benefits	1,015	866
Total provisions for employee benefits	14,123	13,598

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Reconciliation of movement in on-cost provision

	2023 \$'000	2022 \$'000
Opening balance	1,749	1,441
Net movement in provision during the period	122	146
Effect of changes in the discount rate	26	162
Closing balance	1,897	1,749
Current	1,762	1,638
Non-current	135	111
Closing balance	1,897	1,749

Annual leave

Employee benefits relating to annual leave are expected to be settled wholly within 12 months of the reporting date, are recognised in employee benefit liabilities in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled, at their nominal values.

Regardless of the expected timing of settlements, liabilities in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability.

On-costs

Provision for employee benefit on-costs, such as payroll tax, worker's compensation and superannuation, are recognised separately from the employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

Long service leave

Current liability – unconditional LSL (representing seven* or more years of continuous service) is disclosed as a current liability even where the Group does not expect to settle the liability within 12 months because it does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

Non-current liability – conditional LSL (representing less than seven* years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

In calculating present value, consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as another economic flows included in the net result within the operating statement.

*Barwon Water - In accordance with Barwon Region Water Corporation Enterprise Agreement 2020

*Barwon Asset Solutions Pty Ltd - In accordance with Barwon Asset Solutions Enterprise Agreement 2022

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3.1.3 Superannuation

Superannuation contributions

The Group makes the majority of its employer superannuation contributions in respect of its employees to Vision Super (the Fund). The Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in the Consolidated Comprehensive Operating Statement when they are made or due.

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

Scheme	Type of scheme	Rate	2023 \$'000	2022 \$'000
Vision Super	Defined benefits	10.50% - 19.56%	834	812
Vision Super	Accumulation Plan	10.50%	2,084	1,997
Other Funds	Accumulation Plan	10.50%	2,373	1,862

There was \$90,623 in outstanding contributions owing to the above schemes at 30 June 2023 (2022: \$60,316) and no loans issued from or to the above schemes as at 30 June 2023 (2022: \$0).

The expected contributions to be paid by the Group to the defined benefits category of Vision Super for the year ending 30 June 2024 is estimated to be \$820,000.

Accumulation

Contributions to the accumulation plans are expensed as the contributions are paid or become payable.

Defined benefit

The Group does not use defined benefit accounting because the fund is a multi-employer sponsored fund and sufficient information is not available. There is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of the Group in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119 *Employee Benefits*.

Funding arrangements

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

The 2020 full actuarial investigation

A full actuarial investigation was held in 2020 as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) was 104.6%. Because the VBI was above 100%, the full actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

The 2022 interim actuarial investigation surplus amounts

Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year.

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

	2022 \$'000	2021 \$'000
A VBI surplus	44.6	214.7
A total service liability surplus	105.8	270.3
A discounted accrued benefits surplus	111.9	285.2

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The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2022.

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

	2022 Interim investigation
Net investment return	5.5% pa
Salary inflation	2.5% pa to 30 June 2023 and 3.5% pa thereafter
Price inflation	3.0% pa

Vision Super has advised that the estimated VBI at 30 June 2023 was 104.1% (2022: 102.2%).

The 2023 triennial actuarial investigation

A triennial actuarial investigation is being conducted for the Fund's position as at 30 June 2023. It is anticipated that this actuarial investigation will be completed by 31 December 2023. The financial assumptions for the purposes of this investigation are:

	2023 Triennial investigation	2020 Triennial investigation
Net investment return	5.7% pa	5.5% pa
Salary inflation	3.5% pa	2.5% pa to 30 June 2023 and 2.5% pa thereafter
Price inflation	2.8% pa	3.0% 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 2023, this rate was 10.5% of members' salaries (10% in 2021/2022). This rate will increase in line with the superannuation guarantee 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 Prudential Standard SPS 160 Defined Benefit Matters (SPS160) and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including 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.

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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.

	2023 \$'000	2022 \$'000
Supplies and services		
Direct operating expenses	42,987	41,397
Administration expenses	20,350	21,214
Bulk water supplies	5,592	5,451
Total supplies and services	68,929	68,062

Expense	Description	Recognition Policy
Direct operating expenses	Costs are directly incurred in relation to the harvesting, storage, treatment and transfer of water, the production and delivery of recycled water and the collection, treatment and disposal of sewage; including the costs directly attributable to the maintenance and upkeep of the associated infrastructure.	Charges are recognised as an expense when incurred in the Consolidated Comprehensive Operating Statement
Administration expenses	Costs are incurred by support service departments and management in support of the operational functions of the business. These costs where not directly identifiable as an operating expense include such functions as information technology, finance and procurement and includes all related salary and on-costs.	Charges are recognised as an expense when incurred in the Consolidated Comprehensive Operating Statement.
Bulk water supplies	Bulk water supplies are service and usage charges incurred for the supply and delivery of bulk water sourced from the Melbourne Water Yarra Thompson bulk water supply.	Charges are recognised as an expense when incurred in the Consolidated Comprehensive Operating Statement.

4. Key assets available to support output delivery

Introduction

The Group controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to the Group to be utilised for delivery of those outputs.

4.1 Total infrastructure, property, plant and equipment

4.1.1 Carrying amount by asset class

	2023 \$'000	2022 \$'000
Land		
At Fair value	203,695	202,130
Less: Accumulated depreciation	-	-
	203,695	202,130
Buildings		
At Fair value	54,237	49,329
Less: Accumulated depreciation	-	(1,244)
	54,237	48,085
Heritage buildings		
At Fair value	24,481	19,205
Less: Accumulated depreciation	-	-
	24,481	19,205
Infrastructure - Water distribution at fair value		
At Fair value	1,309,863	1,139,519
Less: Accumulated depreciation	-	(22,367)
	1,309,863	1,117,152
Infrastructure - Water harvesting & major transfer at fair value		
At Fair value	390,489	351,924
Less: Accumulated depreciation	-	(7,711)
	390,489	344,213
Infrastructure - Water quality at fair value		
At Fair value	112,720	106,743
Less: Accumulated depreciation	-	(5,088)
	112,720	101,655
Infrastructure - Sewer collection at fair value		
At Fair value	1,136,720	990,683
Less: Accumulated depreciation	-	(18,971)
	1,136,720	971,712
Infrastructure - Sewer treatment & disposal at fair value		
At Fair value	260,556	249,150
Less: Accumulated depreciation	-	(14,734)
	260,556	234,416
Service concession assets		
At Fair value	30,225	32,032
Less: Accumulated depreciation	-	(2,867)
	30,225	29,165
Plant, equipment and other at fair value		
At Fair value	38,931	37,310
Less: Accumulated depreciation	(23,533)	(21,590)
	15,398	15,720
Capital works in progress at cost		
At Fair value	93,271	67,110
Less: Accumulated depreciation	-	-
	93,271	67,110
Total infrastructure, property, plant and equipment	3,631,655	3,150,563

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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, service concession assets, works in progress and motor vehicles, used by the Group in its operations. Items with a cost or value in excess of \$1,000 (2021/22 \$1,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Where assets are constructed by the Group, the cost at which they are recorded includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Items of infrastructure, plant & equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

Assets acquired at no cost or for nominal consideration by the Group are recognised at fair value at the date of acquisition.

Service concession arrangements

The Group has entered into contractual arrangements with a third party to build, own and operate a biosolids drying facility at the Black Rock water reclamation plant. The contractor leases land from the Group and has built a thermal drying plant and will operate the facility for 20 years in exchange for a stream of payments. At the end of the contract period, the assets will be decommissioned and removed by the contractor and the site returned to the Group at no cost to the Group. This asset is recognised as a service concession asset under AASB 1059 *Service concession arrangements: grantors*.

The Group recognises a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the Group, when the Group controls the asset. The Group controls or regulates the services the operator must provide with the asset, price, and any significant residual interest in the asset at the end of the term of the arrangement.

The Group initially measures service concession assets at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement. Subsequent to the initial recognition, or reclassification of the asset, the Group measures the service concession asset in accordance with AASB 116 *Property, Plant and Equipment* (AASB 116) or AASB 138 *Intangible Assets* (AASB 138) as appropriate. After initial recognition, the Group depreciates the service concession asset over its useful life using the principles in AASB 116. Service concession assets are subject to revaluation as required by Financial Reporting Direction 103 *Non-Financial Physical Assets* (FRD 103). Refer to Note 7.3 Fair value determination for a summary of revaluation details by asset category with further details provided on accounting for revaluation in Note 4.1.1 Revaluations of Infrastructure, Property, Plant and Equipment.

Subsequent measurement

All non-current physical assets are subsequently recorded at fair value less accumulated depreciation and impairment in accordance with the requirements of FRD 103. Fair value is determined with regards to the assets highest value in use. Assets which are acquired for no, or nominal cost i.e. developer contributions are valued at their fair value at the date the asset transfers to the Group.

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in FRD 103.

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

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103. The Group, in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

The Group's assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in is being impacted by the uncertainty that rising interest rates and increased construction costs have caused. The valuer has advised that the current market environment creates significant valuation uncertainty. The value assessed at the valuation date may therefore change over a relatively short time period.

The plant, equipment & other asset class has been assessed for fair value and, concluded that book value approximates fair value.

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

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4.1.2 Accounting for revaluation movements

Infrastructure, property, plant and equipment

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

Revaluation increases or decreases arise from differences between an asset's carrying value and its fair value.

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

Revaluation increments are credited directly to the asset revaluation reserve, except to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense, in which case the increment is recognised immediately as revenue.

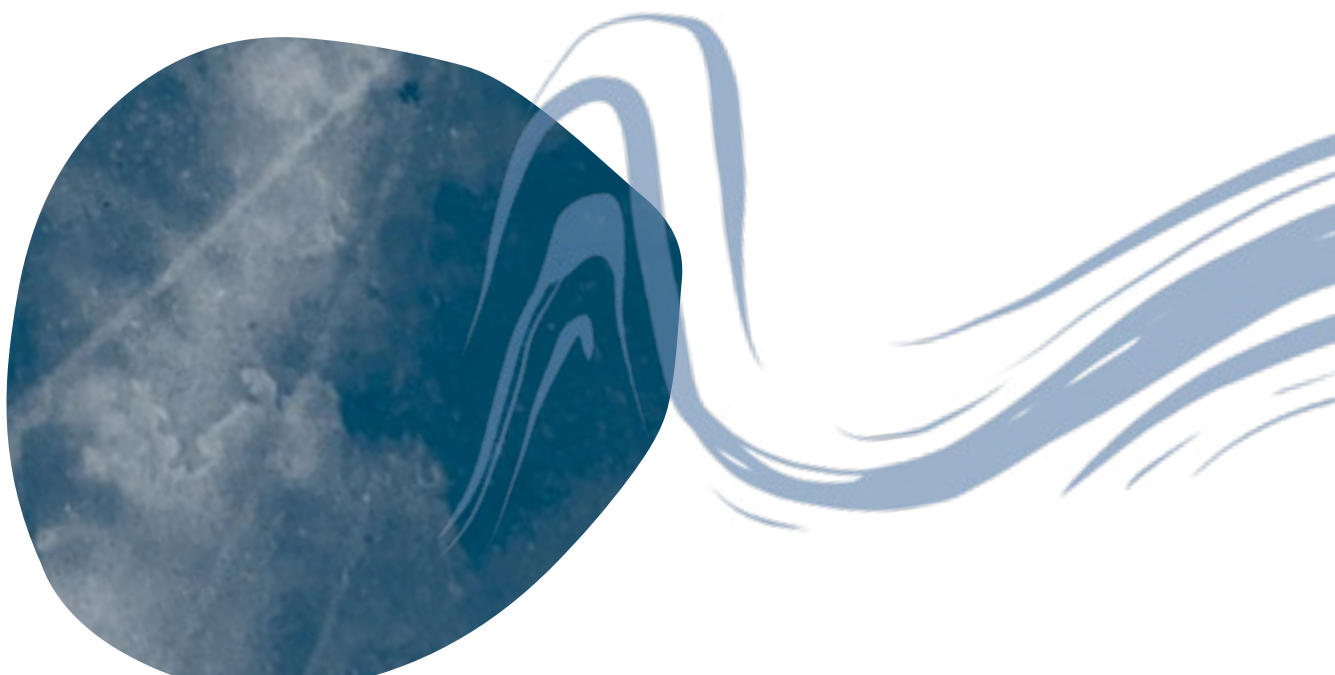
Revaluation decrements are recognised immediately as an expense, except to the extent that a credit balance exists in the asset revaluation reserve applicable to the same class of assets, in which case the decrement is debited directly to the asset revaluation reserve.

4.1.3 Depreciation, impairment and amortisation

Charge for the period

For a breakdown of the depreciation and impairment charge for the period by class of property plant and equipment refer to Note 4.1.4 reconciliation of movements in carrying values of infrastructure, property, plant and equipment.

	Notes	2023 \$'000	2022 \$'000
Depreciation of infrastructure, property, plant and equipment	4.1.4	70,627	66,179
Depreciation of service concession assets	4.1.4	2,866	2,867
Depreciation of right-of-use assets		10	10
Impairment of non-financial assets	4.1.4	-	7,989
Impairment of non-financial physical assets classified as held for sale		343	663
less impairment recognised through asset revaluation reserve	9.1.2	-	(8,652)
Total depreciation and impairment		73,846	69,056
Amortisation	4.2	4,282	3,664
Total depreciation, impairment and amortisation		78,128	72,720



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All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. Where assets have separate identifiable components that have distinct useful lives and/or residual values, a separate depreciation rate is determined for each component.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, commencing from the time the asset is held ready for use. The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset class	Useful life
Buildings	40 – 80 years
Infrastructure – distribution	20 – 90 years
Infrastructure – harvesting and major transfer	20 – 350 years
Infrastructure – quality	20 – 120 years
Infrastructure – collection	20 – 90 years
Infrastructure – treatment and disposal	20 – 350 years
Service concession asset	20 years
Plant, equipment and other	5 to 50 years

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

Indefinite life assets

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

Impairment

Non-financial assets, including items of infrastructure, property, plant and equipment, are assessed annually for indicators of impairment. Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is impaired.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written-off by a charge to the Consolidated Comprehensive Operating Statement except to the extent that the write-down can be debited to an asset revaluation reserve amount applicable to that class of asset.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs of disposal. The impact of climate risk is not a key assumption of current replacement cost and fair value less costs to sell. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business. It is deemed that, in the event of the loss of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading asset revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in the Consolidated Comprehensive Operating Statement, a reversal of that impairment loss is also recognised in the Consolidated Comprehensive Operating Statement.

Whilst the potential risks and related opportunities from climate related change are considered as part of the Group's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have an additional significant impact on the Group's principal activities, particularly from an asset impairment standpoint as at 30 June 2023.

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

	Land	Buildings	Heritage assets	Water distribution	Water harvesting and major transfer	Water quality	Sewer collection	Sewer treatment and disposal	Service concession assets	Plant, equipment and other	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2023												
Carrying amount at 1 July 2022	202,130	48,085	19,205	1,117,152	344,213	101,655	971,712	234,416	29,165	15,720	67,110	3,150,563
Additions	-	-	3,405	-	-	-	-	-	-	47	137,508	140,960
Fair value of assets received free of charge*	2,598	-	-	11,572	-	-	13,262	-	-	-	(27,432)	-
Disposals	-	(7)	-	(130)	(13)	(239)	(398)	(777)	-	(278)	-	(1,842)
Transfer between asset classes	(696)	265	-	40,779	1,506	3,669	29,351	5,765	-	2,819	(83,915)	(457)
Revaluation	(337)	7,073	1,871	163,391	50,532	14,181	142,163	33,124	3,926	-	-	415,924
Impairments	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	(1,179)	-	(22,901)	(5,749)	(6,546)	(19,370)	(11,972)	(2,866)	(2,910)	-	(73,493)
Closing WDV at 30 June 2023	203,695	54,237	24,481	1,309,863	390,489	112,720	1,136,720	260,556	30,225	15,398	93,271	3,631,655
Year ended 30 June 2022												
Carrying amount at 1 July 2021	165,776	49,079	19,077	1,078,546	336,374	90,844	1,036,222	233,993	32,032	16,326	67,339	3,125,608
Additions	1,703	-	-	-	-	-	-	-	-	79	75,187	76,969
Fair value of assets received free of charge*	-	-	-	6,408	-	-	13,610	-	-	-	(20,018)	-
Disposals	(162)	(60)	-	(1,557)	(5)	(246)	(2,250)	(639)	-	(410)	-	(5,329)
Transfer between asset classes	(25)	311	128	56,288	15,592	16,166	(56,634)	15,888	-	2,492	(55,398)	(5,192)
Revaluation	35,542	-	-	-	-	-	-	-	-	-	-	35,542
Impairments	(704)	(73)	-	(351)	(2,878)	(475)	(446)	(3,062)	-	-	-	(7,989)
Depreciation	-	(1,172)	-	(22,182)	(4,870)	(4,634)	(18,790)	(11,764)	(2,867)	(2,767)	-	(69,046)
Closing WDV at 30 June 2022	202,130	48,085	19,205	1,117,152	344,213	101,655	971,712	234,416	29,165	15,720	67,110	3,150,563

*Developer contributions

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

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

	2023 \$'000	2022 \$'000
Proceeds on sale of infrastructure, property, plant and equipment	501	573
Less written down value	(1,941)	(5,329)
Net gain/(loss) on disposal	(1,440)	(4,756)

4.2 Intangible assets

	2023 \$'000	2022 \$'000
At Cost	35,982	35,099
Less: Accumulated amortisation	(27,602)	(23,320)
	8,380	11,779

	Software costs \$'000	Bulk water entitlements \$'000	Other \$'000	Total \$'000
Opening WDV at 1 July 2022	5,794	5,922	63	11,779
Additions	891	-	289	1,180
Disposals	-	-	(99)	(99)
Transfer between asset classes	-	-	(198)	(198)
Amortisation	(4,282)	-	-	(4,282)
Closing WDV at 30 June 2023	2,403	5,922	55	8,380
Opening WDV at 1 July 2021	7,976	5,922	3	13,901
Additions	1,482	-	60	1,542
Amortisation	(3,664)	-	-	(3,664)
Closing WDV at 30 June 2022	5,794	5,922	63	11,779

Note: The consumption of intangible assets is included in the 'depreciation, amortisation and impairment' line item on the comprehensive operating statement.

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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

Software costs

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Bulk permanent water entitlements

Bulk permanent water entitlements purchased are treated as an intangible asset on the Consolidated Balance Sheet at cost (in accordance with AASB 138 Intangible Assets and FRD 109A Intangible Assets), and will not be subject to amortisation, as the bulk permanent water entitlements have an indefinite life. These entitlements are tested annually for impairment.

4.3 Non-financial physical assets classified as held for sale

	2023 \$'000	2022 \$'000
Freehold land held for sale	459	3,279
Total	459	3,279

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 2023 the assets are available for immediate sale and will remain as held for sale until settlement.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, as their carrying amount will be recovered principally through a sale transaction, rather than through continuing use. The Group considers that the sale is highly probable, the asset is available for immediate sale in its present condition and the sale is expected to be completed within 12 months from the date of classification. Assets are not depreciated or amortised while they are classified as held for sale. Assets classified as held for sale are classified as current assets.

5. Other assets and liabilities

Introduction

This section sets out those assets and liabilities that arose from the Group's controlled operations and the delivery of services.

5.1 Receivables

	2023 \$'000	2022 \$'000
Current		
Contractual		
Service and usage	20,029	21,387
Allowance for expected credit losses	(350)	(290)
Other receivables	1,096	1,247
Statutory		
Amount owing from Victorian Government	1,295	2,746
GST input tax credit receivables	4,237	1,357
Total current receivables	26,307	26,447

Receivables consist of:

Receivable	Initial measurement	Subsequent measurement
Contractual receivables (Service and usage charges)	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year.	Classified as financial instrument and measured at amortised cost less any expected credit loss.
Contractual receivables (Other receivables and loans)	Recognised at fair value plus any directly attributable transaction costs. The Group holds contractual receivables with the objective of collecting the contractual cash flows.	Classified as financial instrument and measured at amortised cost using the effective interest method, less any impairment.
Statutory receivables	Statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.	Amortised cost less any expected credit loss.

The amounts recognised as owing from the Victorian Government are in the nature of grants for water saving incentives, concessional and pensioner rebates applied to water and sewerage tariffs, and tariff charges applicable to the Department of Justice and Community Safety. The carrying amount at amortised cost is the reasonable approximation of fair value.

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5.1.1 Impairment of contractual receivables

The Group applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contractual receivables.

On that basis, the loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for receivables – service and usage charges and other receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023					
Expected loss rate – %	0.00%	0.24%	3.32%	5.83%	
Gross carrying amount – receivables from tariffs and sundry	12,287	1,711	236	5,795	20,029
Gross carrying amount – other receivables	1,096	-	-	-	1,096
Loss allowance	-	4	8	338	350

	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022					
Expected loss rate – Other	0.16%	0.59%	2.44%	4.83%	
Gross carrying amount – receivables from tariffs and sundry	14,188	1,366	999	4,834	21,387
Gross carrying amount – other receivables	1,247	-	-	-	1,247
Loss Allowance	25	8	24	233	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 consolidated comprehensive operating statement. There are no material financial assets that are individually determined to be impaired.

Contractual receivables are written off when there is no reasonable expectation of recovery. Indicators include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due. Subsequent recoveries of amounts previously written off are credited against the same line item.

5.1.2 Reconciliation of the expected credit loss allowance

	2023	2022
	\$'000	\$'000
Opening balance 1 July 2022	290	250
Net provision movements including expected credit losses recovered	60	40
Balance as at 30 June 2023	350	290

5.2 Contract assets

	2023	2022
	\$'000	\$'000
Current		
Service and usage charges	21,413	20,318
Other	103	44
Total current contract assets	21,516	20,362

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Contract Assets Cont'd

	Service and usage charges \$'000	Other \$'000	Total \$'000
Opening balance as at 1 July 2021	17,352	27	17,379
Add: Amount accrued at year end (to be billed)	20,318	44	20,362
Less: Amounts billed during the year	(17,352)	(27)	(17,379)
Carrying amount as at 30 June 2022	20,318	44	20,362
Opening balance as at 1 July 2022	20,318	44	20,362
Add: Amount accrued at year end (to be billed)	21,413	103	21,516
Less: Amounts billed during the year	(20,318)	(44)	(20,362)
Carrying amount as at 30 June 2023	21,413	103	21,516

	2023 \$'000	2022 \$'000
Represented by		
Current contract assets	21,516	20,362
Non-current contract assets	-	-

Receivable	Description	Recognition
Contract assets relating to service and usage charges – Accrued revenue	Accrued revenue is recognised for water and sewage usage as well as other works and services that have been provided to customers at balance date but not yet billed.	Usage charges are all recognised as revenue when the service or other goods have been provided. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when the Group issues a bill to the customer.

5.3 Payables

	2023 \$'000	2022 \$'000
Current payables		
Contractual		
Trade creditors	8,754	6,115
Accrued expenses	13,007	11,228
Other creditors	2,128	1,677
Statutory		
Payroll tax payable	104	469
Withholding tax payable	141	90
Total current payables	24,134	19,579

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.

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5.3.1 Ageing analysis of contractual payables

	Maturity dates					
	Total*	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	5+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023						
Trade creditors	8,753	8,715	-	38	-	-
Accrued expenses	13,007	13,007	-	-	-	-
Other creditors	2,129	2,129	-	-	-	-
	23,889	23,851	-	38	-	-
30 June 2022						
Trade creditors	6,115	6,099	1	15	-	-
Accrued expenses	11,228	11,228	-	-	-	-
Other creditors	1,677	1,677	-	-	-	-
Total	19,020	19,004	1	15	-	-

* Carrying amount is the same as nominal amount

5.4 Contract liabilities

	2023	2022
	\$'000	\$'000
Current contract liabilities		
Service usage charges – customers paid in advance	6,261	5,414
Property realisation program – settlement of property	-	841
Developer contributions – unearned income	2,637	4,339
Grants and contributions – unearned income	3,600	2,836
Total current contract liabilities	12,498	13,430

	Service usage charges	Property realisation	Developer contributions	Grants and contributions	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2021	5,129	8,558	2,368	3,810	19,865
Add: Payments received for performance obligations yet to be completed during the period	5,414	841	4,339	3,430	14,024
Less: Revenue recognised in the reporting period for the completion of performance obligations	(5,129)	(8,558)	(2,368)	(4,404)	(20,459)
Closing balance at 30 June 2022	5,414	841	4,339	2,836	13,430
Opening balance as at 1 July 2022	5,414	841	4,339	2,836	13,430
Add: Payments received for performance obligations yet to be completed during the period	6,261	-	2,637	2,197	11,095
Less: Revenue recognised in the reporting period for the completion of performance obligations	(5,414)	(841)	(4,339)	(1,433)	(12,027)
Total contract liabilities at 30 June 2023	6,261	-	2,637	3,600	12,498

	2023	2022
	\$'000	\$'000
Represented by		
Current contract liabilities	12,498	13,430
Non-current contract liabilities	-	-

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Contract liabilities	Description	Recognition
Contract liabilities relating to service and usage charges – customers paid in advance	Payments received in advance of the provision of goods or services or performance obligation required to be performed by the Group to settle the terms of receipt of income.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Contract liabilities relating to property realisation – settlement of property	Payments received for property sales under contract that have not settled as at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments, which is on settlement date.
Contract liabilities relating to developer contributions – unearned income	Payments received for developer contributed assets, new customer contributions, application fees and rental received in the reporting period, but the performance obligations are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments.
Contract liabilities relating to grants and contributions – unearned income	Payments received for received for services where the performance obligations under the funding agreement are outstanding at balance date.	Recognised as revenue, once it has performed the performance obligations associated with the payments.

5.5 Other financial assets and liabilities

	2023 \$'000	2022 \$'000
Current financial assets		
B-REP derivative financial instrument	652	662
Non-current financial assets		
B-REP derivative financial instrument	3,028	7,925
Investment in Zero Emissions Water (ZEW) Ltd	15	15
Total	3,695	8,602

	2023 \$'000	2022 \$'000
Current financial liabilities		
ZEW derivative financial instrument	161	33
Non-current financial liabilities		
ZEW derivative financial instrument	1,060	655
Total	1,221	688

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5.5.1 ZEW transactions and balances

The Group is one of 12 water corporation members of Zero Emissions Water (ZEW) Limited, a public company limited by guarantee. ZEW's substantial objective is to acquire electricity, contracts for difference and other derivative products in relation to electricity, and/or green products from an energy and emissions reduction facility(ies) in Victoria and in turn supply these products to its Members. This vehicle provides the opportunity for water corporation members to collaboratively promote energy and emissions reduction initiatives in Victoria and to reduce emissions.

On 30 October 2018, a Members' Agreement was entered into between the water corporations and ZEW in order to regulate their rights and obligations as members of ZEW and as participants in the project. The Members' Agreement establishes the operating activities of ZEW and the decision making responsibilities of the ZEW Directors.

Under the Members' Agreement the Group as a member is limited to \$10 in the event of a winding up. As required by Australian Accounting Standards, the Group has assessed the nature of its relationship with ZEW, and has concluded that it does not have control, joint control or significant influence over ZEW. The Group will account for its investment in ZEW as a financial instrument within the scope of AASB 9 *Financial Instruments*. ZEW is a related party of the Group.

The Members' Agreement specifies that ZEW may call on the Group to make a loan available to ZEW amounting to \$167,490. 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 2023, ZEW had requested and received a loan payment of \$14,500. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

On 30 October 2018, ZEW entered into an 11-year Power Purchasing Agreement (PPA) with a solar farm energy generator. In relation to the PPA, ZEW will act as a central intermediary between the energy generator and the water corporations. The PPA contains a contract for difference (CfD) payment mechanism in respect of electricity generated by the facility and the sale and supply of large-scale generation certificates (LGC) from the facility.

On 22 January 2021, the conditions precedent in the PPA were completed and the CfD derivative was recognised as a financial liability measured at its fair value. Subsequent changes in the derivative's fair value have been recognised as an other economic flow included in the net result.

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.

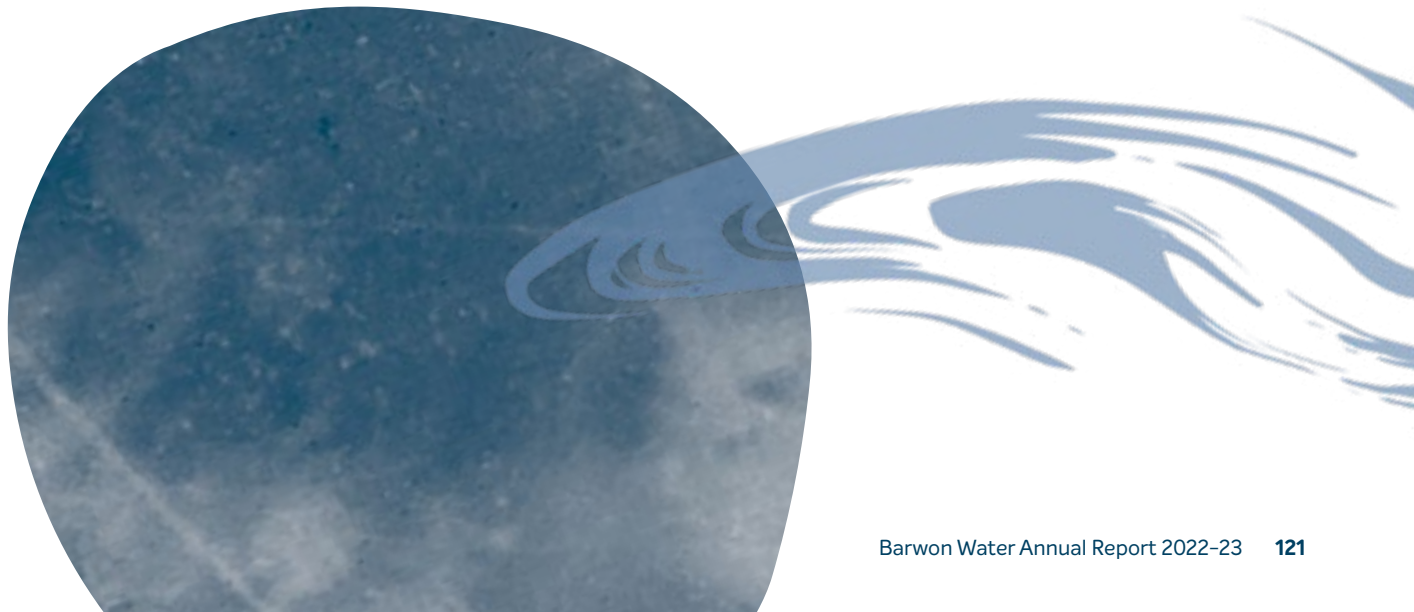
Refer to Note 7.3.2 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

5.5.2 Barwon Region Renewable Energy Partnership ("B-REP") transactions and balances

On 16 June 2022, Barwon Water entered into a 10 year Power Purchasing Agreement (PPA) with a wind farm energy generator with an operating start date of 1 December 2022. The PPA contains a CfD payment mechanism in respect of electricity generated by the facility and the sale and supply of LGCs from the facility.

The CfD derivative was initially recognised as a financial asset measured at its fair value on 30 June 2022. Subsequent changes in the derivative's fair value will be recognised as an other economic flow included in the net result. The financial impact of the B-REP PPA has resulted in increased revenue and expenses and the recognition of a derivative financial instrument.

Refer to Note 7.3.2 for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.



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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

	2023 \$'000	2022 \$'000
Current provisions		
Remediation works	894	749
Heritage asset maintenance works	7,809	3,472
Total current provisions	8,703	4,221
Non-current provisions		
Remediation works	3,195	3,039
Heritage asset maintenance works	2,269	3,200
Total non-current provisions	5,464	6,239
Total other provisions	14,167	10,460

5.7.1 Reconciliation of movements in other provisions

	Remediation works \$'000	Heritage asset maintenance works \$'000	Total \$'000
Opening balance as at 1 July 2022	3,788	6,672	10,460
Additional provisions recognised	1,189	3,796	4,985
Unwind of discount and effect of changes in the discount rate	19	177	196
Reductions arising from payments for costs incurred	(907)	(567)	(1,474)
Closing balance at 30 June 2023	4,089	10,078	14,167

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 2023 to remediate the creek and swamp and surrounding area. The remediation works provision is currently planned to be incurred over 5 years.

Heritage asset maintenance works - Ovoid sewer aqueduct

Under the *Heritage Act 2017*, the Group has a legal obligation to maintain Heritage overlays that it holds in its asset register. Heritage Victoria has granted Barwon Water a permit to remove four of the 14 spans of the heritage-listed ovoid sewer aqueduct in Breakwater and perform works surrounding the asset to fulfil its obligations. The maintenance works provision is currently planned to be incurred within the next two years.

6. How we financed our operations

Introduction

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional financial instrument disclosures.

6.1 Interest bearing liabilities

	Notes	2023 \$'000	2022 \$'000
Current interest-bearing liabilities			
Borrowings*		51,000	52,500
Lease liabilities		9	8
Financial liabilities – service concession arrangements	6.4	2,366	1,981
Total current interest bearing liabilities		53,375	54,489
Non-current interest-bearing liabilities			
Borrowings*		506,900	461,900
Lease liabilities		81	92
Financial liabilities – service concession arrangements	6.4	38,939	41,305
Total non-current interest bearing liabilities		545,920	503,297
Total interest-bearing liabilities		599,295	557,786

* All borrowings have been transacted with the approval of the Treasurer of Victoria and hence are subject to Statutory Guarantee by the State of Victoria in accordance with the Borrowing and Investment Powers Act 1987. As a result, all borrowings are classified as secured; that is, all borrowings are secured by a State of Victoria guarantee which reduces the risk associated with borrowing.

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Financial liabilities – service concession arrangements (SCA) are measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the Group and the operator. Interest bearing liabilities are subsequently measured at amortised cost.

None of the Group's interest bearing liabilities are readily traded on organised markets in standardised form.

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6.11 Maturity analysis

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2023							
Borrowings	557,900	557,900	1,000	25,000	25,000	215,900	291,000
Lease liabilities	90	111	1	1	7	40	41
Financial liabilities - SCA	41,305	64,819	183	371	1,812	14,340	24,599
Total	599,295	622,830	1,184	25,372	26,819	230,280	315,640
30 June 2022							
Borrowings	514,400	514,400	5,000	27,500	20,000	211,000	250,900
Lease liabilities	100	123	1	2	6	40	51
Financial liabilities - SCA	43,286	71,239	152	309	1,519	12,274	29,032
Total	557,786	585,762	5,153	27,811	21,525	223,314	279,983

6.12 Interest expense

	2023 \$'000	2022 \$'000
Interest on government borrowings	21,300	21,737
Interest on lease liabilities	4	5
Financial accommodation levy	6,162	6,486
Interest on financial liabilities - service concession arrangements	4,439	4,627
Total interest expense	31,905	32,855

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.

6.13 Borrowings

	2023 \$'000	2022 \$'000
Secured loan facilities		
Amount used at balance date	557,900	514,400
Amount unused at balance date	35,400	77,000
Total borrowings	593,300	591,400

Security for loans is by way of Treasurer's guarantee in favour of the TCV dated 24 June 1999. Loan interest is payable every six months and loans have a maturity up to 10.8 years (2022: 10.3 years).

All loans are with the TCV borrowed under the Treasurer's approval. Any unused facilities are not automatically carried over in the next financial year with a fresh approval required for each financial year. Treasurer's approval was obtained in June 2023 which included refinancing of \$50 million (2022: \$47.5 million) of loans maturing in 2022-23 and obtaining new loans of \$91.1 million (2022: \$73.9 million) between 1 July 2022 and 30 June 2023. The Treasurer's approval also includes \$30.0 million refinancing of non-maturing debts and \$5.0 million in temporary finance accommodation.

The Group has \$200,000 credit card facilities of which \$6,354 was utilised at 30 June 2023 (2022: \$31,125) and bank guarantees of \$2,685,950 of which \$2,335,271 was utilised at 30 June 2023 (2022: \$2,301,813).

The Group has \$6,700,000 in facilities with transaction negotiation authority of which nil was utilised at 30 June 2023 (2022: \$0).

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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.

	2023 \$'000	2022 \$'000
Cast at bank	14,273	11,880
Balance as per cash flow statement	14,273	11,880

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

	2023 \$'000	2022 \$'000
Net result for the period after income tax	6,076	19,385
Non-cash movements		
Depreciation, amortisation and impairment	78,128	72,720
(Gain)/loss on disposal of non-current assets	1,440	4,756
(Gain)/loss on disposal of assets held for sale	(416)	(8,460)
Non-cash capital contributions	(27,432)	(20,019)
Non-cash interest expense on finance lease	4	5
Increase/(decrease) in net deferred tax liabilities	2,489	5,724
Initial recognition - (income)/expense from derivative financial instruments	-	(8,589)
Movements in assets and liabilities		
Increase/(decrease) in employee benefits provisions	526	355
Decrease/(increase) in other provisions	3,707	(519)
(Increase)/decrease in trade & other receivables	168	(8,766)
(Increase)/decrease in derivative financial instruments	5,440	(221)
(Increase)/decrease in contract assets	(1,154)	(2,982)
Decrease/(increase) in assets held for sale	2,820	6,779
(Increase)/decrease in inventories	(62)	(62)
(Increase)/decrease in prepayments	(1,157)	(80)
Decrease/(increase) in payables and contract liabilities	4,548	(3,621)
Decrease/(increase) in contract liabilities	(932)	(6,435)
Net cash flows from operating activities	74,193	49,970

Part 6 • Financials

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

	Notes	2023	2023	2022	2022
		\$'000	\$'000	\$'000	\$'000
Total commitments payable		Nominal value	Present value	Nominal value	Present value
Environment contribution commitments	8.2.1	9,598		19,196	
Operating commitments	6.3.2	14,437		12,066	
Capital commitments	6.3.3	65,323		50,418	
Service concession arrangement expenditure commitments – biosolids drying facility	6.3.4	94,513	70,075	103,483	74,312
Commissioned SCA related liability	6.4	64,819	41,305	71,239	43,286
Total commitments (inclusive of GST)		248,690		256,402	
Less GST recoverable		21,736		(21,564)	
Total commitments (exclusive of GST)		270,426		234,838	

6.3.2 Operating commitments

	Less than 1 year	Between 1 and 5 years	Total
	\$'000	\$'000	\$'000
Nominal \$ – 30 June 2023			
Operating commitments payable			
External consultants	3,442	209	3,651
Maintenance and meter services	237	949	1,186
Other operating expenditure	4,701	4,899	9,600
Total operating commitments payable (inclusive of GST)	8,380	6,057	14,437
Less GST recoverable	(762)	(551)	(1,313)
Total operating commitments payable (exclusive of GST)	7,618	5,506	13,124
Nominal \$ – 30 June 2022			
Operating commitments payable			
External consultants	2,571	-	2,571
Maintenance and meter services	661	1,188	1,849
Other operating expenditure	5,276	2,370	7,646
Total operating commitments payable (inclusive of GST)	8,508	3,558	12,066
Less GST recoverable	(773)	(324)	(1,097)
Total operating commitments payable (exclusive of GST)	7,735	3,234	10,969

Part 6 • Financials

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.

	2023	2022
	\$'000	\$'000
Capital expenditure commitments payable		
Infrastructure, property, plant and equipment		
Less than 1 year	53,811	27,810
Longer than 1 year but not longer than 5 years	11,512	22,608
Total operating commitments payable (inclusive of GST)	65,323	50,418
Less GST recoverable	(5,938)	(4,583)
Total operating commitments payable (exclusive of GST)	59,385	45,835

6.3.4 Service concession arrangement expenditure commitments

	2023	2022
	\$'000	\$'000
Service concession arrangement expenditure commitments		
Less than 1 year	9,065	8,903
Longer than 1 year but not longer than 5 years	39,675	38,620
Longer than 5 years	45,773	55,960
Total commitments (inclusive of GST)	94,513	103,483
Less GST recoverable	(8,592)	(9,408)
Total commitments (exclusive of GST)	85,921	94,075

6.4 Service concession arrangements

The Group sometimes enters into arrangements with private/public sector participants to design and construct or upgrade assets used to provide public services. These arrangements usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as public private partnerships (PPPs).

The Group has adopted AASB 1059 *Service Concession Arrangements: Grantors* to account for PPP arrangements that meet the definition of a service concession arrangements (SCAs) in accordance with AASB 1059. Where a PPP is not considered a SCA, the Group determines whether the arrangement is a lease (and accounted for under AASB 16) or a construction contract (and accounted for under AASB 116 and AASB 9) and accounts for them under those relevant standards.

The Group has taken up the SCA under the 'financial liability' model where the Group pays the operator over the arrangement period, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset, and the components related to the ongoing operation and maintenance of the asset.

For arrangements within the scope of AASB 1059 that use the 'financial liability' model, the Group records the asset used in the SCAs at current replacement cost in accordance with the cost approach to Fair Value under AASB 13 *Fair Value Measurement*, with a related financial liability(s).

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 finance component incorporating both interest and principal repayments based on an implicit interest rate of 10.99% (2022-22 10.99%). Please refer to note 6.3.4 for SCA operating expenditure commitments.

Part 6 • Financials

The table below illustrates the financing commitments for the service concession arrangement.

	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Commissioned SCA related	Minimum future payments		Present value of minimum future payments	
Less than 1 year	6,580	6,420	6,221	6,069
Longer than 1 year but not longer than 5 years	28,008	27,325	20,477	19,977
Longer than 5 years	30,231	37,494	14,607	17,240
Minimum future payments	64,819	71,239	41,305	43,286
Less future finance charges	(23,514)	(27,953)	-	-
Present value of minimum payments	41,305	43,286	41,305	43,286
Included in the financial statements				
Current liabilities (Note 6.1)			2,366	1,981
Non-current liabilities (Note 6.1)			38,939	41,305
			41,305	43,286

7. Risks, contingencies and valuation judgements

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

7.1 Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The Group currently holds a range of financial instruments that are recorded in the financial statements where the carrying amounts are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid and/or recovered in full by the end of the 2022-23 reporting period.

These financial instruments include:

Financial Assets	Financial Liabilities
Cash and deposits	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 Emissions Water (ZEW)	<ul style="list-style-type: none"> Borrowings Lease liabilities Service concession arrangement
Derivative financial assets	Derivative financial liabilities

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Categories of financial instruments

Financial Instrument	Initial measurement	Subsequent measurement
Financial assets at amortised cost		
<ul style="list-style-type: none"> Financial assets include: Loans and receivables; dash and deposits; receivables; and Investment in ZEW. 	Fair value plus or minus any directly attributable transaction costs.	Amortised cost only using the effective interest rate method less impairment if both of the following criteria are met: <ul style="list-style-type: none"> the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.
Financial assets at fair value through net results		
Derivative instruments	Fair value through net result.	Fair value through net result Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the Consolidated Comprehensive Operating Statement as an 'other economic flow' included in the net result.
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	Fair value on the date on which a derivative contract is entered into.	Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the Consolidated Comprehensive Operating Statement as an 'other economic flow' included in the net result.

Derecognition of financial assets and liabilities

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

- the rights to receive cash flows from the asset have expired; or
- the 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 Consolidated Comprehensive Operating Statement.

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Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. Climate-related matters may be relevant in the calculation of expected credit losses if, for example, they impact the range of potential future economic scenarios or assessment of significant increases in credit risk. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The Group records the allowance for expected credit loss for the relevant financial instruments applying AASB 9 *Financial Instruments* (AASB 9) expected credit loss approach. Subject to AASB 9's impairment assessment includes the Group's contractual receivables, statutory receivables and its investment in debt instruments. Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 5.2) are also subject to impairment. Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 *Impairment of Assets*.

Impairment losses are recognised in the Consolidated Comprehensive Operating Statement.

Derivative financial instruments

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which all contractual obligations under Conditions Present are met and on subsequent measurement. The initial revenue recognised represents the fair value of the expected future settlements at initial recognition (refer note 2.3).

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in fair value of derivatives after initial recognition are recognised in the Consolidated Comprehensive Operating Statement as an 'other economic flow' included in the net result.

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7.1.1 Financial instruments: Categorisation

30 June 2023	Notes	Financial assets / liabilities designated at fair value through profit/loss (FVTPL) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
Contractual financial assets				
Cash and deposits	6.2	-	14,273	14,273
Receivables				
Service and usage charges	5.1	-	19,679	19,679
Other receivables	5.1	-	1,096	1,096
Investment in Zero Emissions Water (ZEW) Ltd	5.5	15	-	15
Derivative financial assets				
Financial assets designated at fair value through profit or loss	5.5	3,680	-	3,680
Total contractual financial assets		3,695	35,048	38,743
Contractual financial liabilities				
Payables				
Trade creditors	5.3	-	8,754	8,754
Accrued expenses	5.3	-	13,007	13,007
Other creditors	5.3	-	2,128	2,128
Borrowing				
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	557,900	557,900
Lease liabilities	6.1	-	90	90
Financial liabilities – Service concession arrangements	6.1	-	41,305	41,305
Derivative financial liabilities				
Financial liabilities designated at fair value through profit or loss	5.5	1,221	-	1,221
Total contractual financial liabilities		1,221	623,184	624,405
30 June 2022				
	Notes	Financial assets / liabilities designated at fair value through profit/loss (FVTPL) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
Contractual financial assets				
Cash and deposits	6.2	-	11,880	11,880
Receivables				
Service and usage charges	5.1	-	21,097	21,097
Other receivables	5.1	-	1,247	1,247
Investment in Zero Emissions Water (ZEW) Ltd	5.5	15	-	15
Derivative financial assets				
Financial assets designated at fair value through profit or loss	5.5	8,587	-	8,587
Total contractual financial assets		8,602	34,224	42,826
Contractual financial liabilities				
Payables				
Trade creditors	5.3	-	6,115	6,115
Accrued expenses	5.3	-	11,228	11,228
Other creditors	5.3	-	1,677	1,677
Borrowings				
Loans from Treasury Corporation of Victoria (TCV)	6.1	-	514,400	514,400
Lease liabilities	6.1	-	100	100
Financial liabilities – Service concession arrangements	6.1	-	43,286	43,286
Derivative financial liabilities				
Financial liabilities designated at fair value through profit or loss	5.5	688	-	688
Total contractual financial liabilities		688	90,624	577,494

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

	Notes	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Total \$'000
30 June 2023				
Contractual financial assets				
Financial assets at amortised cost – other than on derecognition		-	241	
Total contractual financial assets		-	241	241
Contractual financial liabilities				
Financial liabilities at amortised cost – other than on derecognition	9.2	(5,442)	-	
Financial liabilities at amortised cost	6.1.2	-	(31,905)	
Total contractual financial liabilities		(5,442)	(31,905)	(37,347)
30 June 2022				
Contractual financial assets				
Financial assets at amortised cost		-	36	
Total contractual financial assets		-	36	36
Contractual financial liabilities				
Financial liabilities at amortised cost – other than on derecognition	9.2	221	-	
Financial liabilities at amortised cost	6.1.2	-	(32,855)	
Total contractual financial liabilities		221	(32,855)	(32,634)

7.1.3 Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. This note presents information about the Group's exposure to each of these risks and the objectives, policies and processes for measuring and managing risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, other price risks and ageing analysis.

Risk management is carried out under policies recommended by the Risk Management/Audit Committees and ratified by the Group's Board of Directors. The Group identifies and evaluates financial risks in close co-operation with the Group's operating units. The Group's Board provides written principles for overall risk management, as well as policies covering specific areas, such as, interest rate risk, credit risk, non-derivative financial instruments and investment of excess liquidity.

The main risks the Group is exposed to through its financial instruments are as follows.

Credit risk

Credit risk is the risk of financial loss to the Group as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises principally from the Group's other receivables.

The Group's exposure to credit risk is influenced by the individual characteristics of each customer. The service and usage receivables balance consists of a large number of residential and business customers which are spread across a diverse range of industries. Receivable balances are monitored on an on-going basis to ensure that exposure to bad debts is not significant as the Group has in place a Billing and Collection Policy for the collection of overdue receivables.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables. Refer Note 5.1.

The Group is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, the Group has adjusted the credit risk profile in assessing the expected loss allowance in 2022-23.

The Group's other credit risk arises from in-the-money receipts due from the Contracts for Difference derivative under the PPA's. The Group determines its maximum exposure to credit risk relating to the derivative financial instrument at reporting date as the sum of the nominal values of all forecasted net cash receipts where the floating price due by the proponent exceeds the fixed price payable by the Group over the remaining PPA term.

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At 30 June 2023, the Group has no other significant credit risk. There has been no material change to the Group's credit risk profile in 2022-23.

Credit quality of financial assets

	Financial institution (triple-A credit rating) \$'000	Government agencies (A- 1 + rating) (a) \$'000	Other \$'000	Total \$'000
30 June 2023				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and deposits	14,273	-	-	14,273
Statutory receivables (with no impairment loss recognised)	-	5,532	-	5,532
Financial assets with loss allowance measured at lifetime expected credit loss:				
Contractual receivable applying the simplified approach for impairment	-	-	20,775	20,775
Investments & other financial assets	-	-	3,695	3,695
Total	14,273	5,532	24,470	44,275
30 June 2022				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and deposits	11,880	-	-	11,880
Statutory receivables (with no impairment loss recognised)	-	4,103	-	4,103
Financial assets with loss allowance measured at lifetime expected credit loss:				
Contractual receivable applying the simplified approach for impairment	-	-	22,344	22,344
Investments & other financial assets	-	-	8,602	8,602
Total	11,880	4,103	30,946	46,929

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

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. The Group's liquidity risk is assessed to be immaterial.

The table below illustrates the maturity analysis of the derivative financial assets/(liabilities):

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates				
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2023							
Derivative asset	3,680	5,410	113	220	320	597	2,430
Derivative liability	(1,221)	(1,469)	(3)	(11)	(147)	(843)	(217)
Total	2,459	3,941	110	209	173	(246)	2,213
30 June 2022							
Derivative asset	8,589	11,868	-	-	662	3,672	4,255
Derivative liability	(688)	(881)	29	(10)	(52)	(462)	(193)
Total	7,901	10,987	29	(10)	610	3,210	4,062

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Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Group's financial instruments. Market risk comprises of foreign exchange risk, interest rate risk and other price risk. The Group's exposure to market risk is primarily through interest rate risk, there is no exposure to foreign exchange risk and insignificant exposure to other price risks.

Objectives, policies and process used to manage these risks are disclosed in the paragraphs below:

a) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's long-term borrowings and funds invested on the money market. The Group minimises its exposure to interest rate changes on borrowings by holding fixed rate debt with an even spread of maturity profiles, at Board approved limits.

The Group has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. Exposure to changes in interest rates has been deemed immaterial to the Group and no sensitivity analysis has been disclosed.

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 2023	Fixed interest maturing in							Total \$'000
	Floating Int 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	
Contractual financial assets								
Cash and cash equivalents	14,273	-	-	-	-	-	-	14,273
Total financial assets	14,273	-	-	-	-	-	-	14,273
Contractual financial liabilities								
Borrowings	(1,000)	(50,000)	(56,000)	(55,000)	(50,000)	(54,900)	(291,000)	(557,900)
Service concession liability	-	(2,366)	(2,799)	(3,283)	(3,825)	(4,433)	(24,599)	(41,305)
Lease liabilities	-	(9)	(9)	(10)	(10)	(11)	(41)	(90)
Total financial liabilities	(1,000)	(52,375)	(58,808)	(58,293)	(53,835)	(59,344)	(315,640)	(599,295)
Net financial assets/liabilities	13,273	(52,375)	(58,808)	(58,293)	(53,835)	(59,344)	(315,640)	(585,022)
Weighted averages interest rate	4.27%	4.41%	4.13%	4.35%	4.67%	4.27%	4.02%	

30 June 2022	Fixed interest maturing in							Total \$'000
	Floating Int 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	
Contractual financial assets								
Cash and cash equivalents	11,880	-	-	-	-	-	-	11,880
Total financial assets	11,880	-	-	-	-	-	-	11,880
Contractual financial liabilities								
Borrowings	(5,000)	(47,500)	(50,000)	(56,000)	(55,000)	(50,000)	(250,900)	(514,400)
Service concession liability	-	(1,981)	(2,366)	(2,799)	(3,284)	(3,825)	(29,031)	(43,286)
Lease liabilities	-	(9)	(9)	(10)	(10)	(11)	(52)	(100)
Total financial liabilities	(5,000)	(49,490)	(52,375)	(58,809)	(58,294)	(53,836)	(279,983)	(557,786)
Net financial assets/liabilities	6,880	(49,490)	(52,375)	(58,809)	(58,294)	(53,836)	(279,983)	(545,906)
Weighted averages interest rate	1.02%	4.26%	4.50%	4.13%	4.35%	4.67%	3.94%	

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b) Foreign exchange risk

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

Fair value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Refer to note 7.3 for accounting policy relating to disclosure of fair value measurement hierarchy.

Fair value of financial assets and liabilities not carried at fair value

Cash and cash equivalents, receivables, payables, service concession liabilities and lease liabilities carrying values approximate their fair values. The fair value of borrowings is \$530,060,506 (\$514,251,604 in 2022/22) and is based on discounting the expected future cash flows at current market interest rates for liabilities with similar risk profiles.

The fair value of the service concession liability is \$41,305,541 (\$43,286,050 in 2021/22).

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 2023 (30 June 2022: \$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.

	2023	2022
	\$'000	\$'000
Contingent liabilities of the Group are:		
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	1,430	1,337
Total contingent liabilities	1,430	1,337

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7.3 Fair value determination

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of the Group.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result or other comprehensive income; and
- land, buildings, infrastructure, plant and equipment.

Consistent with AASB 13 Fair Value Measurement and Financial Reporting Directions, the Group determines the policies and procedures for recurring fair value measurements such as infrastructure, property, plant and equipment and financial instruments.

Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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

- i) carrying amount and the fair value (which would be the same for those assets measured at fair value);
- i) which level of the fair value hierarchy was used to determine the fair value; and
- ii) 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).

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7.3.1 Fair value determination: non-financial physical assets

The fair value measurement hierarchy for non-financial assets at 30 June 2023 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 (i)
30 June 2023	\$'000	\$'000	\$'000
Specialised land	-	-	203,695
Specialised buildings	-	-	54,237
Heritage Assets	-	-	24,481
Infrastructure - water distribution	-	-	1,309,863
Infrastructure - water harvesting	-	-	390,489
Infrastructure - water quality	-	-	112,720
Infrastructure - sewer collection	-	-	1,136,720
Infrastructure - sewer treatment (ii)	-	-	290,781
Plant and equipment	-	-	15,398
Total	-	-	3,538,384

Classification	Fair value measurement at end of reporting period using:		
	Level 1 (i)	Level 2 (i)	Level 3 (i)
30 June 2022	\$'000	\$'000	\$'000
Specialised land	-	-	202,130
Specialised buildings	-	-	48,085
Heritage Assets	-	-	19,205
Infrastructure - water distribution	-	-	1,117,152
Infrastructure - water harvesting	-	-	344,213
Infrastructure - water quality	-	-	101,655
Infrastructure - sewer collection	-	-	971,712
Infrastructure - sewer treatment (ii)	-	-	263,581
Plant and equipment	-	-	15,720
Total	-	-	3,083,453

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 noncurrent assets at fair value, with revaluations completed every five years as required by FRD 103.

During the interim years, the Group, in conjunction with Valuer-General Victoria (VGV), monitors changes in the fair value of land & buildings, property, plant and equipment and infrastructure through relevant data sources to determine whether revaluation is required and to assist the assessment for impairment of these classes of assets. Management perform interim valuations when the triggers of FRD 103 are met.

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Non-specialised land and non-specialised buildings

An independent valuation was performed by Liquid Pacific Asset Consultants to determine fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2021.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

There were no changes in valuation techniques throughout the period to 30 June 2023.

Specialised land and specialised buildings

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

Land assets have been valued using a market based direct comparison approach by comparing properties to recent land sales and adjusting for points of difference to establish the fair value. A community service allowance (CSO) is applied to reflect the difference between unrestricted freehold land and assets held with constraints/restrictions.

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

An independent valuation of the Group's specialised land and specialised buildings was performed by Liquid Pacific Asset Consultants on behalf of the VGV. The valuation was performed based on the depreciated replacement cost for non-land assets. The effective date of the valuation is 30 June 2021.

A fair value assessment for specialised land was undertaken using the compounded impact of the VGV land indices for the year ended 30 June 2023. The movement in the fair value of specialised land was assessed to have decreased by 0.08 per cent cumulatively over a one year period. As the accumulative movement was less than 10 per cent, no managerial revaluation was required.

A fair value assessment for specialised buildings was undertaken using the compounded impact of the VGV building indices for the year ended 30 June 2023. The movement in the fair value of specialised buildings was assessed to have increased by 15.08 per cent cumulatively over a two year period. As the accumulative movement was greater than 10 per cent but less than 40 per cent, in accordance with FRD 103, a managerial revaluation of our buildings was undertaken resulting in an increase of \$7.1m.

There were no changes in valuation techniques throughout the period to 30 June 2023.

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.

A fair value assessment for heritage assets was undertaken using the compounded impact of the ABS producer price index for the year ended 30 June 2023. The movement in the fair value was assessed to have increased by 13.79 per cent cumulatively over a two year period. As the accumulative movement was greater than 10 per cent but less than 40 per cent, in accordance with FRD 103, a managerial revaluation of our heritage assets was undertaken resulting in an increase of \$1.9m.

There were no changes in valuation techniques throughout the period to 30 June 2023.

Plant and equipment

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. As depreciation adjustments are considered as significant unobservable inputs in nature, specialised plant and equipment are classified as Level 3 fair value measurements.

There were no changes in valuation techniques throughout the period to 30 June 2023.

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.

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Where it has not been possible to examine hidden works such as underground water and sewerage pipes and fittings, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction includes surface reinstatement works as applicable.

Due to the nature of the service concession arrangement (Biosolids treatment plant), the Group classifies this asset within the wastewater infrastructure asset category. Service concession assets are valued using the current replacement cost method adjusted for the associated depreciations. Service concession assets are classified as level 3 fair value measurements as they contain significant unobservable inputs and adjustments.

An independent valuation of the Group's water and sewer infrastructure was carried out by KPMG on behalf of the VGV. These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable. The effective date of the valuation is 30 June 2021.

These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable.

A fair value assessment for Water and sewer infrastructure and service concession assets was undertaken using the compounded impact of the ABS producer price index for the year ended 30 June 2023. The movement in the fair value was assessed to have increased by 13.79 per cent cumulatively over a two year period. As the accumulative movement was greater than 10 per cent but less than 40 per cent, in accordance with FRD 103, a managerial revaluation of our infrastructure assets was undertaken resulting in an increase of \$407.3m.

There were no changes in valuation techniques throughout the period to 30 June 2023.

Climate related factors and fair value measurement

Climate change is a risk to the Group. Climate change risk includes the physical risk which can cause direct damage to assets or property as a result of rising global temperatures as well as transition risks which arise from the transition to low-carbon economy. As at 30 June 2023, the Group considered climate-related risk in the preparation of the financial statements.

The Group's infrastructure, property, plant and equipment assets are exposed to the risk of damage from extreme weather events such as storms, high winds, floods and drought. Changes in global climate conditions could intensify one or more of these events. In addition, extreme weather events may also increase the cost of operations. The Group has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection. The Group has incorporated considerations for climate change into its risk management practices, such as the establishment and maintenance of flood management systems and increased monitoring during fire danger periods.

Market participants' views of potential climate-related matters, including legislation, may affect the fair value measurement of assets and liabilities in the financial statements. Where relevant, climate-related matters may also affect the disclosure of fair value measurements, particularly those categorised within Level 3 of the fair value hierarchy. AASB 13 requires disclosure of unobservable inputs used in fair value measurements. Those inputs should reflect the assumptions that market participants would use, including assumptions about climate-related risk.

Management have considered the impact of climate risk on the fair value of Level 3 categorised assets held at fair value. Based on what is currently known, there are no significant unobservable inputs into the Level 3 valuations.

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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.

30 June 2023	Specialised land \$'000	Specialised buildings \$'000	Heritage assets \$'000	Water distribution \$'000	Water harvesting \$'000	Water quality \$'000	Sewer collection \$'000	Sewer treatment \$'000	Plant, equipment & other \$'000
Opening balance	202,130	48,085	19,205	1,117,152	344,213	101,655	971,712	263,581	15,720
Purchases, (sales) & adjustments	1,902	258	3,405	52,221	1,493	3,430	42,215	4,988	2,588
Depreciation	-	(1,179)	-	(22,901)	(5,749)	(6,546)	(19,370)	(14,838)	(2,910)
Impairment loss	-	-	-	-	-	-	-	-	-
Revaluation	(337)	7,073	1,871	163,391	50,532	14,181	142,163	37,050	-
Subtotal	1,565	6,152	5,276	192,711	46,276	11,065	165,008	27,200	(322)
Closing balance	203,695	54,237	24,481	1,309,863	390,489	112,720	1,136,720	290,781	15,398

30 June 2022	Specialised land \$'000	Specialised buildings \$'000	Heritage assets \$'000	Water distribution \$'000	Water harvesting \$'000	Water quality \$'000	Sewer collection \$'000	Sewer treatment \$'000	Plant, equipment & other \$'000
Opening balance	165,776	49,079	19,077	1,078,546	336,374	90,844	1,036,222	266,025	16,326
Purchases, (sales) & adjustments	1,516	251	128	61,139	15,587	15,920	(45,274)	15,249	2,161
Depreciation	-	(1,172)	-	(22,182)	(4,870)	(4,634)	(18,790)	(14,631)	(2,767)
Impairment loss	(704)	(73)	-	(351)	(2,878)	(475)	(446)	(3,062)	-
Revaluation	35,542	-	-	-	-	-	-	-	-
Subtotal	36,354	(994)	128	38,606	7,839	10,811	(64,510)	(2,444)	(606)
Closing balance	202,130	48,085	19,205	1,117,152	344,213	101,655	971,712	263,581	15,720

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Description of significant unobservable inputs to Level 3 valuations

2023 and 2022	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Average cost per square metre adjusted for community service obligations
Specialised buildings	Current replacement cost	Average cost per asset Useful life of specialised buildings
Heritage assets	Current replacement cost	Average cost per unit Useful life of heritage asset
Infrastructure - sewer collection		
Sewer retic mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Sewer rising mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Sewer pump station	Current replacement cost	Average cost per facility Number of pump stations Useful life of the infrastructure
Infrastructure - sewer treatment		
Wastewater treatment plants	Current replacement cost	Average cost per facility Number of treatment plants Useful life of the infrastructure
Wastewater treatment plants Mechanical/electrical	Current replacement cost	Average cost per asset Useful life of the infrastructure
Specialised buildings	Current replacement cost	Average cost per asset Useful life of the infrastructure
Infrastructure - water distribution		
Reticulation mains	Current replacement cost	Average cost per square metre Useful life of the infrastructure
Service basins & tanks	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Infrastructure - water harvesting		
Channels	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Reservoirs	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Groundwater	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Infrastructure - water quality		
Specialised buildings	Current replacement cost	Average cost per asset Useful life of the infrastructure
Water treatment plants	Current replacement cost	Average cost per facility Number of facilities Useful life of the infrastructure
Water treatment plants Mechanical/electrical	Current replacement cost	Average cost per asset Useful life of the infrastructure
Plant & equipment		
Computer hardware	Current replacement cost	Average cost per asset Useful life of the asset
Vehicles	Current replacement cost	Average cost per asset Useful life of the asset

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7.3.2 Fair value determination: derivative financial instruments

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives. In the absence of an active market, the fair value of the Group's CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by Department of Energy, Environment and Climate Action's (DEECA) independent advisor and comparable risk free rates of zero coupon government bonds obtained from the Reserve Bank of Australia. The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations. 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 categories these derivatives as Level 3 within the fair value hierarchy.

A reconciliation from the opening balances to the closing balances for fair value measurements is set out within the following table categorised within Level 3 of the fair value hierarchy for financial instruments, disclosing separately changes during the period.

30 June 2023	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
	\$'000	\$'000	\$'000	\$'000
Derivative financial assets/(liabilities) at fair value				
Derivative instrument - Barwon Region Renewable Energy Partnership (B-REP)	3,680	-	-	3,680
Derivative instrument - Zero Emissions Water (ZEW)	(1,221)	-	-	(1,221)
Total Derivative financial assets/(liabilities) at fair value	2,459	-	-	2,459

	Financial derivative at fair value through profit or loss
	\$'000
Opening balance - 1 July 2022	7,901
Subsequent measurement of B-REP derivative financial instrument	(4,909)
Subsequent measurement of ZEW derivative financial instrument	(533)
Closing balance - 30 June 2023	2,459

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Description of significant unobservable inputs to Level 3 valuations

30 June 2023	Valuation technique	Significant unobservable inputs	2023 range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Derivative financial instruments – ZEW	Income approach (discounted cash flow)	Wholesale electricity price forecasts	\$13.16/MWh to \$60.09/MWh (\$29.69/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$140,860.
		Discount rate – risk free rates of zero coupon government bonds	3.9520% to 4.3678 % (4.0475%)	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$36,612.
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFSBBB10M	262.33	An increase/ (decrease) in the discount rate of 1% would result in an increase/ (decrease) fair value by \$36,612.
Derivative financial instruments – B-REP	Income approach (discounted cash flow)	Wholesale electricity price forecasts	\$29.77/MWh to \$89.20/MWh (\$58.08/MWh)	An increase/ (decrease) in the wholesale electricity price forecasts of 10% would result in an increase/ (decrease) fair value by \$1,832,335.
		Discount rate – risk free rates of zero coupon government bonds	3.9520% to 4.3678 % (4.0475%)	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$208,205.
		Credit value adjustment – Australian Corporate Bond Spreads and Yields FNFCBBB10M	262.33	An increase/ (decrease) in the credit value adjustment of 1% would result in an increase/ (decrease) fair value by \$208,205.

8. STATUTORY OBLIGATIONS

Introduction

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

8.1 Tax

8.1.1 Income tax

The Group has formed an income tax consolidated group consisting of Barwon Region Water Corporation and Barwon Asset Solutions Pty Ltd. Barwon Region Water Corporation is the head entity of the Group.

The Group is subject to the National Tax Equivalent Regime (NTER), pursuant to section 88(1) of the State Owned Enterprises Act 1992, which is administered by the Australian Taxation Office.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national corporate income tax rate of 30% adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

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

	2023 \$'000	2022 \$'000
Income statement		
Current income tax expense	(18,833)	(14,980)
Deferred income tax expense	-	-
Temporary differences	21,311	20,932
Under/(over) provided in current year	11	(228)
Income tax on net result before tax	2,489	5,724
Tax reconciliation		
Net result before income tax	8,565	25,109
Tax at the Australian tax rate of 30% (2022: 30%)	2,568	7,533
Under/(over) provided in current year	(94)	(217)
Non-deductible items	-	-
Pre-CGT gains on properties and CGT indexation discounts*	1	(1,592)
Other	14	-
Income tax on net result before tax	2,489	5,724
Statement of changes in equity		
Net deferred tax - debited/(credited) directly to equity (refer Note 9.1.2)	124,829	5,027
Income tax reported in equity	124,829	5,027

*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.

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The recoverability of the deferred tax asset has been assessed based on long term corporate planning cash flow projections. This assessment includes a consideration of the NTER taxation provisions.

Deferred tax assets

	2023 \$'000	2022 \$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated operating statement		
Provisions and accrued expenditure not deductible	19,268	19,926
Tax losses	76,903	58,081
Deferred tax assets	96,171	78,007
Movements:		
Opening balance at 1 July	78,007	62,813
Credited/(charged) to the Comprehensive Operating Statement	(658)	(14)
(Under)/over provided in current year	-	-
Tax losses recognised/(utilised)	18,822	15,208
Closing balance at 30 June	96,171	78,007
Deferred tax asset to be recovered after more than 12 months	95,224	76,566
Deferred tax asset to be recovered within than 12 months	947	1,441
	96,171	78,007

Deferred tax liabilities

	2023 \$'000	2022 \$'000
The balance comprises temporary differences attributable to:		
Amounts recognised in consolidated operating statement		
Depreciation	164,815	147,374
Expenditure capitalised	33,795	29,110
CfD derivative financial asset	1,104	2,576
Amounts recognised directly in equity		
Asset revaluations	527,299	402,470
Deferred tax liabilities	727,013	581,530
Movements		
Opening balance at 1 July	581,530	555,585
Credited/(charged) to the Comprehensive Operating Statement	20,654	20,918
(Under)/over provided in current year	-	-
Other adjustment to asset revaluation	124,829	5,027
Closing balance at 30 June	727,013	581,530
Deferred tax liability to be recovered after more than 12 months	727,013	581,530
Deferred tax liability to be recovered within than 12 months	-	-
	727,013	581,530
Net deferred tax liability	630,842	503,523

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8.2 Environmental contribution

	2023 \$'000	2022 \$'000
Environmental contribution levy	9,598	9,598

The Water Industry (Environmental Contributions) Act 2004 (“Act”) amended the Water Industry Act 1994 to make provision for environmental contributions to be paid by water supply authorities. The Act establishes an obligation for authorities to pay into the consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each corporation. The Victorian Government has committed to a fifth round or (‘tranche’) of the environmental contribution. The four-year tranche commenced on 1 July 2020.

The purpose for the environmental contribution is set out in the Act and the funding may be used for the purpose of financing initiatives that seek to promote the sustainable management of water or address water-related initiatives. The environmental contributions are disclosed separately within expenses.

The Group has a statutory obligation to pay an environmental contribution to DEECA. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental commitments

	Less than 1 year	1 and 5 years	Over 5 years	Total
30 June 2023	9,598	-	-	9,598
30 June 2022	9,598	9,598	-	19,196

9. OTHER DISCLOSURES

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

9.1 Equity

9.1.1 Contributed capital

	2023 \$'000	2022 \$'000
Opening balance at 1 July	459,598	459,098
Contribution by the State in its capacity as owner	-	500
Closing balance at 30 June	459,598	459,598

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

	2023 \$'000	2022 \$'000
Opening balance at 1 July	926,797	904,934
Revaluation increment on non-current assets	416,098	35,542
(Impairment)/increment on non-current assets	-	(8,652)
Tax effect of impairment of assets/revaluation of non-current assets	(124,829)	(5,027)
Closing balance at 30 June	1,218,066	926,797



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9.1.3 Accumulated funds

	2023 \$'000	2022 \$'000
Opening balance at 1 July	730,542	711,157
Net result for the period	6,076	19,385
Closing balance at 30 June	736,618	730,542

9.2 Other economic flows included in net results

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates;
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets; and
- The revaluation gain or loss on the fair value of derivative financial instrument.

	Notes	2023 \$'000	2022 \$'000
Net gain/(loss) on non-financial assets			
Net gain/(loss) on property realisation		416	8,460
Net gain/(loss) on disposal of infrastructure, property, plant and equipment (including intangible assets)	4.1.5	(1,440)	(4,756)
Total net gain/(loss) on non-financial assets		(1,024)	3,704
Net gain/(loss) on financial instruments			
Net gain/(loss) arising from revaluation of CfD financial derivatives at fair value through net result	7.1.2	(5,442)	221
Total net gain/(loss) on financial instruments		(5,442)	221
Other gains/(losses) from economic flows			
Net gain/(loss) arising from revaluation of long service leave liability	3.1.2	(124)	315
Unwinding of other provisions	5.7.1	196	131
Total other gains/(losses) from economic flows		72	446
Total other gains/(losses) from other economic flows		(6,394)	4,371

Gain/(Loss) on the fair value of derivative financial instrument represents the movement in the fair value of the financial instrument compared to initial recognition. This net gain/loss reflects a positive/negative fair value movement in the Group's electricity derivative in the PPA as a result of higher/lower floating electricity prices. Any gain/loss is recognised as an other economic flow included in net result.

9.3 Events occurring after the balance date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

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9.4 Remuneration of executives

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

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis, and is disclosed in the following categories:

- *Short-term employee benefits* – include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.
- *Post-employment benefits* – include superannuation contributions where the benefit is realised post-employment.
- *Other long-term benefits* – include long service leave paid.
- *Termination benefits* – include coaching support benefits paid or payable on a discrete basis when employment had ceased.

Executive remuneration

	2023 \$'000	2022 \$'000
Remuneration		
Short-term employee benefits	4,594	4,299
Post-employment benefits	469	427
Other long-term benefits	109	192
Termination benefits	73	-
Total remuneration (a)	5,245	4,918
Number of executive officers	26	29
Total annualised employee equivalent (AEE) (b)	22.5	23.0

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.

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9.5 Responsible persons

In accordance with the Ministerial Directions issued by the Assistant Treasurer under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period, as required by AASB 124 *Related Party Disclosures*.

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

Name	Title	Period of appointment
The Hon. Harriet Shing MP	Minister for Water	1 July 2022 to 30 June 2023
J Plummer*	Director – Chair	1 July 2022 to 30 June 2023
E Carbines	Director – Deputy Chair	1 July 2022 to 30 June 2023
J Gavens	Director	1 July 2022 to 30 June 2023
B Walsh*	Director	1 July 2022 to 30 June 2023
D Powell	Director	1 July 2022 to 30 June 2023
A Lansberry	Director	1 July 2022 to 30 June 2023
C Eccles	Director	1 July 2022 to 30 June 2023
P Maddy*	Director	1 July 2022 to 30 June 2023
N Devidas*	Director	1 July 2022 to 30 June 2023
T Slatter	Managing Director (Accountable Officer)	1 July 2022 to 30 June 2023
S Cumming	Interim Managing Director (Accountable Officer)	16 June 2023 to 30 June 2023

* These responsible persons were also Directors for Barwon Asset Solutions Pty Ltd. As part of those responsibilities the non-executive directors collectively received a total remuneration of \$34,425 for the period 1 July 2022 to 30 June 2023 (1 July 2021 to 30 June 2022 \$28,304).

Responsible persons remuneration

	\$	\$	2023	2022
0	-	9,999	-	-
10,000	-	19,999	1	1
20,000	-	29,999	-	1
30,000	-	39,999	2	4
40,000	-	49,999	6	3
90,000	-	99,999	1	1
430,000	-	439,999	1	1
Total numbers			11	11
Total remuneration amount			852,700	807,899

Remuneration received or receivable by the Accountable Officer in connection with the management of the Group during the reporting period was in the range: \$430,000 – \$439,999 (\$430,000 – \$439,999 in 21-22).

Remuneration paid to the respective Minister is shown in the financial statements of the State of Victoria's Annual Financial Report.

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9.6 Related parties

The Barwon Region Water Corporation is a wholly owned and controlled entity of the State of Victoria. Barwon Water wholly owns and controls BAS.

Related parties of the Group include:

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

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

Significant transactions with government-related entities

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

Government-related entity receipts			
Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Barwon Health	Barwon region renewable energy project contribution, services and minor project works	53	-
Central Highlands Water	Services and minor project works	629	621
Corangamite Catchment Management Authority	Services and minor project works	50	98
Department of Education and Training	Funding grants for major projects works and other services	1,263	2,015
Department of Energy, Environment and Climate Action	Anglesea river project operation	132	423
Department of Families, Fairness and Housing	Customer rebate reimbursements – water, sewerage and dialysis	11,051	9,380
Department of Health	Services and minor project works	41	73
Department of Transport	Project funding and reimbursement of legal fees	284	-
Greater Western Water	Pipeline access contribution for Melbourne–Geelong Pipeline (MGP)	289	220
South East Water	Biochar 2 batteries project	22	-
Southern Rural Water	Services and minor project works	115	-
State of Victoria	Rental contribution (Highton high level tank site)	30	28
Treasury Corporation Victoria	Net borrowing drawn, sale of large scale generation certificates, net repayment during the year	44,638	14,863

Government-related entity receivables			
Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Barwon Health	Barwon region renewable energy project contribution	5	44
Central Highlands Water	Bungal dam monitoring survey and minor project works	61	14
Department of Education and Training	Funding grants for major projects works	-	1,205
Department of Energy, Environment and Climate Action	Anglesea river project operation	28	264
Department of Families, Fairness and Housing	Customer rebate reimbursements – water, sewerage and dialysis	-	1,042
Department of Transport	Licence fee, new customer contribution and other	17	-
Greater Western Water	Pipeline access financial contribution	291	-

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Government-related entity payments			
Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Central Highlands Water	Employee entitlements transfer	-	23
Coliban Region Water Corporation	Employee entitlements transfer	31	-
Corangamite Catchment Management Authority	River health programs, Citizen science funding and service agreement, Living Moorabool project	241	62
Department of Energy, Environment and Climate Action	Environmental Contribution Levy, monitoring program, contractor services and other fees	10,496	13,310
Department of Transport	South Geelong to Waurin Ponds rail duplication project	12,209	-
Department of Treasury and Finance	Financial accommodation levy	6,178	6,586
Environment Protection Authority	License fee	399	4
Essential Services Commission	Regulatory recovery fee	179	124
Greater Western Water	Water usage fee	32	88
Melbourne Water	Melbourne Geelong Pipeline water supply	5,590	5,464
North East Water	Employee entitlements transfer	-	51
Parks Victoria	Consent fee, lease fee, license fee, rental and employee entitlements transfer	42	-
Treasury Corporation Victoria	Finance costs (loan interest expense)	21,284	22,072
Victorian Public Sector Commission	Barring Djinang internship program	11	-
Yarra Valley Water	Schools water efficiency program and IWA workshop	13	14

Government-related entity payables			
Entity name	Brief description of main activity	2023 \$'000	2022 \$'000
Central Highlands Water	Employee entitlements transfer	13	-
Corangamite Catchment Management Authority	River health program	200	130
Department of Energy, Environment and Climate Action (DECCA)	Other operational funding grant	60	30
Essential Services Commission	Regulatory recovery fee	-	179
Melbourne Water	Melbourne Geelong Pipeline water supply	10	-
Treasury Corporation Victoria (TCV)	Finance costs (loan interest expense)	5,386	5,370

Barwon Asset Solutions Pty Ltd

Barwon Asset Solutions Pty Ltd (“BAS”) is a wholly owned subsidiary of Barwon Region Water Corporation (“Barwon Water”). During the financial year ended 30 June 2023 Barwon Water purchased goods and services and provided accounting and administrative assistance to BAS. All financial transactions between Barwon Water and BAS are eliminated upon consolidation. In addition, Barwon Water also provides BAS with a daily cash flow facility equivalent to a loan facility outlined in note 9.10.

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Key management personnel

Key management personnel (“KMP”) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group (comprising the company and subsidiary), directly or indirectly, this comprises independent Directors and the Managing Director. Key management personnel (as defined in AASB 124) 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.

	2023 \$'000	2022 \$'000
Compensation of KMP's		
Short-term employee benefits	1,070	983
Post-employment benefits	92	81
Total	1,162	1,064

Transactions with key management personnel and other related parties

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

Outside of normal citizen type transactions with the Group, the only related party transactions that involved key management personnel and their close family members are as follows:

Jo Plummer – Barwon Water Director (Chair) during 2022-23	2023 \$'000	2022 \$'000
Non-executive director (Chair) of the Victorian Water Industry Association (VicWater) during 2021-22. Barwon Water payments to VicWater during the year included membership/ subscription fees and other transactions being minor or commercial in nature. Barwon Water received payments from VicWater for minor services of commercial nature.	-	70
Total payments made to related parties	-	70

Elaine Carbines – Barwon Water Director (Deputy Chair) during 2022-23	2023 \$'000	2022 \$'000
Non-executive director (Deputy Chair) of G-Force Employment & Recruitment during 2022-23 & 2021-22. Barwon Water payments to G-Force Employment & Recruitment during the year were for recruitment services provided. These transactions were made on commercial terms and all being at arm's length in accordance with the Group's procurement policies and procedures.	311	378
Total payments made to related parties	311	378

Tracey Slatter – Barwon Water Managing Director during 2022-23	2023 \$'000	2022 \$'000
Non-executive director of Institute of Public Administration Australia during 2022-23 & 2021-22 Barwon Water payments to Institute of Public Administration Australia during the year included minor transactions which were commercial in nature.	6	3
Non-executive director of Zero Emissions Water Pty Ltd during 2022-23 & 2021-22. Barwon Water net payments and (receipts) to Zero Emissions Water Pty Ltd. Refer to the entity related party disclose for detail.	(85)	112
Non-executive director of Water Services Association of Australia during 2022-23 & 2021-22. Barwon Water payments to Water Services Association of Australia during the year included membership fees, benchmarking services and other transactions being minor and commercial in nature.	106	99
Net payments / (receipts) made to related parties	27	214

Part 6 • Financials

Shaun Cumming – Acting Barwon Water Managing Director during 2022–23	2023 \$'000	2022 \$'000
Non-executive director of Water Services Association of Australia during 2022–23 & 2021–22. Barwon Water payments to Water Services Association of Australia during the year for other transactions being minor and commercial in nature.	8	-
Total payments made to related parties	8	-

John Gavens – Barwon Water Director during 2022–23	2023 \$'000	2022 \$'000
Barwon Water payments to a related party of John Gavens were made in relation to the provision of specialised pipe fitting installation services during 2022–23. 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.	325	378
Total payments made to related parties	325	378

Peta Maddy – Barwon Water Director during 2022–23	2023 \$'000	2022 \$'000
Payments by the Group to Aither for technical consulting services during the year. Peta Maddy was a Senior Associate at Aither Pty Ltd during 2022–23 & 2021–22. These transactions were made on commercial terms and all being at arm's length in accordance with the Group's procurement policies and procedures, with recognition as either operating expenditure or capital works in progress at the time of payment.	235	144
Total payments made to related parties	235	144

All other transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluation decisions about the allocation of scarce resources.

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

Zero Emissions Water Pty Ltd (“ZEW”) transactions

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

	2023 \$'000	2022 \$'000
Payments	117	177
Receipts	202	65

9.7 Remuneration of auditors

	2023 \$'000	2022 \$'000
Amounts received, or due and receivable, by the Victorian Auditor-General for auditing the financial report.	167,000	121,000

9.8 Ex-gratia expense

	2023 \$'000	2022 \$'000
Forgiveness or waiver of debt (i)	367	392
Other (ii)	287	283
Total ex-gratia expense	654	675

(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 (\$281k during 2022–2023). Rebates offered to customers undertaking dialysis or suffering severe medical conditions that require higher than usual water consumption (\$6k during 2022–2023) 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.

Part 6 • Financials

9.9 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Balance Sheet.

Cash flows arising from operating activities are included in the Consolidated Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO, are classified as operating cash flows.

9.10 Controlled entity

The consolidated financial statements at 30 June 2023 include the following controlled entity. The financial reporting period for the controlled entity is 1 July 2022 to 30 June 2023.

Controlled Entity	Place of incorporation	Book value of parent entity's investment in \$		% shares held		Contribution to the results in \$'000	
Barwon Asset Solutions Pty Ltd	Australia	2	2	100	100	485	775

The relevant activities of BAS include:

- For Barwon Water, the civil maintenance services for planned and unplanned water and sewerage systems and minor low cost capital works projects, and
- External to the Group, civil maintenance services for planned and unplanned.

9.11 Parent entity information – Barwon Region Water Corporation

	2023 \$'000	2022 \$'000
Current assets	65,902	62,542
Non-current assets	3,644,381	3,172,648
Total assets	3,710,283	3,235,190
Current liabilities	113,487	105,005
Non-current liabilities	1,185,158	1,015,403
Total liabilities	1,298,645	1,120,408
Reserves	1,218,066	926,798
Contributed capital	459,598	459,598
Accumulated funds	733,973	728,386
Total equity	2,411,637	2,114,782
Net result after income tax of the parent entity	5,587	18,610
Comprehensive result of the parent entity	296,683	40,473

Part 6 • Financials

Contractual requirements

The funding agreement between Barwon Water and BAS is for Barwon Water to provide daily cash flow if requested. This is equivalent to a loan facility with BAS to pay Barwon Water interest if utilised. The interest rate payable by BAS on the funding balance will be the aggregate of the Treasury Corporation Victoria (TCV) 11am loan rate and Barwon Water's Financial Accommodation Levy (FAL) rate applicable on the date the interest accrues. The only borrowing limit that BAS is subject to is that total borrowings of Barwon Water do not exceed the Treasurer approved annual limit. This loan facility is repayable at call.

Barwon Water has contractual obligations to BAS under the Maintenance Services Agreement including the provision of vehicles, plant and equipment.

BAS is a proprietary limited company and Barwon Water is the sole shareholder. Being a company limited by shares, it limits the liability of shareholders to the value of their shares. The value of the shares in BAS are \$2 (2 x \$1 shares).

There are no contingent assets or liabilities resulting from the contractual arrangements. Refer Note 7.2 for the Group's contingent assets and liabilities.

9.12 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after the operative dates stated. Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2023 reporting period. The following applicable standards and interpretations had been issued but were not mandatory for financial year ended 30 June 2023. The Group has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Effective date	Estimated impact on the Group
AASB 2022-6 <i>Non-current Liabilities with Covenants</i>	Requires a liability be classified as a non-current liability if at the end of the reporting period the entity has a right to defer settlement of the liability for at least twelve months after the reporting period.	1 January 2024	No significant impact to the group.

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

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

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 2023 and financial position of the Group at 30 June 2023.

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

We authorise the attached financial statements for issue on 14th September 2023.



Jo Plummer
Chair



Shaun Cumming
Interim Managing Director



Adam Cunningham
Acting General Manager Organisational Enablement

Dated 14 September 2023

Independent Auditor's Report



Independent Auditor's Report

To the Board of the Barwon Region Water Corporation

Opinion	<p>I have audited the consolidated financial report of the Barwon Region Water Corporation (the corporation) and its controlled entity (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none">• consolidated balance sheet as at 30 June 2023• 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• directors' and chief finance and accounting officer's declaration. <p>In my opinion, the consolidated financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the corporation as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a consolidated financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the consolidated financial report, the Board is responsible for assessing the corporation and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Part 6 • Financials

Auditor's responsibilities for the audit of the financial report

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

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

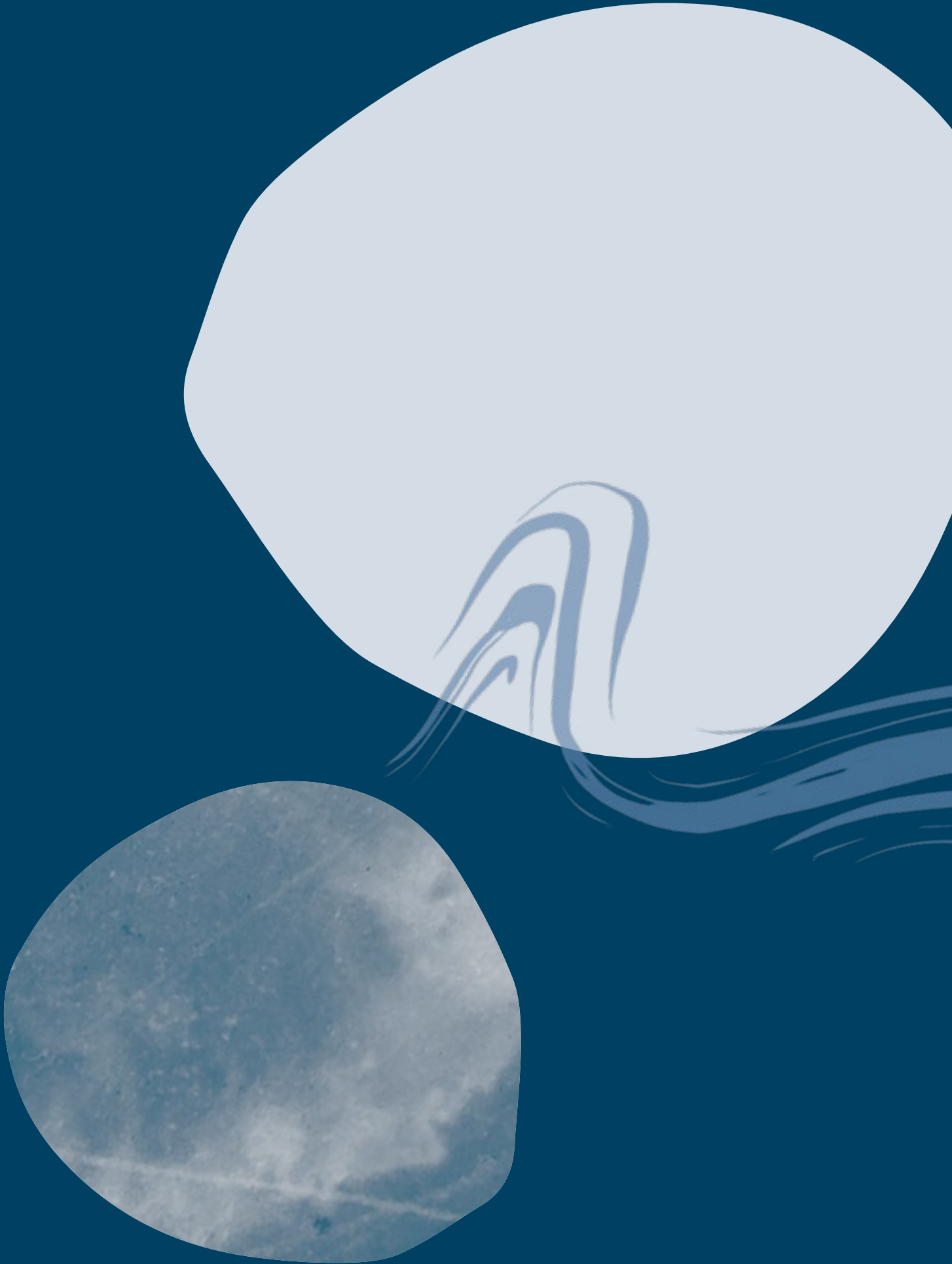
- identify and assess the risks of material misstatement of the consolidated financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the consolidated financial report. I remain responsible for the direction, supervision and performance of the audit of the corporation and the consolidated entity. I remain solely responsible for my audit opinion.

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

MELBOURNE
25 September 2023



Paul Martin
as delegate for the Auditor-General of Victoria





Part 7. Disclosure Index



Disclosure Index

The 2022–23 Annual Report of Barwon Water Region Water Corporation is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the authority's compliance with statutory disclosure requirements.

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Part 8. Appendices

Appendix A

Energy and emissions – additional results tables

Total electricity consumption segmented by source

Electricity source	MWh	
	2021–22	2022–23
Purchased directly through an electricity retailer	26,165	26,254
Not directly purchased but sourced from outside the organisation	-	-
Corporation led/self-sourced activities and initiatives	3,840	4,173
Total electricity consumption	30,005	30,426

On-site renewable electricity generation and capacity

Source	On-site generation capacity (MW)	2022–23 on-site renewable electricity generated (MWh)				Total by source
		Large-scale system		Small-scale system		
		Consumed on-site	Exported	Consumed on-site	Exported	
Biogas	0.36	828	163	-	-	991
Hydroelectric	0.13	-	-	0	118	118
Solar	3.66	3,228	1,406	117	57	4,808
Wind	-	-	-	-	-	-
Other renewable	-	-	-	-	-	-
Total renewable	4.15	4,056	1,569	117	175	5,917

On-site non-renewable electricity generation and capacity (large-scale facilities)

Source	On-site generation capacity (MW)	2022–23 on-site electricity generated (MWh)		
		Consumed on-site	Exported	Total by source
Total non-renewable	0	-	-	-

Note: Excludes incidental use of diesel back-up generators during power interruptions (however the associated fuel usage is included in reported scope 1 emissions). Barwon Water does not have any grid-connected non-renewable generators.

Part 8 • Appendices

Energy storage system capacity

Energy storage system	Power capacity (MW)	Storage capacity (MWh)
Wurdee Boluc WTP battery	0.18	0.2

Voluntary retirement of Renewable Energy Certificates (RECs)

REC retirement method	RECs retired for 2022–23 (1 REC = 1 MWh renewable electricity)
Voluntarily retired by Barwon Water	8,735
GreenPower	-
Certified carbon neutral electricity purchased	-
Voluntarily retired on Barwon Water's behalf	-
Total voluntarily retired	8,735

Breakdown of emissions by type of greenhouse gas

Activity	Scope 1 and 2 Emissions by greenhouse gas							
	Carbon dioxide (CO ₂)		Methane (CH ₄)		Nitrous Oxide (N ₂ O)		Other	
	tonnes	tCO ₂ -e	tonnes	tCO ₂ -e	tonnes	tCO ₂ -e	tonnes	tCO ₂ -e
Water treatment and supply	2,872	2,872	0	0	0.00	0	-	-
Sewage collection, treatment and recycling	11,696	11,696	146	4,089	12.62	3,345	-	-
Transport	1,029	1,029	0	0	0.03	7	-	-
Other	499	499	0	0	0.00	0	-	-
TOTAL	16,095	16,095	146	4,090	12.65	3,352	-	-

Note: tCO₂-e represents the greenhouse gas emission in carbon dioxide equivalence, by applying the relevant Global Warming Potential (GWP). The GWP for one tonne of each gas is: CO₂ = 1, CH₄ = 28 and N₂O = 265 (National Greenhouse and Energy Reporting Regulations 2008).

Stationary fuel use and emissions

Used in	Stationary fuel use (gigajoules)				
	Diesel	Petrol	LPG	Pipeline gas	Biogas
Buildings	-	-	-	1,816	-
Machinery	3,016	275	-	-	10,089
Total fuels used	3,016	275	0	1,816	10,089
Greenhouse gas emission (tCO₂-e)	212	19	0	94	65

Part 8 • Appendices

Transport fuel use and emissions

Used in	Transport energy use (gigajoules)			
	Diesel	Petrol	LPG	Electricity
Passenger vehicles	557	222	0	-
Goods vehicles	13,319	34	689	-
Total energy used	13,875	256	689	-
Greenhouse gas emission (tCO₂-e)	977	17	42	-

Note: Excludes electricity used in charging electric vehicles charged at Barwon Water sites (included in total electricity consumption results)

Transport vehicle fleet

Category	Vehicle fuel/engine type						Total number
	Diesel	Petrol	LPG	Petrol-hybrid	Diesel-hybrid	Battery EV	
Passenger vehicles	13	6	-	-	-	2	21
Goods vehicles	143	-	12	-	11	-	166
Total number	156	6	12	-	11	2	187

Total energy use

Type	Total energy use (GJ)	
	Fuels	Electricity
Renewable	10,089	47,099
Non-renewable	19,928	62,436
Total energy used	30,017	109,535

Note: Renewable electricity result excludes mandatory LRET component of grid electricity. Renewable electricity use includes consumption of electricity generated from renewable biogas, and the biogas used to generate that electricity is counted in renewable fuel use.

Energy use intensity

Service	Energy intensity	Units	Descriptor
Water treatment and supply	0.55	GJ/ML	Gigajoules per megalitre of water produced at water treatment plants
Sewage collection, treatment and recycling	0.17	GJ/EP	Gigajoules per normalised unit of sewage treatment plant loading (COD + nitrogen)







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