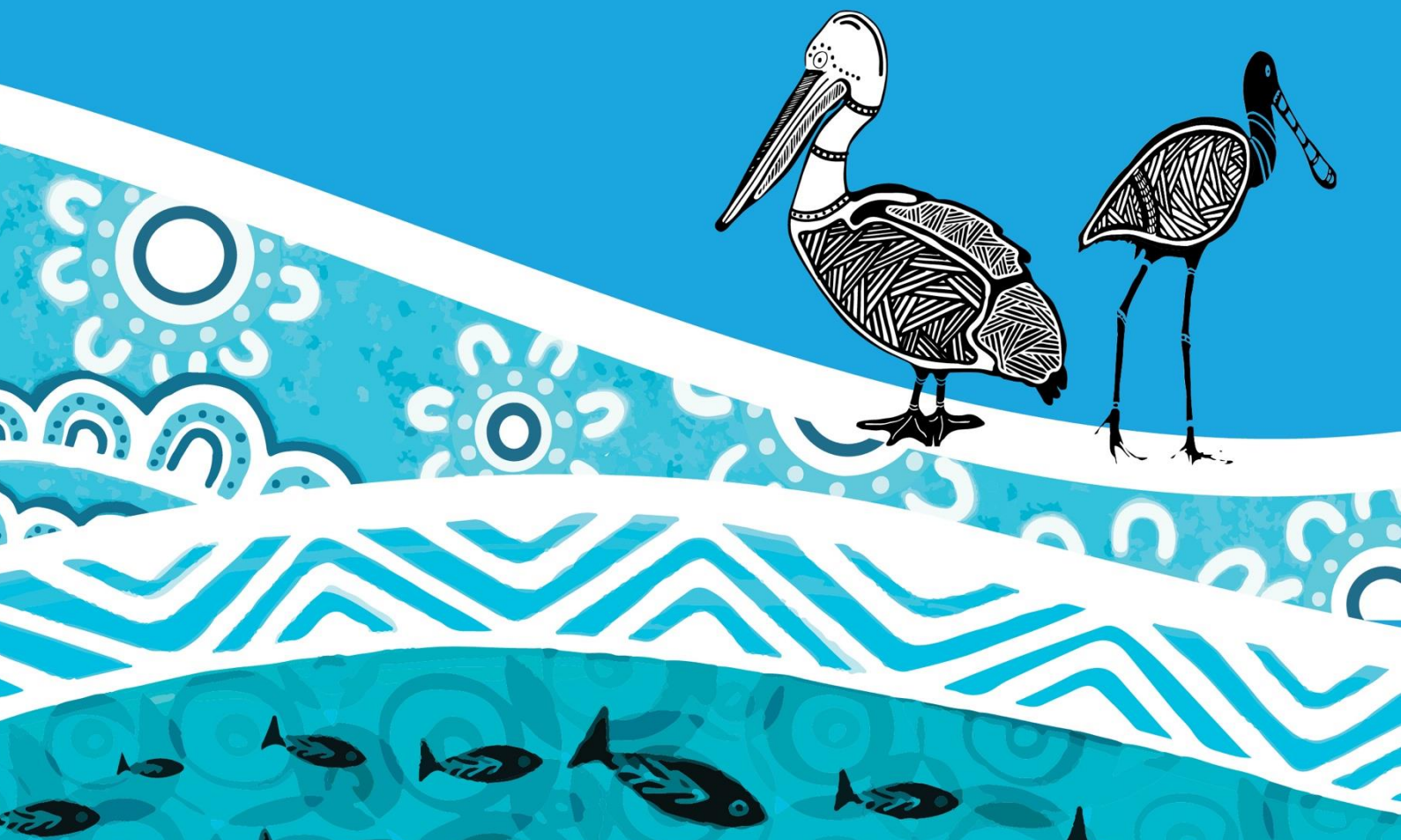





Gippsland
Water

Annual report

2023-24





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

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Message from Board Chair – Tom Mollenkopf AO

It is a pleasure to present the 2023-24 Gippsland Water Annual Report.

It has been a privilege to be welcomed to the Board of Gippsland Water this year. This year's results reflect the efforts of not only the past 12 months, but also earlier groundwork and a commitment to being well prepared for the future.

With this backdrop, we launched our 2050 Vision, which looks forward almost 30 years and outlines a path to a future where responsible water management is harmoniously integrated to support the wellbeing of people, Country and the economy.

Gippsland Water's commitment to proactive action and strategic planning has been instrumental in ensuring a reliable water supply for our customers and safeguarding our natural resources for the future.

A major achievement involved securing the water supply for the Drouin and Warragul communities. Effective 1 July 2023, we obtained a 3.33 gegalitre bulk water entitlement from the Tarago Reservoir which ensures our customers in the west of Gippsland are well provided for into the future, catering for a growing and developing region, and in the face of climate change.

We collaborated with West Gippsland Catchment Management Authority, Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) and Southern Rural Water to progress a project plan to create a vision and plan for the water future of the Latrobe Valley.

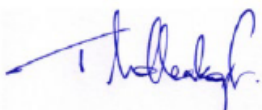
These two actions deliver on commitments made within the Central and Gippsland Region Sustainable Water Strategy. This work ensures the protection and security of the region's long-term water supplies.

We deepened our understanding of the opportunities and challenges that climate change presents to the organisation and network. To reflect this, we updated our Climate Change Strategy to detail how we'll achieve our ambitious net zero targets and manage the impacts of climate change. This year we decreased our emissions by 12%, dipping below our 2025 emissions target for the first time.

Our renewable energy capacity increased with the commissioning of the floating solar array at the Drouin wastewater treatment plant. At peak capacity the array can fully power the treatment plant, producing enough kilowatts to power nearly 90 homes per day.

We were also actively involved in the protection of several vulnerable plant species including the Pookila, Wellington Mint-Bush and Filmy Maidenhair fern.

It has been a joy to work with a capable and committed Board of Directors, and an equally dedicated team at Gippsland Water led by Managing Director, Sarah Cumming. I thank them for helping make this another successful year and I look forward to continuing our important role for the people of Gippsland.



Tom Mollenkopf AO
Board Chair

Message from Managing Director – Sarah Cumming

The past year has seen its share of action and exciting progress for our organisation, which has put us in a strong position to meet our long-term strategic goals. A key driver for us – one that will continue – is partnering with the community to provide safe water and waste services so that we can all enjoy a sustainable Gippsland for generations to come.

Throughout the year we engaged with our customers on issues and projects that affect them. Cost-of-living pressures were a top priority for our customers, and we've worked to relieve inflationary pressures where we could.

We delivered one of the lowest bill increases in the state, with an average bill that is 3.3% lower than the inflation rate. This was despite the increase in costs outside of our control such as interest rates, electricity and chemicals.

Our people were there for our communities in times of emergency. The February 2024 storm wreaked havoc across our service area, especially in Mirboo North. Our multi-faceted response saw our staff being some of the first on the ground, working tirelessly to repair bursts and restore operations to the water treatment plant impaired by widespread power outages. We also provided bottled water to locals and were there to answer questions and provide assistance.

Extreme weather events have highlighted the dependency on power and telecommunications for our organisation, so work is progressing to build our resilience and enhance our response capability.

Our partnership with GLaWAC is something we're very proud of and together we delivered reticulated drinking water to Knob Reserve, in Stratford, a culturally significant site for Traditional Owners.

We commissioned artwork from local Aboriginal artists, Gunai artist Alice Pepper and Mutti Mutti Bunurong woman Lakeisha Clayton. These artworks have been applied across a range of digital and physical mediums as an acknowledgment of the Traditional owners and our respect for the Country we work on.

We welcomed our new Board Chair Tom Mollenkopf AO to the organisation. Tom brings a wealth of knowledge and experience in leadership and the water and environmental sectors.

Two new Directors Katie Wyatt and Jenny Selway also joined the Board. We are very fortunate as an organisation to have welcomed three new members with such diverse and extensive experience to complement existing Board skills.

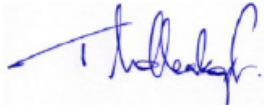
Thank you to all of our people, contractors, stakeholders, Customer Reference Group, Community Sounding Board, and Board for their contributions over the last 12 months. Despite the challenges posed by a changing climate, energy transition and impact on major customers, growing region and increasing cost-of-living pressures we are well-positioned to achieve our 2050 Vision.



Sarah Cumming
Managing Director

Responsible body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Central Gippsland Region Water Corporation's Annual Report for the year ending 30 June 2024.

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

Tom Mollenkopf AO
Board Chair

Dated 23 August 2024

Our vision

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

Our values



SAFETY AND WELLBEING
'Go home safe'

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



CUSTOMER FOCUSED
'Customer first'

Customers are at the heart of everything we do.



INNOVATION
'Clever solutions'

We challenge our thinking, learn and embrace change.



ACCOUNTABILITY
'Make it happen'

We each take ownership and deliver on what we say.



COLLABORATION
'Working together'

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



INTEGRITY AND RESPECT

'Treat others as we wish to be treated'
We are transparent, honest, inclusive, and treat people fairly.



Delivering water and wastewater services

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

The responsible Minister for the period from 1 July 2023 to 30 June 2024 was the Honorable Harriet Shing MLC, Minister for Water.

With 375 operational, engineering, financial, environmental, and administrative employees, we are a major local employer for the region serving an estimated population base of over 165,000. We deliver water to 76,490 households and businesses, and wastewater services to more than 69,000 households and businesses, across 43 towns. Our customers include major industries, some of which are of state and national significance.

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

We take water from 13 different sources including aquifers, rivers, creeks, and reservoirs and treat it as necessary to meet our strict water quality standards. Our largest storage is Moondarra Reservoir, south of Erica, with a capacity of 30,458ML. We also take water from storages managed by Southern Rural Water (Blue Rock Lake and Lake Glenmaggie) and Melbourne Water (Tarago Reservoir).

Our commercial businesses

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

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

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

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

Our organics business is undergoing a significant expansion with support from the Victorian and Federal governments. This expansion will help to respond to unmet industrial demand for organics disposal by increasing organic processing capacity at the site to 250,000 tonnes per year.

Our strategic priorities

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

In the 2023-24 year we progressed delivery of the strategic priorities developed in consideration of our Strategic Priorities Framework.

Strategic Priorities Framework.

Our values



Part 1: Key initiatives and projects

The following table outlines priority initiatives and projects for the 2023-24 year.

<p>Gippsland Regional Organics Expansion</p> <p>\$12.2 million</p>	<p>Gippsland Regional Organics (GRO) is an EPA licenced waste treatment and composting facility located at Dutson Downs.</p> <p>GRO processes about 180,000 tonnes of waste annually, converting it to 60,000 tonnes of Australian standard certified compost.</p> <p>A \$12.2 million expansion is underway to increase our processing capacity to the licence limit of 250,000 tonnes a year. This expansion will enable us to produce an additional circa 20,000 tonnes of certified compost each year. The project is funded by Gippsland Water, with co-contributions of \$4.788 million from the Victorian Government's Circular Economy Organics Sector Transformation Fund and the Commonwealth Government's Good Waste for Healthy Soils Fund.</p> <p>Work on the expansion began in April 2024 and is expected to be completed by late 2024.</p>
<p>Warragul north-east sewer augmentation</p> <p>\$8.5 million</p>	<p>The Warragul north-east sewer was installed in 1971, servicing the north and east of Warragul.</p> <p>This project involves constructing a new larger pipeline to allow the system to have sufficient hydraulic capacity to support the future growth expected in the north and east of Warragul.</p> <p>Construction commenced this year, following the completion of the alignment and detailed design for the pipeline along with easement acquisitions and statutory approvals. The new pipe is expected to be completed in the 2025-26 financial year.</p>
<p>Tarago Reservoir Bulk Water Entitlement</p>	<p>In July 2023 we secured a 3.33GL bulk water entitlement from the Greater Yarra System – Thomson River pool as well as our current Tarago River bulk entitlement.</p> <p>This delivered efficient augmentation of our water resources for Warragul and Drouin customers, helping to address existing and medium-term supply shortfalls.</p>

<p>Moe new treated water basin</p> <p>\$8.3 million</p>	<p>Construction of a new 24ML clear water storage basin at the Moe water treatment plant commenced in 2022.</p> <p>The project supports growth and development for the future and system resilience. It ensures our ability to service the west of our region through the Moe-Warragul interconnect.</p> <p>The Moe water treatment plant has one clear water storage basin with a volume of 22ML. A second basin delivers operational flexibility, enabling us to take one basin offline for maintenance while still having storage available to maintain a supply of safe drinking water to our customers.</p> <p>The second basin was completed in November 2023.</p>
<p>Regional Outfall System renewal program</p> <p>\$2.9 million</p>	<p>The Regional Outfall System (ROS) was commissioned in 1957 and comprises of 44km of pipeline and 39.8km of channel. It's one of our most important assets, with the capacity to transfer 35ML of treated wastewater from the Gippsland Water Factory daily.</p> <p>The ROS renewal program sets out how we replace high-risk sections of the pipeline, allowing the ROS to continue to operate in the longer term.</p> <p>Stage one of the program was completed in 2021-22 and involved replacing a 300m long section of the ROS near Marshalls Road, Traralgon next to a public park.</p> <p>Stage two is now underway, replacing 590m of pipeline from Tyers Road to the Wirilda Crescent and Cross's Road intersection in Traralgon.</p> <p>Construction is expected to be completed early in the 2024-25 financial year.</p>
<p>Water main replacements and sewer main relining</p> <p>\$3.5 million</p>	<p>During 2023-24 we replaced 4.65km of reticulated water mains of varying pipe sizes across our service area, providing 243 customers with connections to new sections of pipe.</p> <p>An additional 158 sections (7.7km) of sewer pipe were relined throughout our region, renewing the connection for 475 customers.</p> <p>The combined total spend for the renewal program was \$3.5 million.</p>

Coongulla basin and Sale No 2 basin cover and liner replacements

\$2.8 million

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

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

The \$2.8 million combined project is underway. The Sale basin is expected to be completed prior to the summer peak period. The Coongulla basin is expected to be completed in early 2025.

Future initiatives and projects

The following table outlines future initiatives and projects.

<p>Yarragon - Factory Road sewage pump station and rising main upgrade</p>	<p>The Factory Road sewage pump station needs to be upgraded to cater for expected development and growth in Yarragon.</p> <p>We are planning an upgrade to cater for the additional connections expected with proposed growth, and to reduce the likelihood of spills during significant wet weather events.</p> <p>Planning for this project commenced during 2022-23 with alignment selection and functional design well underway.</p> <p>The project is expected to be delivered by 2028.</p>
<p>Warragul wastewater treatment plant upgrade</p>	<p>The population of Warragul is rapidly growing and we need to expand the capacity of the existing wastewater treatment plant to meet the town's needs. The preferred strategy is to invest in upgrades at the current plant.</p> <p>Along with capacity expansion in the short to medium term, we're also investigating long-term investment requirements.</p> <p>This year, we've been planning for the stage one upgrades of the existing bioreactors and dewatering plant. This will increase the treatment capability and delay significant capital expenditure. We've started procuring major items of plant for this upgrade.</p> <p>Work is expected to start in late 2024 and is due for completion in 2026.</p>
<p>Drouin West water main extension</p>	<p>The Drouin township has undergone significant growth in recent years, and this is expected to continue. As a result, the existing distribution main will reach capacity (approximately 2030) and no longer be able to service the north-western growth corridor or customers that live in higher areas of the corridor.</p> <p>We're planning to construct a new water main to ensure adequate water pressure for existing customers while continuing to service Drouin's residential growth.</p> <p>Planning of this project commenced in 2023 with detailed design progressing well.</p> <p>The project is expected to be delivered by 2028.</p>

Traralgon – Tyers Interconnect (water supply)	<p>The Tyers water treatment plant supplies drinking water to the townships of Tyers, Glengarry, Toongabbie, Cowwarr and Rosedale. During periods of high-water turbidity, such as after heavy rain, the plant operates at reduced output to maintain drinking water quality standards. This often necessitates trucking in water to maintain supply.</p> <p>Several options were explored to resolve this issue, including upgrading the Tyers water treatment plant and pipeline. The preferred solution is to construct a pipeline between Traralgon and Glengarry, which will remove three-quarters of the customers from the Tyers plant, reducing demand pressure on it.</p> <p>Planning for this project is underway, with detailed design being carried out in 2024-25. Following statutory approvals, construction is expected to commence in late 2025.</p>
Clarkes Road Storage Basin Traralgon	<p>With the continual growth in Traralgon and the future connection of customers from the Tyers water supply system, drinking water storage requirements need to be increased.</p> <p>So that the Traralgon water treatment plant can continue to meet peak day demand, we are adding another storage to provide a buffer without the need to upgrade the water treatment plant.</p> <p>Construction of the additional 50ML clear water storage basin will commence in 2025 with the detailed design being completed in 2024.</p>
Warragul and Neerim South UV treatment upgrades at water treatment plants	<p>Ahead of the Victorian Government’s plan to open Tarago Reservoir to recreational angling and boating, we’re upgrading the water treatment plants at both Warragul and Neerim South.</p> <p>UV disinfection will be installed across both treatment plants. This is an additional treatment process to ensure customers supplied with water from the Tarago Reservoir continue to receive safe drinking water once the reservoir is open for public recreation.</p> <p>This project will be a combined spend of approximately \$4 million, with funding from the Victorian Government. Early planning for this project commenced in 2022 and is expected to be delivered in 2025.</p>

Part 2: Delivering on our Minister's expectations

Customer and community outcomes

Community consultation and engagement

This year we built on the momentum gained through our 2023-28 Price Submission engagement and continued planning for engagement with our customers, community and stakeholders on key projects and promises.

We continuously worked to remain a customer-centric organisation and hear what priorities were important to our customers.

Our Customer Reference Group provided views on engagement for new initiatives including infrastructure projects, customer facing technology, Traditional Owner projects, Customer Outcomes Reporting and our Climate Change Strategy.

Our Customer Sounding Board is a group of customers and community members who share their views to help guide our decision-making. This group has 466 members. This year, they gave feedback on our performance and customer priorities through our biannual Customer Outcomes Surveys and Community Report.

We also heard from our customers through our annual customer satisfaction survey. While results were mostly consistent with previous years, we had statistically significant improvements in two of the main areas we measure: customer trust and value for money.

We shared the results of our early engagement activities into the possibility of making land available at Dutson Downs for a windfarm. Most people we engaged with supported the idea, including about half of the community members living within 25 kilometres of Dutson Downs. Our next step is to investigate if a wind farm in Dutson Downs is financially viable. We expect to report back on this in 2024-25.

We launched our new website in October 2023. Prior to going live, we reviewed and improved our web content to ensure it's easy to understand, relevant, accessible, and current. The new website is easier for customers to use and find the information they need. It's our primary communications tool with all our communications channels linking back to it.

The audience for our community newsletter has grown over the past year. This opt-in update, sent monthly by email and includes updates on our projects and activities, useful tips, and opportunities for feedback.

We continued to issue our customer newsletter, which is sent with every customer bill. This newsletter gives customers information like what help is available if they're having trouble paying their bills, switching to digital billing, registering for SMS notifications, and updates on major projects. It's another way we engage with customers on current issues and plans.

Sponsorship

This year we continued to invest in our local communities through in-kind and financial sponsorships.

A priority for the program involved partnering with local councils to install drinking water fountains to increase access to tap water in Gippsland. This year, we donated five drinking water fountains to

be installed in Rawson, Warragul, Stratford, Maffra and Heyfield.

We provided in-kind support through supplying our branded water bottles to a range of community groups for local events including the Headspace Rainbow family BBQ, Gippsland Pride Initiative pool party events, Sale Junior Football Netball Club, Old Gipps town 50-year anniversary, the Traralgon Mother's Day Classic fun-run, and Lifeline.

We began trialing a new charity water bottle partner initiative as part of our sponsorship offering. The initiative raises funds for local charities by donating 100 per cent of funds raised from selling high quality reusable water bottles at community events. This year, we supported Gippsland Emergency Relief Fund (GERF).


Our drinking water trailer and portable water fountains were well-used by community groups for events including the Sale music festival, Sale show, Heyfield timber festival, ANZAC weekend Airshow, Boolarra Folk Festival, Morwell International Rose Garden Festival, Traralgon community Christmas carols, and Mid Gippsland Football Netball League finals.

Financial sponsorship was provided to Morwell Neighbourhood House, including through the People's Kitchen, Gippsland United Football Club, Traralgon Rotary Club, Baw Baw Latrobe Local Learning and Employment Network (LLEN), Community College Gippsland and the Gippsland New Energy Conference.

Community education

This year, we launched four educational campaigns as part of our community investment program. The campaigns were:

- Customer Care – promoting the support available for people to pay their bills.
- Drink Gippy Tap – to promote health and wellbeing in our community.



- Caretakers for Tomorrow – to promote Healthy Country, environmental initiatives, and our role in planning for the future.



- Reduce your use – encouraging water conservation.

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

Face-to-face school educational sessions were held with 1,872 participants from 33 schools and kindergartens. Site tours were conducted for secondary, TAFE and university students with a total of 44 participants.

Our sessions for students focus on topics including the natural and urban water cycle, water and wastewater treatment, water efficient behaviours and water for health, with a strong emphasis on sustainability. Key messages from our community education campaigns were integrated into these sessions. Teachers praised our important and age-appropriate messages that supported learning linked to the Victorian curriculum.

Our National Water Week poster competition was held from July to September 2023, with hundreds of local students from primary schools, kindergartens and early learning centres across our service area taking part.

We also conducted site tours and presentations for industry and community groups including the Latrobe Valley Authority, Maryvale Probus, and our Customer Reference Group.

Water quality complaints and billing issues

Please see 'Customer Responsiveness Performance Indicators report for the year ended 30 June 2024 (page 84) for details.

Water for Aboriginal cultural, spiritual, and economic values

Water for Traditional Owners

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

We remain committed to working collaboratively to achieve our mutual goals and continue to partner with Traditional Owners through the Gunaikurnai Land and Water Aboriginal Corporation (GLaWAC) and Gippsland Environmental Agencies (GEA) partnership agreement, Latrobe City Brayakaulung Advisory Committee and Federation University Aboriginal Education Centre.

Through these collaborations we have donated a fire pit featuring traditional art in support of Kurnai College's Reconciliation Action Plan working group, and commenced our Moondarra On-Country project phase one which includes installation of a gathering place incorporating traditional design features in collaboration with Traditional Owners.

Our Aboriginal Inclusion Plan aligns to the Water is Life Roadmap and continues to be implemented. Our Inclusion Plan also recognises the aspirations GLaWAC identified in their Water is Life Nation Statement to become part of the water economy. We've made meaningful progress reviewing the Merriman Creek bulk water entitlement. We're committed to realising this objective as well as projects identified in the Central and Gippsland Sustainable Water Strategy (SWS).

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

We continued to engage with Traditional Owners to identify opportunities to make land and water we manage available for self-determined cultural purposes and in support of community values.

In autumn 2024, we completed the first ecological burn at Dutson Downs since 2012, after five years of detailed planning. This burn was important for the habitat of three threatened species that rely on fire as part of their natural lifecycle. The planning and delivery of this project was a joint

effort by Gippsland Water, GLaWAC, Country Fire Authority and Department of Energy, Environment and Climate Action (DEECA).

This was the first time we involved Traditional Owners in burning operations at our managed sites, incorporating cultural techniques to great success. We're now planning to undertake further burns using the same model.

We've engaged with GLaWAC and the Bunurong Land Council Aboriginal Corporation on cultural values assessments of land we manage to further understand and prioritise access to culturally significant sites.

Local Aboriginal artwork has been applied across a range of digital and physical mediums to promote respect and awareness in everything we do. In partnership with GLaWAC, we have embarked upon a major artwork installation on infrastructure we manage in Stratford. Artwork created by Gunai artist Alice Pepper will feature on a 20-metre-high water tower in a prominent location within the community to further promote Gunaikurnai culture in our community.

These artworks are a visual celebration of our ongoing commitment to working in partnership with the Traditional Custodians of our region.

Delivering reticulated water to Knob Reserve

In December 2023 we completed the delivery of reticulated water to Knob Reserve in partnership with GLaWAC and Knob Reserve Committee of Management.

The installation enhanced the visitor experience and enjoyment of this culturally significant site and features artwork by local artist Robbie Farnham.

During the delivery of the project, we worked collaboratively with GLaWAC to ensure the cultural heritage of the site was protected. This was a significant opportunity for our staff to work closely with Traditional Owners to build trust and cultural competence.

Cultural awareness training

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

The training focuses on:

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

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

Additional cultural awareness training was provided to our employees on a tiered delivery basis and focused on the work that involves greater interaction with Traditional Owner groups. This one-day training workshop was hosted by GLaWAC and delivered a mix of on-country experiences and

a visit to the GLaWAC office in Kalimna West.

In addition, our Healthy Country Lead facilitated an internal induction to brief new employees on our commitment to reconciliation and inclusion.

We continue to deliver a targeted range of initiatives to ensure we educate ourselves and build pride for Traditional Owners and strengthen our cultural awareness across the organisation and community.

Aboriginal employment and business

We remain committed to and have undertaken activities aimed at delivering innovative opportunities and support for local Aboriginal people to gain meaningful long-term careers in Gippsland, supported by dedicated funding.

We've continued to work in consultation with Latrobe City Council's Indigenous Program including preparing job opportunity flyers and working with a local secondary school to seek students for a school-based apprenticeship program.

Our inaugural Indigenous scholarship in partnership with Federation University Gippsland was awarded in 2023-24 which supports a local student with \$3,000 for the three years of their degree and the opportunity to take part in our summer vacation employment program.

We're also supporting Federation University's Aboriginal Education Centre with an access agreement to integrate on Country student excursions to Moondarra into their activity program and have enhanced the visual amenity of this area including provision of a yarning circle for their use.

We also have a standing invitation on our website for Aboriginal and Torres Strait Islander peoples to express an interest in pathways for employment within our organisation.

Creating dedicated opportunities to increase investment in Aboriginal employment and cultural recognition initiatives has been a significant focus, and we were pleased to appoint an Aboriginal candidate to the Healthy Country Officer position. This position was identified under the 'Special measures' Section 12 of the Equal Opportunity Act 2010 (Vic), allowing for Australian Aboriginal and/or Torres Strait Islander people to be eligible to occupy the role.

We engaged the services of both GLaWAC and Bunurong Land Council Aboriginal Corporation (BLCAC) to provide guidance across various cultural initiatives including heritage and values assessments and to host cultural events such as our annual NAIDOC celebration.

In our tender advertisements we promoted Aboriginal enterprise engagement to encourage the employment of Victorian Aboriginals. We included Aboriginal inclusion clauses in tender documentation and templates, consistent with our Social Procurement Plan.

We remain connected with and learn from the Victorian Aboriginal and Torres Strait Islander businesses through Kinaway Chamber of Commerce Victoria Ltd (Kinaway), engaging six local Aboriginal business as suppliers.

Opportunity for comment

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

Resilient and liveable cities and towns

Central and Gippsland Region Sustainable Water Strategy

Released by the Victorian Government in 2022, the Central and Gippsland Region Sustainable Water Strategy (SWS) identified the region's current and emerging water challenges and set a vast range of policies and actions to share water resources fairly and equitably. It considered water availability and how that may change into the future. The SWS specifically addresses water related themes including water security for towns, cities and agriculture and the need for sufficient water to support the health of the environment and rivers. It also ensures Traditional Owners have a greater role in water management and access to a fairer share of water resources for cultural and economic needs.

The SWS enabled us to secure Warragul and Drouin's water supply well into the next decade by facilitating a water entitlement purchase of 3.33GL per-year from Tarago Reservoir. This was completed on 1 July 2023. Importantly, this brought us into the Melbourne supply system, enabling us to participate in another SWS action to deliver reforms to the Melbourne system to provide ongoing water security to connected communities such as our western towns, including greater access to desalinated water in the future.

Together with partners GLaWAC, West Gippsland Catchment Management Authority and Southern Rural Water, we've progressed in collaboratively preparing a project plan for a SWS action to develop a vision and plan for the water future of the Latrobe Valley. This project plan sets the scope and actions for the next two years. The Latrobe Valley's broader water supply system, developed over decades to provide large volumes of high-reliability water for coal-fired electricity generation, as well as other large industrial and town needs, is not ideally configured to meet the range of future demands identified in the SWS. With our region in transition, we have an opportunity to plan a coordinated, staged, and broad-scale system redesign. As one of the most important actions for the Latrobe region, this will develop a collaborative vision and works plan for the region's waterways and infrastructure.

Urban Water Strategy

Our Urban Water Strategy is our plan for ensuring we'll have access to water resources into the future to meet customer demand and provide acceptable supply reliability. It also sets out our plans for ensuring our wastewater treatment systems have the capacity to safely handle sewerage flows into the future and the protection of human and environmental health. The strategy is guided by the policies set out in the SWS. Our strategy was released in 2022 and set 18 actions across our service region. We've made good progress on many of these actions with achievements including:

- Working with Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC), we've provided infrastructure to deliver drinking water to Knob Reserve at Stratford, a place of great cultural significance to the Gunaikurnai community.
- We've secured a 3.33GL per-year water entitlement from the Tarago Reservoir on 1 July 2023 (see 'Key initiatives and projects' on page 8), and
- We've secured approval from Southern Rural Water to progress with drilling a production bore into a deeper and more reliable aquifer at Briagolong and to acquire sufficient groundwater entitlement to improve drought resilience for the Briagolong community. We'll be drilling the production bore in 2024 and we'll be planning for improvements to our water treatment plant to accommodate this new supply and ensure safe and high-quality potable water.

Progress on other Urban Water Strategy actions is detailed in the following sections on Integrated

Water Management and Water Efficiency.

Integrated Water Management

Integrated Water Management (IWM) is a collaborative approach to managing the whole water cycle. While a range of organisations have specific responsibilities for managing the various parts, such as rural water, waterways, stormwater, potable water and wastewater, better overall outcomes can be achieved by working together. Through the Gippsland IWM Forum, we have a formal structure for working collaboratively with West Gippsland Catchment Management Authority, Southern Rural Water, Traditional Owner groups and local government, to identify and deliver better liveability and environmental outcomes for our community and region.

A significant step forward this year for the Gippsland IWM Forum has been jointly funding and recruiting an IWM Coordinator. The coordinator is working out of our Traralgon office and has a primary focus of facilitating greater collaboration. The creation of this shared role is testament to the value placed on IWM by the forum member organisations.

Since commencing in February, the IWM Coordinator has:

- Formed relationships with relevant personnel of the 13 organisations of the IWM Forum.
- Led discussions and investigations with local councils for the implementation of stormwater offsets to improve the treatment of increased stormwater run-off resulting from urban development, and
- Assisted in the scoping of IWM projects including stormwater pollution management at Willow Grove and greening Trafalgar Recreation Reserve.

Water efficiency

In our Urban Water Strategy, we commit to several initiatives aimed at improving water efficiency, both in our networks and at our customers' premises. Our water efficiency activities align with the policies set out in the SWS. We've put in place a business wide approach to reducing water losses, with progress this year on better management of metered hydrants, expanding active leak detection activities, further deployment of automation of leak detection software, and improved life cycle management of water meters.

To support customers with improving water efficiency, we have:

- Recruited 28 schools in our region into the Schools Water Efficiency Program (SWEP) and have actively worked to increase this number in line with ambitious SWS targets.
- Continued to promote and encourage water efficiency initiatives, both locally and in partnership with other water corporations across the state through campaigns that align with the WSAA Water Conservancy and Intelligent Water Networks initiatives.
- Launched our 'reduce your use' campaign last summer encouraging water conservation, which involved website updates and creation of social media and bill insert content for customers on tips for saving water, promotion of the Permanent Water Saving Rules, and promotion of online tools such as a household water use calculator.
- Facilitated the Community Rebate Program, a Victorian Government funded program available for eligible customers registered within the customer support program that allows up to \$1,000 of plumbing work to help reduce water usage in the home, this year assisting 75 households with \$46,620.90 across our service region; and
- Actively promoted DEECA's Water Smart water efficiency program which includes funded water usage monitoring for non-residential customers as well as water efficiency audits. This year we've engaged with a range of non-residential customers who are higher users of treated water. The primary customer cohort in the program are local councils with over 50 sites already signed up. We are also working with other State Government entities, such as

Ambulance Victoria and Country Fire Authority.

Payment management and Customer Support program

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

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

We have seen an increase in the number of customers registered within the Customer Support program with a total of 2,564 being registered compared to 1,900 in the previous year. We have invested in additional customer care resources to ensure our customers receive the help they need.

Our Customer Care team has focused on promoting flexible payment plans. The overall number of customers paying through instalments has increased since the previous year.

We have helped more customers apply for Utility Relief Grants with 1,589 applications approved totalling \$522,818. The comparative figures last year were 1,303 applications approved totalling \$410,953.

Payment plan and Customer Support program summary

The following table outlines customers that utilise payment plans and the customer support program.

	30 June 2024	30 June 2023
Customers on payment plan (excluding customer support)	7,077	6,849
Customer Support program customers on payment plans	1,093	951
Total payment plans	8,170	7,800
Percentage of customers on payment plans	10.80%	10.43%
Customer support program customers	2,564	1,900
Percentage of customer support customers on payment plans	42.62%	50.05%

Community Rebate Program

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

This year we have assisted 75 households with \$46,620.90 of free plumbing works through the Community Rebate Program.

Our water bills

Please see our 'Year in review' (page 77).

Recognising recreational values

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

A bird hide has been constructed and is now open to the community at the Drouin Wastewater Treatment Plant. The facility has experienced high visitation since the official opening in October 2023. In addition, we have continued to provide access for community groups such as the Latrobe Valley Field Naturalists to our sites for bird counting exercises.

Our water storage at Moondarra is not open for water recreation. However, a day visitor barbeque area is maintained at the site for onshore picnics and access continues to be available to some of the land we manage for purposes including bushwalking and general enjoyment.

We're supporting Federation University's Aboriginal Education Centre with an access agreement to integrate on Country student excursions to Moondarra into their activity program and have enhanced the visual amenity of this area including provision of a yarning circle.

We've commenced preparation of a Recreational Assets Plan that applies our Land Use Framework to identify and prioritise further realisation of recreational values from our assets.

We've continued to participate in joint initiatives throughout the year such as DEECA's Sustainable Water Strategy Recreational Working Group, and with Melbourne Water, the Victorian Fishing Authority and DEECA as part of the Tarago Recreation working group to inform how recreation can be considered and managed at Tarago Reservoir. We have also actively contributed to the Gippsland Lakes RAMSAR wetland management plan review working group. RAMSAR is an international treaty for the conservation and sustainable use of wetlands. This working group has focused on enhancing recreational activities across the Gippsland Lakes while also improving waterway health.

Our customers continued to financially contribute towards the maintenance of recreational facilities managed by Southern Rural Water at Blue Rock Lake, Cowwarr Weir and Lake Glenmaggie. Each of these sites attracts visitors from outside of our service region for numerous water-based and picnic activities. We continued to explore opportunities for this arrangement to be reviewed.

Leadership and culture

People matter survey

The Victorian public sector's independent employee opinion survey, People Matter, was undertaken in mid-2023. We had 84% of employees complete the survey, an increase of 15% on 2022 and our highest overall response rate since Gippsland Water has participated. Our participation in this survey provides us with the opportunity to benchmark our work environment and staff wellbeing factors against other comparator (water industry) organisations. It also allows us to capture consistent and comparable trend data, particularly for Gender Equality Act and Diversity & Inclusion reporting purposes.

Overall, our results were excellent and were reflective of the deliberate measures that the leadership group applied following the 2022 survey. Especially around supporting employee wellbeing, connection to strategy, our people feeling connected and finding meaning in their job and manager support.

Results showed that 69% of our employees who responded to the survey were 'engaged', an increase of three per cent on our 2022 result. The survey also highlighted that our top performing results related to 'purpose', our people showing strong understanding of how their work contributes to the organisations goals and how they can use their skills. The results also indicated a positive sentiment that employees are accomplishing something meaningful and valuable to our customers.

Leadership programs

Our people leaders play a significant role in driving our success and ensuring we meet the evolving and diverse needs of our community and customers. We supported our leaders to achieve by providing clear direction and equipping them with the necessary resources and systems, and by investing in their ongoing development.

We have been investing in leaders at all levels with a new leadership development approach for 2024 rolled out. The program is about developing fundamental leadership skills to support our long-term success, delivered through targeted and scaled modules to build leadership capability. Emotional Intelligence and Communication were our first two focus areas with the modules designed and chosen based on their alignment with critical employee survey outcomes and to support our leaders in continually driving positive cultural change and consistency in our employees' experiences.

Our in-house leadership program was once again delivered, with over 70 of our employees having participated. The program pitched at our key people leaders and high potential talent, is designed to equip them with the skills and attributes required to become an effective leader and the ability to lead through times of change. The program also includes a 360-degree feedback opportunity and intensive workshop and coaching sessions.

To complement our programs and to provide our people with a consistent employee experience we also deliver an introductory leadership program. It's focused on ensuring all our people leaders are aligned with our approach to developing a constructive culture. We engage all new people leaders in a targeted leadership onboarding workshop which explores our leadership blueprint, values, and strategic priorities.

Our mentoring program is also well established and tailored to support our commitment to developing our internal talent, in particular the development of self and leadership skills. It also allows us to provide targeted development opportunities from a gender equality perspective.

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

Graduate development program

We've continued to strengthen our graduate development program which has not only supported local graduates to stay within our region but enabled us to secure talented professionals to continue their employment with us post successful completion of the program.

The program is recruited for annually and whilst largely engineering focused to date, from a workforce planning perspective and to build more resilience into our corporate functions we've taken the opportunity to bolster the talent pipeline in these areas.

It provides a supportive environment to assist our graduates to develop into their careers. The program not only includes dedicated mentoring and targeted learning and development opportunities, but also exposure to various areas of the business via a strategically planned rotation arrangement, providing a diverse and engaging experience. At the conclusion of the program, each graduate has had the opportunity to build a solid professional development foundation and business understanding and have acquired meaningful hands-on experience to set them up for a successful career.

Equal opportunity

We actively work to comply with Equal Opportunity legislation, the Victorian Public Sector Code of Conduct, the Disability Act 2006 (Vic), the Gender Equality Act 2020 (Vic) and the Charter of Human Rights and Responsibilities Act 2006 (Vic). Our commitment in this space is evidenced by our People Matter survey results and the extremely positive levels that our employees report towards the Charter of Human Rights and Responsibilities and understanding how it applies to their work.

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

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

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

Our Gender Equality Action Plan (GEAP) 2022-25, in conjunction with other relevant plans and strategies, demonstrates our commitment to driving positive organisational change in relation to gender equality. The plan includes strategies, actions, and measures for our priority focus areas over the next three years, while continuing to advocate for a safe and respectful workplace for all staff.

Employment and development opportunities

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

Our Traineeship program also continues to provide early career pathways within our community, with five trainees engaged in various areas across the business during the reporting period. Our program is designed to provide trainees with valuable experience in a supportive work environment, while working towards the achievement of a nationally recognised qualification.

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

In partnership with Federation University, we also awarded our third round of scholarships to Gippsland-based students studying at Federation University's Gippsland campus. This year we offered three scholarships, with two being awarded to two Gippsland-based women studying engineering or science. The third was awarded to a local Aboriginal student to support their engineering studies. Each scholarship provides \$3000 per year for the first three years of their degree, and the opportunity to gain hands-on industry experience working with us.

Inclusion and diversity

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

Reflective of our significant growth and maturity we have rebranded to the 'Belonging Plan 2024-26'. The revised plan outlines our commitment and a framework for action focused on removing barriers to ensure all our people are enabled to enjoy active and equal participation and opportunities in the workplace.

We have also embedded our Diversity and Inclusion Committee's vision, and have incorporated their slogan, 'Everyone Belongs' which has helped shaped the language of the plan, refreshed our community pillar to be 'Who we are', and developed branding around our events to now be known as 'Gather events'.

The Belonging Plan also maintains connections with the actions contained in our Gender Equality Action Plan 2022-2025 and Aboriginal Inclusion Plan – Managing Country Together 2022-2025, with the diversity targets continuing to be derived from a mix of the VicWater diversity targets and updates based on analysis of the latest available regional data from each of the three Local Government Areas (LGAs) in our service area to better reflect our community.

Our active Diversity & Inclusion Committee coordinated several successful events and educational initiatives including NAIDOC week, LGBTQIA+ events for Wear it Purple and Pride Month, International Women's Day, R U Ok? Day, and promoted several significant cultural dates as we continue to build the organisations capacity. The People Matters survey results also indicated positive increases for employees feeling culturally safe at work and that they can be themselves.

The following table outlines the diversity of our current workforce.

Diversity and inclusion data set	% Target	% Actual progress 2023-24	% Actual progress 2022-23	% Actual progress 2021-22	% Actual progress 2020-21
Women in senior leadership – (Managing Director and General Managers)	40	14	29	28	25
Women in senior leadership – (Board, Managing Director and General Managers)	40	44	50	50	38
Identified disability	6	3	3	2	3
First Nations	1.2	1	1	1	3
CALD (Culturally and Linguistically Diverse)	8	6	6	10	10
Caring responsibilities	35	36	36	42	62.28
Lesbian Gay Bisexual Trans Intersex (LGBTI)	7	5	5	3	3
Workforce flexibility (formal arrangements)	30	26.19	22.7	23.3	21

Workforce data

The following table outlines our gender spread across the organisation.

Gender	30 June 2024						
	All Employees		Ongoing			Fixed Term and Casual	
	Number (Headcount)	FTE	Number (Headcount)	Part-time (Headcount)	FTE	Number (Headcount)	FTE
Women	133	113.7	75	43	102.53	15	11.17
Men	242	230.08	188	2	189.63	52	40.45
Prefer not to say	0	0	0	0	0	0	0

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

	2023-24	2022-23	2021-22	2020-21
Executive employees (including Managing Director)	7	7	7	8
Women	1	2	2	2
% Women	14%	29%	29%	25%
Men	6	5	5	6
% Men	86%	71%	71%	75%
Senior managers	25	22	19	17
Women	5	4	3	3
% Women	20%	18%	16%	18%
Men	20	18	16	14
% Men	80%	82%	84%	82%

Workforce data *continued*

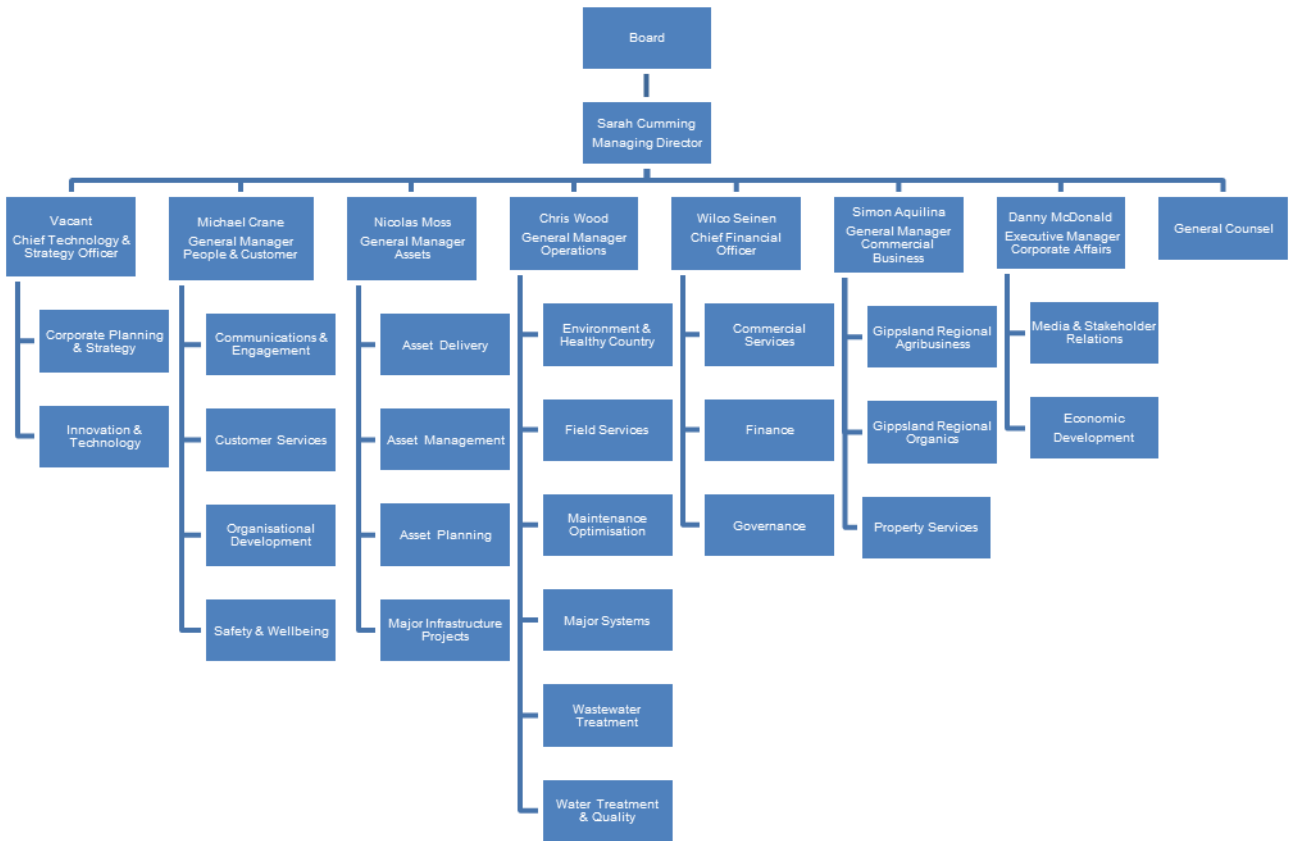
	2023-24	2022-23	2021-22	2020-21
Full time	263	253	228	238
Part time	45	39	34	33
Casual/fixed term	67	40	56	42
Total employees	375	332	318	313
FTE [^]	343.8	315.4	290.2	290.3
Executive	7	6	5	6
Assets	50	41	42	38
Commercial Business	54	52	45	43
Corporate Affairs [#]	4	2	n/a	n/a
Finance and Governance	31	25	23	25
People and Customer	46	46	44	38
Business Transformation	45	40	38	42
Operations	138	120	121	121
Total employees	375	332	318	313
Women	133	120	106	103
% Women	35%	36%	33%	33%
Men	242	212	212	210
% Men	65%	64%	67%	67%

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

Notes:

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

Organisational structure as at 30 June 2024



Health and safety

Building on the strong foundation laid in 2022-23, Gippsland Water's commitment to health, safety, and wellbeing (OH&S) remained a core focus in the 2023-24 year. This year saw significant progress in implementing the OH&S Strategic Roadmap (2022-2025), with a particular emphasis on:

- refining critical safety risks and validating control effectiveness.
- strengthened our commitment to safety leadership at all levels, by fostering a culture of shared responsibility through the Visible Safety Leadership program.

A key initiative was the development of the Internal Assurance Program. This program provides a structured framework for reviewing and verifying the effectiveness of critical safety controls for our high-risk activities. Additionally, a comprehensive review of Gippsland Water's High-Risk Permit to Work systems ensured their continued alignment with best practices.

We developed our Service Contract Safety Performance Dashboard, to better monitor the safety performance across our contractor network. This data-driven approach allows us to identify potential risks early, prioritise interventions, and continuously improve safety outcomes for all personnel involved in Gippsland Water operations.

Occupational Health and Safety management measures

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

Measure	KPI	2023-24	2022-23	2021-22	2020-21	2019-20
Incidents	No. of safety reports (excl. contractors)	366	376	487	623	693
	No. of safety reports (incl. contractors)	408	407	525	690	777
	Rate per 100 FTE (excl. contractors)	106.46	119.21	167.35	214.6	242
Claims	No. of standard claims	0	0	2	3	6
	FTE	343.78	315.40	290.19	290.31	286.38
	Rate per 100 FTE	0	0	0.689	1.03	2.10
	No. of lost time claims	0	0	2	1	5
	Rate per 100 FTE	0	0	0.689	0.34	1.75
	No. of claims exceeding 13 weeks	0	0	2	1	1
	Rate per 100 FTE	0	0	0.689	0.34	0.35
Fatalities	Fatality claims	0	0	0	0	0
Claim costs	Average cost per standard claim	\$126,152.36	\$130,162.00#	\$76,395.00	\$10,777.67	\$4,938.01

Claim costs incurred for the reporting period is reflective of costs incurred for standard claims that occurred during the previous three years up to 31 December 2023.

Financial sustainability

Please see 'Financial sustainability' section (page 82).

Part 3: Our environment and community

Environmental sustainability

Biodiversity and natural asset management

We have several meaningful long-term projects and initiatives supporting the natural assets we manage and enhancing biodiversity across our region. Our involvement includes provision of access to land, historical data and funding critical research on threatened species and lending of resources to partner organisations.

We've continued to work with partners at Zoos Victoria and DEECA on the conservation of the Pookila at our Dutson Downs property which is one of just five populations in Victoria. The program included further trapping, monitoring, and the inclusion of another Pookila from the Dutson Downs population in the Zoos Victoria breeding program. Along with supporting this important research and practical conservation actions, we have continued our involvement in conservation planning for this species with our membership of the Victorian sub-group of the Pookila National Recovery Team.

In February 2024 we commenced support of a research project focusing on the population genetics and future conservation planning for the Wellington Mint-bush. This species is only found at our Dutson Downs property and the nearby Holey Plains State Park. The project is using next-generation genetic sequencing to uncover patterns of breeding and genetic diversity within the species. It aligns directly with conservation actions in the 2023 Action Statement for the Wellington Mint-bush. The project is due to run until November 2025 and is a partnership between the University of New England, DEECA's Nature Fund, Royal Botanic Gardens Victoria, and Parks Victoria.

Sustainable water and biosolids reuse

We have continued our practice of recycling 100% of biosolids produced by our wastewater treatment plants in partnership with Gippsland Regional Organics. Within the past 12 months, 19,940t of biosolids have been combined with green waste and other organic waste products to produce a high-quality compost meeting Australian standards for application in agricultural settings. The process has avoided potential emissions of up to 19,500tCO₂-e from biosolids that would otherwise be directed to landfill.

Beneficial wastewater reuse summary

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

This year, lower inflows at most sites resulted in a 6.53% decrease in the amount of treated wastewater available for reuse. However, due to favourable conditions, the 2023-24 treated wastewater reuse volumes were 28.0% above the long-term average. In Sale, reuse volumes increased by 40%, with an additional 293 ML of water used for irrigation, thanks to suitable rainfall and less saturated soils.

The following table outlines the beneficial wastewater reuse information.

Wastewater Treatment system	Destination of beneficial wastewater reuse	Treated water disposed by Gippsland Water (ML)		Volume reused (ML)		Volume discharged (ML)	
		2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Drouin	Irrigation to pasture or discharge to Shillinglaw Creek	1,182	1,388	85	49	1,097	1,338
Heyfield	Irrigation to pasture or emergency discharge to Back Creek	107	103	107	103	0	0
Maffra	Irrigation to pasture and sporting / playing field. Emergency discharge to Macalister River	240	214	159	214	81	0
Mirboo North	Irrigation to pasture and sporting / playing field	75	102	75	102	0	0
Morwell	Supplement flow to wetlands	701	748	701	748	0	0
Seaspray	Irrigation to pasture	13	22	13	22	0	0
Stratford	Irrigation to pasture	57	245	57	146	0	100
Willow Grove	Irrigation to pasture or emergency discharge to Latrobe River	18	22	18	22	0	0
Neerim South	Discharge to Red Hill Creek	62	68	0	0	62	68
Rawson	Discharge to Coopers Creek	29	30	0	0	29	30
Warragul	Discharge to Hazel Creek	2,013	2,186	0	0	2,013	2,186
Moe	Discharge to Moe River	2,469	2,689	0	0	2,469	2,689
Sale	Irrigation to pasture and diversion to Dutson lagoons	1,017	724	1,017	724	0	0
Total water available for reuse		7,983	8,541	2,232	2,130	5,751	6,410
% reuse of water available for reuse				28.0%	24.9%	72.0%	75.1%

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

Sustainable and resilient water services systems

Please see sections 'Customer and community outcomes' (page 13), 'Resilient and liveable cities and towns' (page 18) and 'Managing our water resources' (page 47). For Sustainable Water Strategies, please see section 'Managing our water resources' (page 47).

Total groundwater

The following table outlines the total groundwater data.

Raw water taken (ML)	2023-24	2022-23	2021-22	2020-21
Briagolong	72	65	64	66
Sale	1,863	1,952	1,808	1,830
Dutson	94	61	78	86
Loch Sport	2	0	0	0
Total	2,031	2,078	1,949	1,982

Other statutory obligations

Department of Health compliance obligation (Water Quality)

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

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

During 2023-24, we notified the Department of Health of five incidents, as is required under Section 22(1)(d) of the SDWA 2003.

- In July 2023, our customers within the Neerim South water supply system experienced discoloured water due to a build-up of iron and manganese sediment within the distribution transfer mains. Higher than average flows were experienced within the system which resuspended the sediment resulting in the discolouration which resulted in several customer complaints. An intensive mains cleaning program was undertaken in response to the complaints received across the whole Neerim South water supply system. The cleaning program significantly improved the water quality supplied to our customers, with no discoloured water complaints received since the cleaning program was completed in October 2023.
- In February 2024, an intense storm system impacted our customers and resulted in the following two notifiable events:

- In the Mirboo North water supply system, a large tree felled by high winds caused a water main break, resulting in a loss of a significant volume of water from the system, which lowered the level in the Mirboo North basin water storage. Response to the water main break was hindered by widespread power outages and roads being blocked by storm debris. The lower water level in the basin resulted in reduced pressure being supplied to customers which resulted in several customer complaints. Water services, including water pressure was restored to all impacted customers.
- Widespread power outages experienced during the storm resulted in a power outage impacting the Morwell water treatment plant and associated pumping infrastructure. The loss of the ability to pump water up to the high-level tower in the Morwell High Level water supply system resulted in a low level of water being held in storage, with our customers experiencing low water pressure which resulted in several customer complaints. Water services, including water pressure was restored to all impacted customers.
- In February 2024, we were informed by the Water Storage Manager of Blue Rock Reservoir (Southern Rural Water) that a vehicle had accidentally entered the reservoir and became submerged. Blue Rock Reservoir supplies water to our customers in Willow Grove and Moe. Due to the risk of potential contaminants from the vehicle, the Department of Health was notified, and a Section 22 notification was submitted as required under the SDWA 2003. Water quality at the Blue Rock Reservoir and Moe water treatment plant was tested during this event and no contamination was detected. The vehicle was recovered without releasing any contaminants.
- In April 2024, another vehicle accidentally entered and submerged in Blue Rock Reservoir. Again, due to the potential risk of contaminants, the Department of Health was informed, and a Section 22 notification was submitted. Water quality tests at the reservoir and Moe water treatment plant showed no contamination, and the vehicle was recovered without releasing any contaminants.

Gippsland Water made three submissions to the Department of Health under the Fluoride Code of Practice 2019 for an interruption to fluoride dosing. Fluoride dosing was interrupted at the Sale, Maffra and Moe water treatment plants due to either chemical supply shortages, equipment faults necessitating repairs, or as part of our system upgrades.

In 2023-24, improvements to our systems were made to ensure our customers' water quality is maintained, including:

- Installation of a new drinking water disinfection site at the Warragul South Water Storage basin to ensure water quality protection.
- Completed the replacement of treated water storage covers and liner at Warragul North and construction and commissioning of the new 25ML treated water storage at Moe water treatment plant.
- Commenced the replacement of treated water storage covers and liner at Sale water treatment plant and liner replacement at Coongulla water treatment plant.
- Purchase and commissioning of new advanced instrumentation at our water treatment plants to help optimise treatment processes and replace ageing equipment.
- Supporting the planned water reticulation renewals program.

- Cleaning of the drinking water reticulation mains in Neerim South, Rawson, Erica and Seaspray townships
- Construction and commissioning of a new treated water storage basin at Moe water treatment plant.
- Replacement of the six filter backwash tanks at the Sale water treatment plant.
- Replacement of the roof at the Traralgon South tank.
- Repairs and improvements to several treated water storages including tanks at Willow Grove, Jumbuk, Thorpdale, Trafalgar East and Jeeralang North sites to maintain and protect water quality.
- Replacement of the Buln Buln treated water storage tank as part of our ongoing asset replacement program.
- Covering the clear water distributor tank at Moe water treatment plant.
- Installation of an ultraviolet secondary disinfection system at the Maffra water treatment plant.

West Gippsland Regional Catchment Strategy and West Gippsland Waterway Strategy

Our partnership and support of catchment-wide research being undertaken by Monash and Melbourne Universities is ongoing. The assessment of nutrient inputs to the Gippsland Lakes has continued throughout 2023-24 as part of the West Gippsland Catchment Management Authority's Lake Wellington Land and Water Management Plan. Data provided to this project has provided us valuable insights into nutrient contributions to the catchments from our treated wastewater discharges and validated our nutrient contribution is immaterial in comparison to broader inputs.

This year, we also commenced a project to manage erosion, run-off, and nutrient inputs to the Tanjil River which is the primary source of water for our Moe and surrounds drinking water supply. This project has involved working closely with private landholders, farmers and DEECA to construct livestock fencing, revegetate and manage approximately one kilometre of riparian land immediately upstream of our river offtake.

Social sustainability

Community service obligations.

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

Value of community service obligation provided	2023-24 \$	2022-23 \$	2021-22 \$	2020-21 \$	2019-20 \$	2018-19 \$
Provision of concessions to pensioners	6,628,481	6,572,684	6,384,618	6,361,899	6,029,345	5,827,257
Rebates paid to not-for-profit organisations under the Water and Sewerage Rebate Scheme	271,955	272,950	291,499	278,762	284,503	328,222
Utility Relief Grant Scheme* payments	522,818	410,953	358,363	216,394	414,948	121,327
Water concession on life support machines – Haemodialysis #	909	751	719	848	670	1,832

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

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

Complaints management – Listening to our customers

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

Feedback indicates that proactive customer engagement performed by our Customer Care team to assist customers requiring financial assistance has been positively received by customers. This year we have seen complaint levels remain relatively stable with a small upward variance on the previous year of 3.4%.

We are committed to resolving our customers' issues in a timely manner. For the reporting period we resolved 96% of complaints within four business days.

Energy and Water Ombudsman Victoria

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

Part 4: Our environmental impact

Climate change

In early 2024, we updated our Climate Change Strategy to reflect our new goal of reaching net zero greenhouse gas emissions by 2030.

Our strategy identifies the risk climate change poses to our service delivery and outlines the actions we are taking to adapt and maintain the services our customers expect.

The updated strategy is available on our website to show our commitment to reducing our impact and adapting to climate change.

One key action is our participation in the sector-wide joint carbon offset procurement program led by VicWater. By partnering with other water corporations, we aim to collectively address fugitive emissions that cannot be avoided.

We have also created a Climate and Biodiversity Lead role to achieve these targets. This role, supported by the Climate Change Steering Committee, will oversee and report on our progress. The committee includes experts from various areas and will ensure that we meet the goals set out in the strategy.

Greenhouse gas emissions

We continue to make significant progress towards achieving 100% renewable energy by 2025 and reaching net zero carbon emissions by 2030. This year, we dipped below our 2025 emissions target of 32,080 tCO₂-e for the first time with emissions for the 2023-24 financial year totalling 29,037 tCO₂-e. This is a decrease of almost 4,000 tonnes (or 12%) of CO₂ equivalent (tCO₂-e) emissions compared to the previous financial year. Reductions have come from all major reporting categories: electricity consumption, wastewater treatment fugitive emissions and fuel combustion.

Electricity emissions

The significant reduction in greenhouse gas emissions produced by our business was assisted by a reduction in the grid electricity emissions factor from 0.85 in 2022-23 to 0.79 in 2023-24, resulting in a 1,476 tCO₂-e reduction alone. In addition to this reduction, continued investment in renewable energy assets and energy efficiency projects resulted in a further reduction of 1,367 tCO₂-e over the 2023-24 financial year.

Total electricity consumption has declined by 6% since last year, with many sites seeing a reduction in annual electricity usage.

With upgrades finished at our Warragul water treatment plant, and the Tanjil raw water pump station we continue to optimise water transfers between the Warragul - Moe water systems using our interconnection pipeline. As a result, Tanjil raw water pump station electricity consumption reduced by 54%.

The commissioning of the Drouin wastewater treatment plant's floating solar array was completed in November 2023. This is the largest commissioned floating solar array in Australia and has reduced the plant's grid energy consumption by 16% in the seven months of operation since commissioning.

Wastewater fugitive emissions

Our fugitive emissions produced from the wastewater treatment process fell by nearly 1,000 tCO₂-e during the previous 12-month period to 6,680 tCO₂-e. This is largely attributable to generally lower influent volumes and nutrient loads in the wastewater we received across most of our wastewater treatment sites.

Fuel combustion

Transport emissions from our vehicle fleet continue to follow a gradual downward trend compared to previous years. This is in part attributed to hybrid working arrangements but also a result of our ongoing commitment to progress towards a zero-emissions vehicle fleet. Our vehicle fleet now includes six electric and 14 hybrid vehicles representing more than 10% of our total fleet and is a net increase of six low or no emissions vehicles on the 2022-23 financial year.

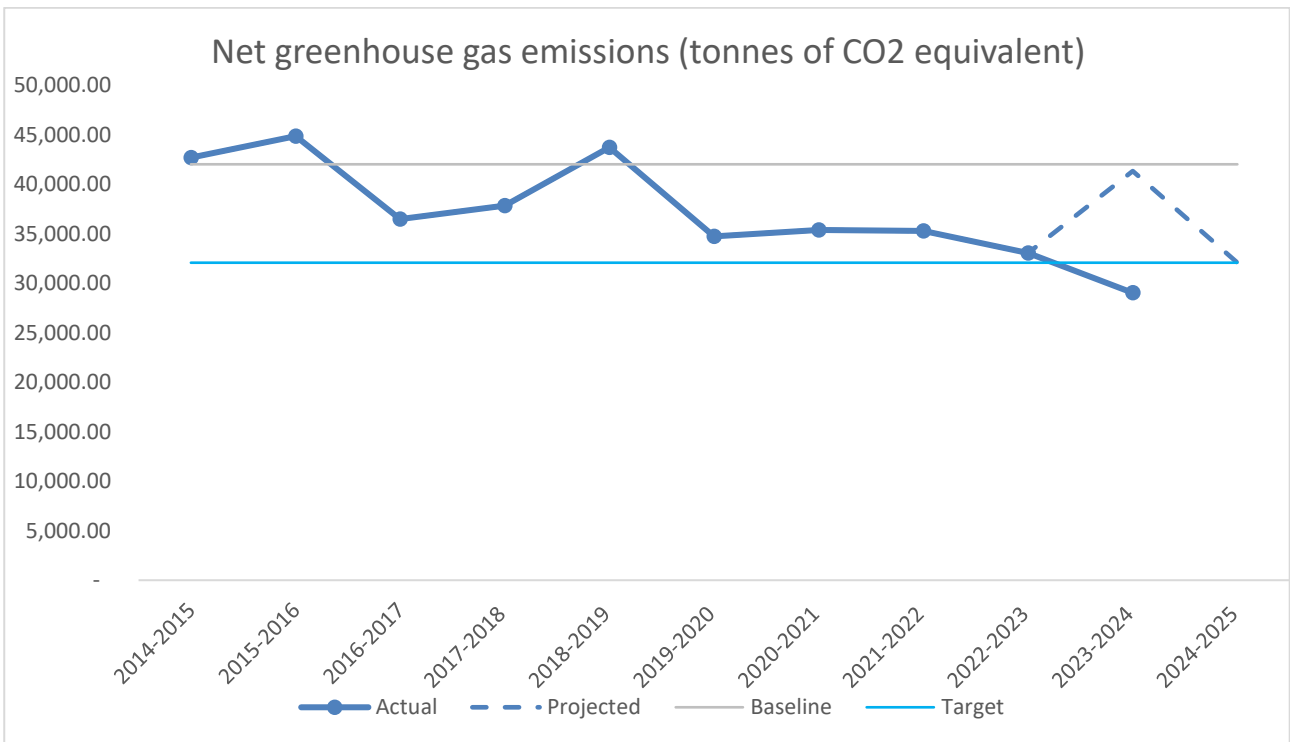
Scope 3 emissions

This year we were in the early stages of gathering data to calculate Scope 3 greenhouse gas emissions from sources indirectly related to our operations. A total of 10 tCO₂-e was emitted from commercial domestic and international flights taken by our employees during 2023-24.

The net Scope 1 and 2 greenhouse gas emissions, expressed as tonnes of CO₂ equivalent (tCO₂-e) are shown below, comparing long term projections with actual results.

Net greenhouse gas emissions (tonnes of CO₂ equivalent)

The following chart outlines greenhouse gas emission trend across a 10-year period and shows we are now below our 2025 target of 32,080 tCO₂-e.



The following table outlines greenhouse gas emissions results.

Performance Indicator	2023-24 projected	Emissions in tonnes CO ₂ -e 2023-24 result			Variance %	Commentary
		Scope 1* emissions	Scope 2** emissions	Total emissions		
Water treatment and supply	8,306	9	6,707	6,716	-19.2	
Sewerage collection, treatment and recycling	20,628	6,726	12,047	18,773	-9.0	
Transport	1,203	1,226	0	1,226	2.0	Overall decrease since 2021-22
Other	2,890	1,640	682.28	2,322	-19.6	
Total net emissions	33,027	9,601	19,436	29,037	-12.0	
Carbon offsets (self-generated) retired (b)	-	-	-	-		
NET EMISSIONS (a-b)	33,027	9,601	19,436	29,037	-12.0	

Service Delivery Category	Scope 1 and 2 Emissions by greenhouse gas (in tonnes and converted to t CO ₂ -e)			
	Carbon dioxide (CO ₂)	Methane (CH ₄)	Nitrous oxide (N ₂ O)	Other
	t CO ₂ -e	t CO ₂ -e	t CO ₂ -e	t CO ₂ -e
Water treatment and supply	9	0	0	-
Sewerage collection, treatment, and recycling	46	4,957	1,721	-
Transport	1,215	0	8	-
Other (office, workshops, depots etc)	903	1	2	-
Total	2,173	4,958	1,731	-

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

Energy consumption

The following table outlines our energy consumption.

Service delivery category	2023-24 Total Electricity Consumption (MWh)	2022-23 Total Electricity Consumption (MWh)	Commentary
Water treatment and supply	8,980	10,203	
Sewerage collection, treatment, and recycling	18,596	20,044	
Other (office, workshops, depots etc)	1,080	931	
Total (by service delivery category)	28,656	31,178	

Electricity source	2023-24 Total Electricity Consumption (MWh)	2022-23 Total Electricity Consumption (MWh)	Commentary
Purchased directly through an electricity retailer	24,603	26,211	
Not directly purchased but sourced from outside the organisation	-	-	
Corporation led/self-sourced activities and initiatives	4,053	4,968	
Total (by electricity source)	28,656	31,178	

Renewable electricity consumption

Renewable energy generation from solar has increased by 15%, thanks in part to the new 350 kW floating solar at Drouin wastewater treatment plant, which was commissioned in November 2023.

We've seen a decline in energy produced from our other renewable sources. With Opal Australia stopping white paper production at Maryvale Mill, Pine Gully has received less incoming water, which has reduced hydroelectric generation energy generation by 83% compared to 2022-23. Energy production from biogas at the Gippsland Water Factory also dropped by 43% due to mechanical issues with the biogas cogeneration facility.

The following table outlines our renewable electricity consumption.

Renewable Electricity Source	2023-24 total on site renewable electricity generation capacity (MW)	23-24 total on site renewable electricity generated (MWh)				23-24 total by source	Commentary
		Renewable (large scale systems)		Renewable (small scale system)			
		Consumed on site	Exported	Consumed on site	Exported		
Biogas	0.660	618.42	0.0	N/A	N/A	618.42	Mechanical Operating Issues
Hydro electric	0.385	228.35	0.0	N/A	N/A	228.35	Australian Paper using less water for production processes
Solar	2.774	4,053	295.32	29.88	1.00	4,379.20	Floating solar at Drouin turned on in November 2023
Wind	N/A	N/A	N/A	N/A	N/A	N/A	
Other renewable	N/A	N/A	N/A	N/A	N/A	N/A	
Total renewable	3.819	4,899.77	295.32	29.88	1.00	5,225.97	

Climate adaptation

Consistent with our revised Climate Change Strategy, we've commenced a significant infrastructure resilience review project to address several of the actions. The project is investigating the specific risks posed by climate change to our critical assets. This includes increased frequency and intensity of bushfires, potential for flashflood events, sea-level rise, and storm-surge.

We're relying on the most contemporary climate forecasts and specific risk-event data to assess these risks on an asset scale. This work will allow us to understand where to best focus our adaptation and resilience effort and develop specific plans to modify or redevelop assets that are most at risk of being negatively impacted by climate change.

Part 5: Supporting our local economy

Major customer consumption

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

Volumetric range – ML per year	No. of customers
Equal to or greater than 50ML and less than 100ML	1
Equal to or greater than 100ML and less than 200ML	2
Equal to or greater than 200ML and less than 300ML	2
Equal to or greater than 300ML and less than 400ML	1
Equal to or greater than 400ML and less than 500ML	0
Equal to or greater than 500ML and less than 750ML	0
Equal to or greater than 750ML and less than 1,000ML	1
Greater than 1,000ML	3
Total no. of customers	10

Major customers and their participation in water efficiency programs

Customer	Participation in water efficiency program (Y/N)	Water Management Plan Developed (Y/N)
AGL Loy Yang Pty Ltd (Traralgon)	Yes	Yes
Alinta Loy Yang B (Traralgon)	Yes	No
Opal Paper Australia Pty Ltd (Maryvale)	No Response	No Response
Energy Australia Yallourn Pty Ltd	No	No
ENGIE Australia (Hazelwood)	No	No
Darnum Park Pty Ltd – Fonterra	Yes	Yes
GEO Group (Fulham)	Yes	No
Bega – Dairy and Drinks Pty Ltd (Morwell)	Yes	No
PureHarvest (Drouin)	Yes	Yes
Department of Defence (Sale)	Yes	Yes

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

Major Customer impacts

During 2023-24, we continued to manage the impacts from changes in operations of two of Gippsland Water's larger customers.

Opal Australia stopped white paper production at its Maryvale Mill and Saputo ceased operations at its Maffra plant.

Both changes have significantly reduced the volume of water we supply and will continue to affect our revenue from these customers.

This year, no other major customers have changed or ceased operations. However, several other major customers have confirmed plans for future closures or reductions in operations.

We're working with these customers, local communities, and State Government departments to address these impacts. We are also exploring new business development opportunities to make the most of our water resources and maintain business sustainability.

Social procurement strategy

In line with our commitment to social responsibility our robust social procurement strategy is designed to drive positive change and foster inclusive growth within the communities we serve. At Gippsland Water, our social procurement strategy is harmonised with the guidelines set by the Victorian Government's Social Procurement Framework. Our commitment to these principles is steadfast, clearly outlined in all our procurement communications, ensuring transparency and accountability in our practices. Our market tenders incorporate weighted criteria aimed at fostering social and sustainable outcomes across key priorities, such as creating opportunities for Victorian Aboriginal communities, promoting gender equality and safety for women, facilitating opportunities for disadvantaged Victorians, and promoting environmentally sustainable outputs.

Our approach to social procurement is anchored in the belief that every procurement decision presents an opportunity to make a meaningful difference. We have refined our strategy to not only prioritise value for money but also to actively seek out suppliers who share our dedication to social and environmental sustainability.

At the core of our strategy is a focus on collaboration and partnership. We recognise that by working together with local businesses, social enterprises, and community organisations, we can create a ripple effect of positive impact that extends far beyond our organisation.

Our social procurement objectives are clear and comprehensive, encompassing sustainable development, opportunities for disadvantaged individuals, support for persons with disabilities, and the promotion of Aboriginal employment. By embedding these objectives into our procurement processes, we are not only delivering value for our organisation but also driving positive social change at the grassroots level.

We remain committed to advancing our social procurement agenda, continually seeking out new opportunities for collaboration and innovation. Together, with our partners and stakeholders, we will continue to make strides towards a more equitable and sustainable future for all.

Local Jobs First projects 2023-24

We take pride in fostering economic growth and sustainability within our region, aligning with the provisions outlined in the Local Jobs First Act 2003. Throughout the reporting period, 13 contracts were structured to accommodate the objectives of the Local Jobs First initiative. As a result, over 550 local small and medium enterprises were afforded opportunities to participate in these projects, thus contributing to our collective economic advancement.

Strategic projects

No projects exceeded the \$50 million budget threshold, and none of the projects designated as strategic by the Minister for Water were started or completed during the financial year 2023-24.

Major Project Skills Guarantee

There were no Major Project Skills Guarantee projects in progress or undertaken during 2023-24.

Standard projects

Throughout the financial year 2023-24, we proudly engaged in 13 projects that actively embraced the principles of the standard projects, yielding significant benefits for our society. These initiatives served as powerful engines of economic growth by stimulating local economies, fostering job creation, and attracting vital investment within our communities. By forging partnerships between local industries and major projects, we nurtured regional development, bolstering self-sufficiency and reducing dependency on external resources. Through dedicated skill enhancement programs, we empowered our workforce, equipping them with the tools and expertise needed to thrive in competitive markets.

Moreover, our collaborative efforts sparked innovation, resulting in the creation of cutting-edge technologies and solutions that drive progress across various sectors.

Our commitment to sustainability ensured that these projects were executed responsibly, minimising environmental impact, and ensuring priority on the wellbeing of our communities.

Part 6: Managing our water resources

Bulk water entitlement reporting

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

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Boolarra ¹	Walkleys and O'Gradys Creeks	145	0	Approval, amendment and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program not required as no diversions are taking place.
CGRWA - Blue Rock ²	Tanjil River	20,000	2,880 (1,113)	<ul style="list-style-type: none"> Location and volume of water taken pursuant to clause 10: None Implementation of programs under sub-clause 12.3 (Metering): Implemented The Bulk Entitlement for Blue Rock is extracted from 3 points. <ul style="list-style-type: none"> Specified Point A is extracted directly from the reservoir. Specified Point B is extracted from the Tanjil River pump station. Specified Point C is extracted from the Latrobe River pump station. Specified point A - Blue Rock Headworks Outlet (supply to Moondarra Reservoir and Willow Grove WTP): 2023-24 Total = 44.9 ML; 3 yr rolling avg.: = 720.6 ML. Specified point B - Tanjil River Pump Station: 2023-24 Total = 1,067.8 ML; 3 yr rolling avg.: = 2,159.5 ML. Specified point C - Latrobe River Pump Station: 2023-24 Total = 0.0 ML; 3 yr rolling avg.: = 0.0 ML.
Erica-Rawson	Trigger Creek	340	75	Approval, amendment, and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program implemented.
Greater Yarra System – Thomson River Pool	Tarago Reservoir	3,330	330	<ul style="list-style-type: none"> Carryover at 1 July 2023 = 0.0 ML Net carryover at 1 July 2024 = 2,616.4 ML Approval, amendment, and implementation of metering program: Approved

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Mirboo North	Little Morwell River (North Arm)	270	174	Approval, amendment, and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program implemented.
Moe - Narracan Creek	Narracan Creek	3,884	3,078	Approval, amendment, and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program implemented. Applications under clause 8 (Making Allowances): <ul style="list-style-type: none"> Nil.
Moondarra ³	Tyers River	62,000	50,283 (48,678)	Diversion at Tyers River pump station for 2023-24 = 0.0 ML. Approval, amendment, and implementation of programs under clauses 12 (Environmental Program) & 13 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program implemented.
Noojee ⁴	Deep Creek / Loch River	73	0	Approval, amendment, and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program not required as no diversions are taking place.
Seaspray	Merriman Creek	133	27	Approval, amendment, and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program implemented.
Tarago	Tarago River	4,825	4,173	Approval, amendment, and implementation of programs under clauses 11 (Environmental Program) & 13 (Metering Program): <ul style="list-style-type: none"> Environmental program implemented. Metering program implemented. Pederson Weir/Westernport Pipeline diversions 2023-24: 3,965.0 ML of 4,070 ML entitlement. Labertouche Creek diversions 2023-24: 0 ML of 480 ML entitlement. Tarago Reservoir (Neerim Sth) diversions 2023-24: 207.8 ML of 275 ML entitlement.

Bulk entitlement	Source of supply	Bulk entitlement volume (ML)	Raw water volume taken (ML)	Reporting requirements in accordance with bulk entitlement clauses
Thomson-Macalister	Thomson River / Macalister River	2,335	1,020	Credits granted under clause 11: None Approval, amendment, and implementation of programs under clause 12 (Metering Program): Implemented Clause 13.1 (b) Extraction at Maffra Weir: 766.8 ML Extraction at Thomson River at Heyfield: 253.6 ML Extraction at Lake Glenmaggie: 0 ML Extraction at Main Southern Channel: 0 ML Extraction at Cowwarr Weir: 0 ML Clause 13.1 (d) Annual amount and location of water taken at any other works of the corporation = 0 ML. Clause 13.1 (g) Period and degree of restriction of supplies of annual entitlement: 1/7/2023 - 30/6/2024: 100% allocation
Thorpdale ⁵	Easterbrook Creek	80	0	Approval, amendment, and implementation of programs under clauses 9 (Environmental Program) & 10 (Metering Program): <ul style="list-style-type: none"> • Environmental program implemented. • Metering no longer required from September 2015 as supply not being used.

¹ Boolarra Bulk Entitlement not currently utilised

² Bulk Entitlement volume calculated as three-year rolling average (figure in brackets is volume for 2023-24)

³ Bulk Entitlement volume calculated as two-year rolling average (figure in brackets is volume for 2023-24)

⁴ Noojee Bulk Entitlement not currently utilised

⁵ Thorpdale Bulk Entitlement not currently utilised

General reporting requirements

Additional information on our bulk water entitlements:

Temporary or permanent transfer of authority entitlements and licences	We have ongoing arrangements with third party irrigators for temporary transfer of groundwater from the Sale groundwater licence. In 2023-24 a total of 430 ML was transferred.
Temporary or permanent transfers of licences or entitlements to authority	Transfer of 3,330 ML/y bulk entitlement from Yarra Valley Water to form Bulk Entitlement (Greater Yarra System – Thomson River Pool – Gippsland Water) Order 2023.
Amendments to bulk entitlements and licences	No amendments to bulk entitlements or licences in 2023-24.
New bulk entitlements and licences	No new bulk entitlements or licences in 2023-24.
Failure by authority to comply with provisions of bulk entitlements	No failure to comply with provisions of bulk entitlements in 2023-24.
Difficulties experienced in complying with entitlement and remedial actions	No difficulties experienced in complying with entitlements and no remedial actions in 2023-24.

Water use and drought preparedness

Residential daily drinking water consumption

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

Month	L/person/day 2023-24	L/person/day 2022-23	L/person/day 2021-22	L/person/day 2020-21
July	193	201	192	207
August	142	147	147	153
September	171	170	173	185
October	144	136	140	150
November	213	211	197	216
December	143	132	158	170
January	175	186	191	215
February	174	191	185	220
March	232	243	249	240
April	200	196	197	208
May	200	191	186	200
June	168	167	155	171

Annual water consumption

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

Supply System	Residential		Non-residential		Major industry	Metered hydrant	Non-revenue ⁶	Total supplied	Five-year average annual demand	Consumption variation
	Billed Connections ³	Billed Volume ⁵ (ML)	Billed Connections ³	Billed Volume ⁵ (ML)	Billed Volume ⁴ (ML)	Volume (ML)	(ML)	(ML)	(ML)	
Briagolong	377	49.3	23	5.9	0.0	0.6	14.3	70.0	65.4	7%
Erica-Rawson	320	34.6	45	17.3	0.0	0.0	19.8	71.7	64.7	11%
Heyfield – Coongulla	1,402	171.1	114	57.6	0.0	8.1	14.9	251.7	253.6	-1%
Maffra	3,630	547.9	315	76.2	14.3	17.2	78.4	734.0	981.5	-25%
Mirboo North	776	102.6	86	25.2	0.0	0.2	34.8	162.8	169.7	-4%
Moe-Warragul¹	29,313	4,210.0	2,262	789.5	1,992.5	54.5	1,166.3	8,212.8	7,975.5	3%
Moondarra²	27,402	4,406.6	2,541	795.2	41,257.1	2.0	2,217.0	48,678.0	43,081.8	13%
Neerim South	801	143.3	65	27.4	0.0	0.0	21.8	192.6	183.3	5%
Sale	7,615	1,142.0	911	296.5	235.9	6.1	102.6	1,783.0	1,833.3	-3%
Seaspray	373	22.6	10	5.6	0.0	0.0	3.0	31.2	33.9	-8%
Willow Grove	184	34.3	12	2.1	0.0	0.4	7.3	44.0	46.2	-5%
Total	72,193	10,864.3	6,384	2,098.5	43,499.8	89.1	3,680.2	60,231.8	54,688.9	10%

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

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

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

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

⁵ Treated water only.

⁶ Includes raw water losses in the Moondarra System.

Essential Services Commission (ESC) non-revenue water summary

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

Non-revenue water (ML) total	2,317.0
Infrastructure Leakage Index (ILI)	1.23
Real water losses (kL/connection/day)	0.078
Real water losses (kL/km/day)	3.20
Target:	12.0%
Result:	14.4%

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

Alternative water sources (non-potable)

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

Town/system	Annual total (ML)	Use
Drouin	85.4	Agriculture
	0.0	Recreation
Heyfield	107.4	Agriculture
Maffra	158.8	Agriculture
Maryvale	0.0	Industry
Mirboo North	50.2	Agriculture
	25.0	Recreation
Morwell	701.0	Wetlands Irrigation
Sale	1,017.2	Agriculture
Seaspray	12.9	Agriculture
Stratford	56.5	Agriculture
Willow Grove	18.3	Agriculture
Total	2,232.7	

Our drought response

After three consecutive years in which a La Niña occurred, 2023-24 marked a significant shift with an El Niño forming in September 2023, along with a positive Indian Ocean Dipole (IOD) occurrence. These events, forming in the Pacific and Indian oceans respectively, both have the effect of increasing the likelihood of our region experiencing hotter and drier conditions in particularly spring but also into summer.

While several major international meteorological offices made earlier El Niño declarations, Australia's Bureau of Meteorology appeared to take a more precautionary and considered approach, waiting for a clear indication of commencement of the coupling of ocean and atmosphere that is required for an El Niño to strengthen and sustain.

Due to very dry conditions from July to September 2023, the emerging El Niño and a long-range forecast of ongoing dry conditions we were expecting a hot, dry summer ahead. However, October to January was the opposite with above average rainfall.

While forecasts are never guarantees, especially long-range ones, the Bureau of Meteorology has discussed in their climate updates some of the reasons that may be behind the significant deviation between the strong dry forecast and what happened in late spring and summer. The 2023-24 year was characterized by a global pattern of high sea surface temperatures, with El Niño and IOD in part determined by characteristic sea surface temperature patterns. This background of abnormal high temperature is thought to have had an adverse impact on the reliability of forecasts.

The impact of a persistently positive Southern Annular Mode (SAM) is also thought to have been a dominant weather driver during the latter part of spring and much of summer, potentially overwhelming the drying influence of El Niño. SAM is more difficult to predict far ahead and is also more likely to be positive in summer during a La Niña. Positive SAM in summer brings more easterly wind to our region, and when coupled with a warm ocean, more rain.

While February and March 2024 marked a return to dry conditions, including some hot weather periods, our water resources which had benefited from the preceding months, proved resilient and we did not need to put in place any measures from our Drought Response Plan.

Corporate water consumption

During 2023-24 our water consumption at the Traralgon head office at 55 Hazelwood Road was 2,440kL.

Corporate Water	Total full-time equivalent (FTE) employees	Office space (m ²)	Water consumption (kL)	kL/FTE	Water consumption by office space (kL/m ²)
2023-24	235.66	3,335	2,440	10.35	0.73
2022-23	254.00	3,335	2,161	8.51	0.65
2021-22	226.00	3,335	1,231 [#]	5.45	0.37
2020-21	225.05	3,335	1,485 [†]	6.60	0.45

[†] Back flow prevention device installed 23 January 2021.

[#] Consumption impacted by work from home model during pandemic period

Part 7: Governance

Our Board

Therese Ryan (Chair) (Until 30 September 2023)

LLB, GAICD

Appointed October 2015.
Current term expires
September 2023.

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

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

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

Tom Mollenkopf, AO (Chair) (From 1 October 2023)

B Juris, LL.B, MBA, FAICD

Appointed October 2023
Current term expires
September 2027

Tom Mollenkopf is an independent advisor on policy, strategy, and governance. He is President of the International Water Association and a Senior Associate with the Aither consultancy. Over recent years he has advised government, NGO and private sector clients in Australia and globally. He is passionate about sound evidence-based decision making, and the role of informed and respectful conversations in good policy.

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

He is a Non-Executive Director of Peninsula Leisure, Deputy Chair of the Victorian Sustainability Fund Committee and a member Australian Water Partnership Expert Review Panel.

In January 2023, Tom was appointed an Officer in the Order of Australia, in recognition of his distinguished service to business, particularly through the essential services industry, and to the community.

Sarah Cumming (Managing Director)

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

Sarah has been Managing Director of Gippsland Water since April 2017 and is an experienced litigation lawyer and business leader.

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

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

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

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

Greg Hade (Deputy Chair) (Until 30 September 2023)

B.Bus, CPA, GAICD

Appointed October 2015.
Current term expires
September 2023.

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

Jane Oakley (Until 30 September 2023)

DipCompSys
GCertLeadership, GAICD

Appointed October 2015.
Current term expires
September 2023.

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

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

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

Jo Benvenuti

HDipTeach (Secondary),
GDipPubPolicy

Appointed October 2015.
Current term expires
September 2025.

Jo is a strategic thinker and industry leader with extensive experience in energy and water policy, customer welfare and engagement.

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

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

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

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

Christopher Badger

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

Appointed October 2017.
Current term expires
September 2025.

Christopher is a private management consultant, mentor and coach who was previously an Associate Director of Madison Cross Advisory Consultants where he led the Utilities/Energy Business. He has extensive board and senior executive experience in the Electricity, Gas, Telecoms, Water and Waste Industries.

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

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

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

Katrina Lai

BA/LLB(Hons), MBA, GAICD

Appointed October 2019.
Current term expires
September 2027

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

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

Felix Ohle

BEc, BBA, GAICD

Appointed October 2021.
Current term expires
September 2025.

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

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

Felix is currently the Head of Supply Chain for one of the divisions at Coles Group, one of Australia's major retailers. He is also a Non-Executive Director with a not-for-profit organisation in the early learning sector and President of the German Saturday School in Melbourne.

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

Penny Hutchinson

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

Appointed October 2021.
Current term expires
September 2025.

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

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

Penny is a Graduate of the Institute of Company Directors, a Fellow of the Institute of Chartered Accountants in Australia and has a master's degree in public policy and management from the University of Melbourne. She also has a Music Performance Diploma of the Australian Music Examinations Board, and an Honours degree in German and Music from the University of London.

Shara Teo

LLB, BA

Appointed October 2021.
Current term expires
September 2025.

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

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

Jenny Selway (From 1 October 2023)

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

Appointed October 2023
Current term expires
September 2027

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

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

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

Katie Wyatt (From 1 October 2023)

BCom, GAICD

Appointed October 2023
Current term expires
September 2027

Katie is a proud Noongar Yamatje woman from Whadjuk Noongar country. With over 20 years of leadership and business experience in various sectors, Katie believes in the power and responsibility of business to support social change. Her unique career has provided her with technical, strategic, and multi-sector expertise in driving growth and performance at the organisational and board level.

Currently Head of Culture and Inclusion in one of Australia's largest employers, Coles Group, Katie has led a multi-year strategy and initiatives to build an inclusive and diverse environment. In her leadership she has seen Coles achieve gender balance in leadership, Gold employer status in the Australian Workplace Equality Index for LGBTQI+ inclusion and top 3 ranking in the Access and Inclusion Index. She also serves as a Director on the boards of the Reece Group Foundation and Aboriginal Hostels Limited (AHL), and mentors diverse up-and-coming board directors.

Our Executive Leadership Team

Sarah Cumming (Managing Director)

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

See Sarah's profile under Our Board.

Chris Wood, General Manager Operations

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

Chris is passionate for the management and leadership of the organisation's operational areas from catchment to environment from 30 years' experience in both the private and public sector extending across the water, power and technical services, environmental and public health fields. Chris is responsible for all operational service delivery from bulk water and waste transfer systems, water and wastewater treatment, potable water distribution, sewer reticulation, service contract and operational capital delivery, environment, and healthy country to ensure reliable, efficient and effective outcomes for our customers, community, and the environment.

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

Melissa Thek, General Manager Business Transformation (Until March 5, 2024)

B.Bus (Mgt and Marketing),
MProject Management

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

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

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

Michael Crane, General Manager People and Customer

B.Bus (Human Resources
and Marketing)

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

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

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

Simon Aquilina, General Manager Commercial Business

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

Simon is responsible for leading the commercial and operational management of our Gippsland Regional Agribusiness, Gippsland Regional Organics, and Property Services streams. The focus is to achieve the required safety, financial, business, and environmental outcomes, whilst enhancing the customer experiences, meeting their product expectations, and enabling and supporting regional growth. Simon has a broad background with experience in both the private and public sector, which has focused on product quality, operational efficiency, economic viability, and customer satisfaction. His experiences range from the power industry, laboratory, chemical manufacture, and for the past 16 years, in the water industry.

Nicolas Moss, General Manager Assets

B.Eng (Mechanical) (Hons)

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

Nic is responsible for strategic asset management, asset and project planning, and major capital projects that result in sustainable asset operation, performance, replacement, and augmentation. This portfolio also includes electrical and energy solutions, and water resources. He has experience in both the private and public sector in operations and maintenance, asset management, production, and major capital projects.

Wilco Seinen, Chief Financial Officer

MSc (Business Administration), EMFC, CPA

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

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

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

Safety, Health and Environment (SHE) Board Committee

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

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

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

Audit and Risk Committee

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

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

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

- Katrina Lai (Chair)
- Tom Mollenkopf AO
- Christopher Badger
- Jenny Selway

People and Culture Committee

The role of the People and Culture Committee is to assist the Board in fulfilling its responsibilities and ensuring appropriate oversight of:

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

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

- Penelope Hutchinson (Chair)
- Tom Mollenkopf AO
- Jo Benvenuti

- Shara Teo
- Katie Wyatt

Infrastructure and Assets Committee

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

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

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

- Penelope Hutchinson (Chair)
- Christopher Badger
- Katrina Lai
- Felix Ohle
- Jenny Selway

Director attendance at Board and Committee meetings

Director	Board Meetings ¹		Safety, Health and Environment Committee		Audit and Risk Committee		People and Culture Committee		Infrastructure and Assets Committee	
	Eligible	Attendance	Eligible	Attendance	Eligible	Attendance	Eligible	Attendance	Eligible	Attendance
Tom Mollenkopf	5	5	0	2	3	3	1	1	0	3
Therese Ryan	1	1	0	1	0	1	1	1	0	0
Greg Hade	1	0	0	0	0	1	0	0	0	0
Christopher Badger	6	6	0	0	4	3	0	0	3	3
Jo Benvenuti	6	6	3	3	0	1	2	2	0	0
Sarah Cumming	6	5 ¹	0	3	0	3	0	2	0	3
Penelope Hutchinson	6	4	0	0	1	1	2	2	3	3
Katrina Lai	6	6	0	0	4	4	0	0	3	3
Jane Oakley	1	1	0	0	1	1	0	0	0	0
Felix Ohle	6	5	3	3	0	1	0	0	3	3
Jenny Selway	5	5	0	0	3	3	0	0	2	2
Shara Teo	6	6	3	3	0	1	2	2	0	0
Katie Wyatt	5	5	2	2	0	0	1	1	0	0

Note: 1. Managing Director, Sarah Cumming an apology, with Acting Managing Director in attendance and not included

Consultant services

In 2023-24, there were 41 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2023-24 in relation to these consultancies was \$129,473.58 (excl. GST).

In 2023-24 there were 28 consultancies where the total fees payable to the consultant were \$10,000 or greater. The total expenditure incurred during 2023-24 in relation to these consultancies was \$1,558,617.71 (excl. GST). Details of individual consultancies (valued at \$10,000 or greater) are noted in the table below.

Consultant	Purpose of Consultancy	Start Date	End Date	\$ thousand		
				Total Approved	Expenditure 2023-24	Future Expenditure
RUSSELL KENNEDY SOLICITORS	Environmental monitoring and investigations	1 July	30 June	356.8	356.8	-
GHD PTY LTD	Gap analysis and program development and dewatering building condition assessment	1 July	30 June	227.8	227.8	-
TRENACK	Watermain upgrade program	1 July	30 June	160.0	160.0	-
ARINCO (VIC) PTY LTD	IT cloud software	1 July	30 June	103.2	103.2	-
EMPOSO PTY LTD	Artificial intelligence consulting and enterprise system requirements review	1 July	30 June	80.3	80.3	-
VERTERRA ECOLOGICAL ENGINEERING PTY LTD	Carbon offset report stage 1 and 2	1 July	30 June	62.5	62.5	-
UTILITIES REGULATION ADVISORY	Price submission advice	1 July	30 June	61.6	61.6	-
CDM SMITH AUSTRALIA PTY LTD	Environmental monitoring and investigations	1 July	30 June	49.8	49.8	-

Consultant	Purpose of Consultancy	Start Date	End Date	\$ thousand		
				Total Approved	Expenditure 2023-24	Future Expenditure
PROCUREMENT AUSTRALASIA LTD.	Procurement business case development and delivery	1 July	30 June	49.0	49.0	-
NEXT LEVEL PEOPLE SOLUTIONS PTY LTD	Hyman synergistic and OCI consulting	1 July	30 June	36.0	36.0	-
RSM BIRD CAMERON	Tax consultant	1 July	30 June	36.0	36.0	-
SAGE AUTOMATION PTY LTD	Artificial intelligence and emerging technologies market research consulting	1 July	30 June	35.4	35.4	-
DENCH MCCLEAN CARLSON PTY LTD	GRO and GRA business strategy update	1 July	30 June	34.2	34.2	-
INDIGENOUS DESIGN ENVIRO	Dutson GRO bird count and Tanjil river plant supply	1 July	30 June	34.1	34.1	-
KPMG	Change management framework and toolkit and cyber framework development	1 July	30 June	32.9	32.9	-
THE HUMPHREYS GROUP	Board performance review	1 July	30 June	22.2	22.2	-
INTERNATIONAL RESILIENCE GROUP PTY. LTD.	Part 7A emergency exercise	1 July	30 June	21.4	21.4	-
PROFESSIONAL ADVANTAGE PTY LIMITED	System update of asset revaluation and finance system consulting	1 July	30 June	20.3	20.3	-
MONASH UNIVERSITY	Untangling the mechanisms of nutrient export from agricultural catchments	1 July	30 June	20.0	20.0	-
WATER FUTURES PTY LTD	Review and refresh of the drinking water quality monitoring program	1 July	30 June	14.6	14.6	-
CONVERGE INTERNATIONAL PTY LTD	Employee assistance program	1 July	30 June	14.3	14.3	-

Consultant	Purpose of Consultancy	Start Date	End Date	\$ thousand		
				Total Approved	Expenditure 2023-24	Future Expenditure
MIP (AUST) PTY LTD	Tableau consulting	1 July	30 June	14.3	14.3	-
CIVIQ PTY LTD	Water fountain engineering and design	1 July	30 June	14.2	14.2	-
BUSINESS ASPECT GROUP PTY LTD	IAM strategy	1 July	30 June	14.0	14.0	-
CHEMICALS AUSTRALIA OPERATIONS PTY LTD	Chemical installation assessment	1 July	30 June	12.0	12.0	-
HADE CONSULTING	Engineering and design	1 July	30 June	10.9	10.9	-
INFOR GLOBAL SOLUTIONS	Penalty interest implementation	1 July	30 June	10.7	10.7	-
INDEPENDENT FORESTERS	Appraisal of tree crop value	1 July	30 June	10.2	10.2	-

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

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

Reviews and Studies expenditure

In 2023-24, there were five reviews and studies undertaken which were not commercially sensitive with the total cost of \$335,100. Details of individual reviews and studies are outlined in the table below.

Name of the review-	Reasons for review/study	Terms of reference/scope	Anticipated outcomes	\$ thousand		Publicly Available (Y/N)
				Estimated cost for the year (excl. GST)	Final cost if completed (excl. GST)	
Climate Change Risk & Resilience Plan Project	To determine climate adaptation and mitigation strategies for facilities	Investigation into impact of climate change trends on facilities	More informed decision making on future asset investments	150	150	N
Gippsland Water AMAF Attestation	Compliance with standing directions	Complete audit against Asset Management Accountability Framework	More informed decision making on asset management activities	49.1	49.1	N
Gippsland Water Rawson AMP Capacity Assessment	To meet future demand and growth	Update capacity assessment for Rawson Wastewater Treatment Plant Asset Management Plan	More informed decision making of future asset investments	41.5	41.5	N
Fire Service Valve Audits	To keep updated on best practice	Complete audit of fire service valves against the updated standards	More informed decision making on future asset investments	81.4	81.4	N
Modelling support for Tarago and Seaspray	To meet future demand and growth water requirements	Investigate bulk water entitlement to meet future requirements	Secure bulk water entitlement	13.1	13.1	N

Information and Communication Technology expenditure

The following table outlines our ICT expenditure.

	BAU ICT expenditure \$M	Non BAU ICT expenditure total = A + B \$M	Operational expenditure A \$M	Capital expenditure B \$M
2023-24	13.8	0.1	0.0	0.1
2022-23	10.1	0.0	0.0	0.0
2021-22	9.3	0.0	0.0	0.0
2020-21	8.7	0.1	0.0	0.1

Note: BAU = Business as usual.

Disclosure of major contracts

During the reporting period we didn't enter any major contracts with a value exceeding \$10 million.

Competitive Neutrality Policy Victoria

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

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

The maintenance contract terms are three years plus one (extensions dependent on performance) and align to the five-year price submission period, minimising price impacts and providing prudent and efficient expenditure. The new service contracts support local jobs first and incorporates social employment, economic and environmental government objectives, whilst maintaining service outcomes and safety.

Disclosure of Emergency Procurement

In the reporting period emergency procurement was not activated, resulting in nil spending for emergency procurement.

Disclosure of Procurement Complaints

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

Government advertising expenditure

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

Freedom of Information Act 1982 (Vic)

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

The types of documents we create, and handle include:

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

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

During 2023-24, we did not receive any requests to access documents under the *Freedom of Information Act 1982 (Vic)*.

Freedom of Information (FOI) requests

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

foi@gippswater.com.au

Mailed applications can be sent to:

FOI Officer
Gippsland Water
PO Box 348 Traralgon VIC 3844

Phone: 1800 050 500

To submit a valid request, persons should identify as clearly as possible which document/s are being requested. The request must also be accompanied by the appropriate application fee of \$32.70 effective from 1 July 2024, although the fee may be waived with proof of hardship.

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

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

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

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

Public Interest Disclosure Act 2012

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

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

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

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

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

Conflict of interest

Managing conflicts of interest is an important aspect of our operations. The integrity of the organisation relies on public confidence that employees and board directors will act fairly, impartially, and in the best interests of customers, the community, and stakeholders.

We have a Conflict-of-Interest Policy and Conflict of Interest Guidelines which provide a framework for all employees and board directors in managing conflicts of interest.

Public Administration Act 2004 (Vic)

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

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

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

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

Building Act 1993 (Vic)

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

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

Financial Management Act 1994 (Vic)

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

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

Overseas travel

Fergal Rabette, Manager Future Innovation & Technology Commercial Business, – Switzerland – 17th – 18th July 2023

The Managing Director approved travel by the Manager Future Innovation & Technology Commercial Business to visit two organic waste facilities in Winterthur and Uzwil, Switzerland.

Sarah Cumming, Managing Director – USA 28th March – 3rd May 2024

The Board approved the attendance of Sarah Cumming, Managing Director to undertake executive study at the Harvard Kennedy School of Government, USA. Sarah studied Leadership in Crisis and Negotiation Strategies and completed her qualification for a Certificate in Public Leadership.

Asset Management Accountability Framework (AMAF) maturity assessment

Maturity assessment

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

We have satisfactorily met the attestation requirements of the Asset Management Accountability Framework for the Victoria Public Sector. Overall, conformance has been met with all mandatory requirements. We continue to make progress with the improvement actions from our Asset Management Strategy and are working towards aspirational maturity targets which go beyond conformance with mandatory requirements.

Our target maturity rating for 2024 is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Leadership and accountability (requirements 1 - 19)

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

Planning (requirements 20 - 23)

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

Acquisition (requirements 24 and 25)

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

Operation (requirements 26 - 40)

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

Disposal (requirement 41)

We have met our target maturity level in this category.

Part 8: Year in review

Financial overview

Summary of Financial Results	2023-24	2022-23	2021-22	2020-21	2019-20
	\$'M	\$'M	\$'M	\$'M	\$'M
Service Charges	96.1	91.3	87.0	86.6	85.4
Usage Charges	46.5	44.4	41.4	40.0	39.1
Developer Contributions	10.9	13.7	11.7	18.5	7.6
Other Revenue	18.3	15.6	17.5	15.6	11.9
Total Revenue	171.8	165.0	157.6	160.7	144.0
Operations, Maintenance & Administration	99.4	88.4	85.0	82.8	85.4
Depreciation Expenses	64.7	55.1	52.2	47.4	47.0
Environmental Contribution	6.0	6.0	6.0	6.0	5.2
Finance Expenses	13.5	11.9	11.6	12.0	13.2
Total Expenditure	183.5	161.4	154.8	148.3	150.7
Net gain/(loss) on disposal of non-financial assets ⁽ⁱ⁾	(3.5)	(0.7)	(1.9)	(1.3)	(2.2)
Net Result Before Tax	(15.3)	2.9	1.0	11.1	(8.9)
Current Assets	40.0	46.7	43.0	38.8	40.3
Non-Current Assets	1,747.9	1,745.6	1,548.4	1,542.4	1,323.8
Total Assets	1,787.9	1,792.4	1,591.4	1,581.2	1,364.1
Current Liabilities	53.7	47.9	39.2	47.9	56.1
Non-Current Liabilities	601.9	607.7	555.7	536.3	457.2
Total Liabilities	655.6	655.6	594.4	584.1	513.3
Net assets	1,132.3	1,136.8	997.0	997.1	850.8
Net Cash Flow from Operations	50.7	51.6	43.7	40.3	34.0
Payments for Capital Works	56.1	51.4	45.0	55.7	48.8

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

Financial indicators

Key Performance Indicator	2023-24 Result	2022-23 Result	2021-22 Result	2020-21 Result	2019-20 Result
Cash Interest Cover (Times)	4.93	5.48	4.75	4.37	3.61
Gearing Ratio	18.93%	18.38%	20.70%	20.59%	23.20%
Internal Financing Ratio	75.32%	100.27%	97.00%	72.26%	69.54%
Current Ratio	0.75	0.98	1.10	0.92	0.80
Return on Assets	-0.07%	0.90%	0.91%	1.57%	0.30%
Return on Equity	-0.94%	0.19%	0.07%	0.85%	-0.73%
EBITDA Margin	38.38%	42.61%	42.26%	43.89%	35.49%

Total residential bill

YEAR	AVERAGE CONSUMPTION		200kL CONSUMPTION	
	Total bill	Customer bill	Total bill	Customer bill
2023-24	\$ 1,419.12	\$ 1,419.12	\$ 1,497.80	\$ 1,497.80
2022-23	\$ 1,368.27	\$ 1,368.27	\$ 1,444.13	\$ 1,444.13
2021-22	\$ 1,319.68	\$ 1,319.68	\$ 1,394.91	\$ 1,394.91
2020-21	\$ 1,336.56	\$ 1,336.56	\$ 1,407.79	\$ 1,407.79

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

Discussion of key results for the financial year

For the 12 months ending 30 June 2024, the loss before tax was \$15.3 million; a \$18.2 million decrease compared to the previous year. This decrease is mainly due to \$17.6 million of accounting adjustments relating to depreciation, bioremediation pond rehabilitation provision and a reduction in the plantation valuation. The underlying result from operations has remained profitable.

Total revenue grew by \$6.7 million to \$171.8 million compared to last year. The rise was driven by a \$4.8M increase in Service Charges and a \$2.1 million increase in Usage Charges reflecting more customers and higher usage from major clients. A \$2.6 million increase in Other Revenue has partially offset a decrease of \$2.8 million in revenue from Developer Contributions.

Expenditure for the year is \$183.5 million, up \$22.1 million from the previous year. The increase in expenditure is a result of an increase in Depreciation of \$9.6 million and \$11.1 million across Operations, Maintenance and Administration. Within Operations, Maintenance and Administration all subcategories showed increased expenditure. Direct operating expenses increased by \$5.4 million, Employee Benefits expenditure increased by \$4.4 million with further increases totalling \$1.1 million across repairs and maintenance and other expenses.

Total assets for 2023-24 was \$1,787.9 million, a \$4.5 million decrease from 2022-23. This was due to a \$6.7 million decrease in current assets, including a \$6.9 million reduction in Cash and deposits. A \$11.5 million increase in intangible assets is offset by decreases of \$2.6 million across biological assets and infrastructure property plant and equipment combined. Net deferred tax assets reduced by \$6.7 million.

Infrastructure, property, plant and equipment had a closing balance of \$1,702.4 million, including \$59.4 million of Capital works in progress. The movement of Infrastructure, property, plant and equipment included \$8.7 million managerial revaluation increase, additions of capital works in progress and developer contributed assets of \$69.7 million; offset by \$68.5 million combination of depreciation and disposal of assets.

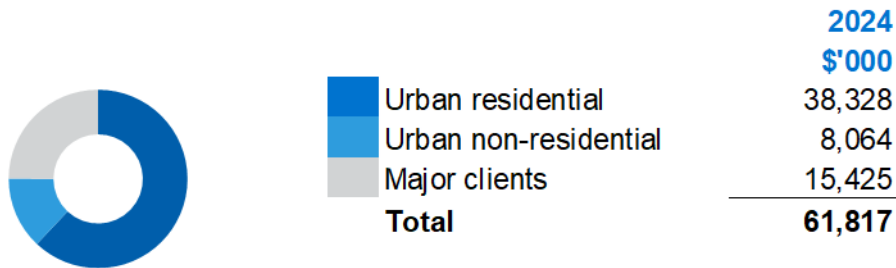
Capital works in progress opening balance was \$64.1 million, 2023-24 additional expenditure was \$45.8 million and capitalisations of \$50.6 million, Capital works in progress closing 2023-24 balance was \$59.4 million.

Total liabilities at 30 June 2024 was \$655.6 million. A \$9.0 million increase in Interest bearing liabilities was partially offset by a \$8.7 million decrease in Net deferred tax liabilities. Trade and other payables reduced by \$3.1 million which was partially offset by an increase in other provisions of \$2.7 million.

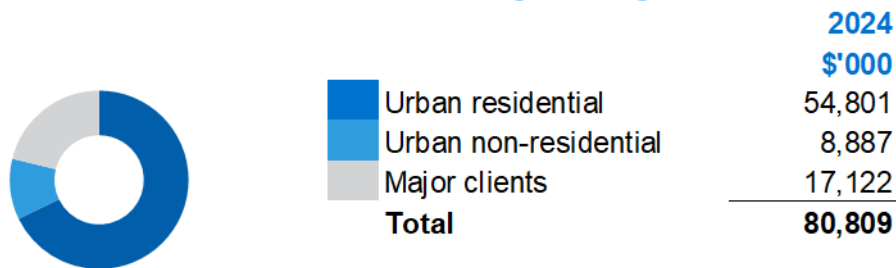
Net cashflows from operations reduced by \$0.8 million to \$50.7 million for the year ending 30 June 2024. Total receipts increased by \$16.8 million with increases in Revenue from contracts with customers of \$13.0 million and \$3.8 million across other customer revenue and revenue received from the ATO. Total payments increased by \$17.7 million, payments to suppliers increased by \$10.6 million, payments to employees increased by \$5.7 million and interest and other finance costs increased by \$1.6 million. These increases were partially offset by a reduction of \$0.2 million in goods and services paid to the ATO.

Financial Performance and Business Indicators as at 30 June 2024

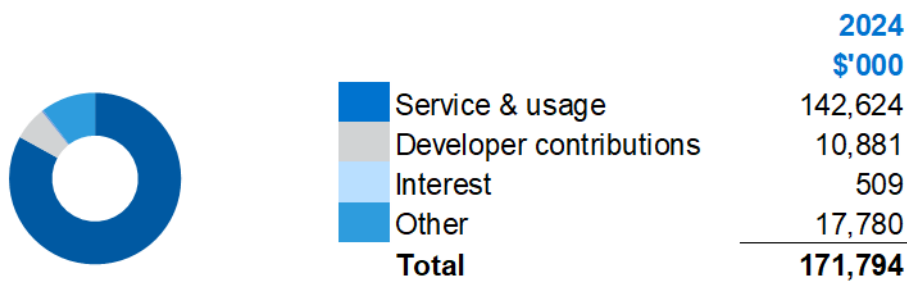
Water income from service & usage charges



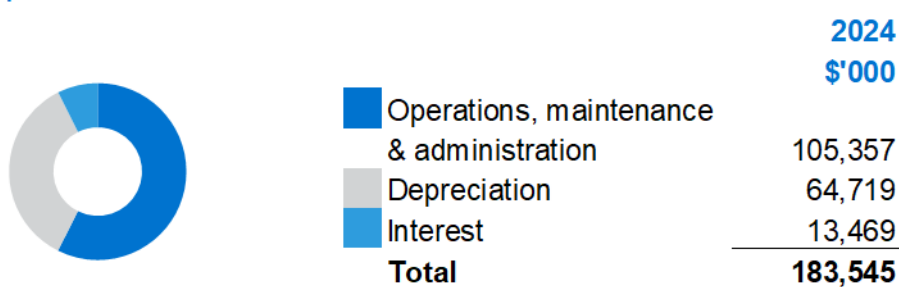
Wastewater income from service & usage charges



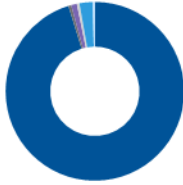
Total income from all sources



Total expenses



Total assets



	2024 \$'000
Fixed assets	1,702,412
Cash & investments	8,944
Debtors & receivables	18,381
Inventory & biological	8,655
Other	42,525
Contract assets	6,976
Total	1,787,893

Liabilities & equity



	2024 \$'000
Equity	1,132,315
Creditors & accruals	18,196
Provisions	16,550
Deferred tax liability	275,629
Borrowings	338,500
Contract liabilities	6,703
Total	1,787,893

Business stream revenue



	2024
Bulk	16%
Water	33%
Waste	42%
Organics	5%
Agribusiness	2%
Corporate	3%
Total	100%

Business stream expenses



	2024
Bulk	26%
Water	32%
Waste	29%
Organics	9%
Agribusiness	5%
Total	100%

Part 9: Financial sustainability

Financial performance and business indicators as at 30 June 2024

Financial Performance Indicators

KPI Number	Key Performance Indicator	2022-23 Result	2023-24 Result	2023-24 Target	Variance to Prior Year	Notes	Variance to Target	Notes
F1	Cash Interest Cover (Times) Net operating cash flows before net interest and tax / net interest payments	5.48	4.93	4.35	-10.0%	1a	13.3%	1b
F2	Gearing Ratio Total Debt (including finance leases) / total assets * 100	18.38%	18.93%	22.10%	-3.0%		14.3%	2b
F3	Internal Financing Ratio Net operating cash flow less dividends / net capital expenditure * 100	100.27%	75.32%	61.40%	-24.9%	3a	22.7%	3b
F4	Current Ratio Current assets / current liabilities (excluding long-term employee provisions and revenue in advance)	98.00%	74.53%	102.50%	-23.9%	4a	-27.3%	4b
F5	Return on Assets Earnings before net interest and tax / average assets * 100	0.90%	-0.07%	0.89%	-108.2%	5a	-108.2%	5b
F6	Return on Equity Net profit after tax / average total equity * 100	0.20%	-0.94%	0.05%	-571.0%	6a	-1984.1%	6b
F7	EBITDA Margin Earnings Before Interest, Tax, Depreciation and Amortisation / total revenue * 100	42.61%	38.38%	40.80%	-9.9%		-5.9%	

Notes

- 1a The Cash Interest Cover ratio unfavourable variance is driven by a decrease in Net operating cash flows before interest and tax to prior year primarily due to increased revenue being offset by increased payments to suppliers.
- 1b The Cash Interest Cover ratio favourable variance is driven by an increase in Net operating cash flows before interest and tax to target.
- 2b The Gearing Ratio favourable variance is driven by lower borrowings levels compared to budget and the 2023-24 Managerial Asset Revaluation for land being unbudgeted.
- 3a The Internal Financing Ratio is unfavourable due to decreased net cash flow compared to prior year and increased payments for intangible assets primarily the water entitlement purchase.
- 3b The Internal Financing Ratio is favourable due to increased net cash flow compared to target. The increase in operating cash flows is driven primarily to increased revenue from contracts with customers.
- 4a The current ratio is unfavourable due to increase in current interest bearing liabilities compared to last year due to increased spend on capital/intangible purchases.
- 4b The current ratio is unfavourable due to increase in current interest bearing liabilities compared to budget due to increased spend on capital/intangible purchases.
- 5a Return on Assets is unfavourable due to Earnings before net interest and tax lower compared to last year.
- 5b Return on Assets is unfavourable due to lower Earnings before net interest and tax, as compared to target.
- 6a Return on Equity is unfavourable due to an overall net loss as opposed to a net profit in the prior year.
- 6b Return on Equity is unfavourable due to an overall net loss as opposed to a budgeted net profit.

Water and Sewerage Service Performance Indicators

KPI Number	Key Performance Indicator	2022-23 Result	2023-24 Result	2023-24 Target	Variance to Prior Year	Notes	Variance to Target	Notes
REW 8	Water Service - minutes off supply (planned & unplanned) How many minutes on average a customer was without water supply during a year	238	243	240	2.1%		1.3%	
REW 5	Unplanned water supply interruptions Percentage of customers receiving more than 5 unplanned interruptions in the year	0%	0.5%	0%	100.0%	7a	100.0%	7b
RES 1	Sewer Blockages Number of sewer blockages reported per 100 kilometres of sewer main	7.46	8.43	13.01	13.0%	8a	-35.2%	8b
RES 6	Sewer spills Number of sewer spills reported per 100 kilometres of sewer main	3.05	4.65	3.47	52.5%	9a	34.0%	9b
RES 7	Containment of sewer spills Sewer spills from reticulation and branch sewers contained within 5 hours / total sewer spills from reticulation and branch sewers * 100	98%	99%	98%	1.0%		1.0%	

Notes

- 7a & 7b An increase in the percentage of customers who had unplanned water supply interruptions due to increased rectification time for reactive works which are complete and unpredictable in nature.
- 8a An increase in the number of sewer blockages compared to 2022-23 due to increased wet weather events.
- 8b The improvement in performance is attributed to our sewer maintenance cleaning and relining programs.
- 9a An increase in the number of sewer spills compared to 2022-23 due to a severe weather event in October which resulted in 6 EPA reportable spills.
- 9b More sewer spills than target attributed to severe weather event in October which resulted in 6 EPA reportable spills.

Customer Responsiveness Performance Indicators

KPI Number	Key Performance Indicator	2022-23 Result	2023-24 Result	2023-24 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CR1	Typical household bill – Owner Based on average use 200 kL in real 2023-24 dollars	1,444	1,498	n/a	-3.7%		n/a	
	Typical household bill – Tenant Based on average use 200 kL in real 2023-24 dollars	448	464	n/a	-3.6%		n/a	
CRS 4	Customer Responsiveness – Water quality (No.) No. of complaints per 100 customers	0.29	0.37	0.24	27.6%	10a	54.2%	10b
CRS 7	Customer Responsiveness – number of payment issue complaints (No.) No. of complaints per 100 customers	0.09	0.06	0.25	-33.3%	11a	-76.0%	11b
CRS 3	Customer Responsiveness - Total complaints (No.) No. of complaints per 100 customers	0.73	0.75	1.00	2.7%		-25.0%	12b
UPP 1	Water bills – customers on flexible payment plans (No.) No. of customers with instalment plans	7,800	8,170	n/a	4.7%			
UPP 6	Water bills – customers awarded hardship grants (No.) No. of customers awarded hardship grants	157	346	n/a	120.4%	13a		

Notes

- 10a An increase in the number of customer complaints regarding water quality since 2022-23 due to dirty water issues high-rate water extractions from a number of our systems.
- 10b An increase in the number of customer complaints regarding water quality compared to target due to dirty water issues high-rate water extractions from a number of our systems.
- 11a A lower number of customer complaints for payment issues since 2022-23 due to increased customer engagement.
- 11b Lower than targeted complaints from customers about payment issues due to increased customer engagement.
- 12b Lower than targeted total complaints from customers for the year due to increased customer engagement and communications around emergency events.
- 13a An increase in the number of customers awarded hardship grants compared to 2022-23 due to increased customer engagement for customers experiencing financial hardship.

Environmental Performance Indicators

KPI Number	Key Performance Indicator	2022-23 Result	2023-24 Result	2023-24 Target	Variance to Prior Year	Notes	Variance to Target	Notes
CRR 1	Effluent treatment and re-use Proportion of water recycled as a percentage of the volume of effluent produced	24.90%	29.01%	25.00%	16.5%	14a	16.0%	14b

Notes

- 14a Favourable irrigation conditions across our region allowed for more reuse of our treated wastewater, which resulted in a positive variance compared to last year.
- 14b Favourable irrigation conditions across our region allowed for more reuse of our treated wastewater, which resulted in a positive variance compared to target.

Central Gippsland Region Water Corporation

Certification of Performance Report 2023-24

We certify that the accompanying Performance Report of Central Gippsland Region Water Corporation in respect of the 2023-24 financial year is presented fairly in accordance with the *Financial Management Act 1994*.

The Performance Report outlines the relevant performance indicators for the financial year as determined by the Minister for Water and as set out in the 2023-24 Corporate Plan, the actual and comparative results achieved for the financial year against predetermined performance targets and these indicators, and an explanation of any significant variance between the actual results and performance targets and/or between the actual results in the current year and the previous year.

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



Tom Mollenkopf AO
Board Chair
Central Gippsland Region Water Corporation



Sarah Cumming
Managing Director
Central Gippsland Region Water Corporation



Wilco Seinen
Chief Financial Officer
Central Gippsland Region Water Corporation

Dated: 24 September 2024

VAGO Attestation



Independent Auditor's Report

To the Board of the Central Gippsland Region Water Corporation

Opinion	<p>I have audited the performance report of the Central Gippsland Region Water Corporation (the corporation) for the year ended 30 June 2024, which comprises the:</p> <ul style="list-style-type: none"> • financial performance indicators • water and sewerage service performance indicators • customer responsiveness performance indicators • environmental performance indicator • certification of performance report. <p>In my opinion, the performance report of the Central Gippsland Region Water Corporation for the year ended 30 June 2024, presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 7 of the <i>Financial Management Act 1994</i>.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance report in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the performance report	<p>The Board is responsible for the preparation and fair presentation of the performance report in accordance with the performance reporting requirements of the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of the performance report that is free from material misstatement, whether due to fraud or error.</p>

Auditor's responsibilities for the audit of the performance report

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

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

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

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

MELBOURNE
26 September 2024



Paul Martin
as delegate for the Auditor-General of Victoria

Part 10: Financial performance report

Financial report for the year ended 30 June 2024

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Central Gippsland Regional Water Corporation Comprehensive operating statement for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	171,285	164,699
Interest income	2.2	509	346
Total revenue and income from transactions		171,794	165,045
Expenses from transactions			
Employee benefits	3.1.1	42,700	38,277
Direct operating expenses	3.2	28,889	23,471
Depreciation	4.1.1	64,091	54,610
Amortisation	4.2	628	526
Interest expense	6.1.2	13,469	11,928
Environmental contribution	8.2	5,953	5,953
Infrastructure, repairs and maintenance	3.3	18,260	15,444
Other expenses	3.4	9,555	11,228
Total expenses from transactions		183,545	161,437
Net result from transactions		(11,751)	3,608
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	4.1.5	(3,540)	(669)
Total other economic flow included in net result		(3,540)	(669)
Net result before income tax		(15,291)	2,939
Income tax expense	8.1.1	(4,587)	883
Net result		(10,704)	2,056
Other economic flows - other comprehensive income			
<i>Items that will not be reclassified to net result</i>			
Changes in physical asset revaluation reserve	9.1.2	8,745	196,285
Deferred tax relating to components of other comprehensive income	9.1.2	(2,548)	(58,527)
Total other economic flows - other comprehensive income		6,197	137,758
Comprehensive result		(4,507)	139,814

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation

Balance sheet as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Assets			
Current assets			
Cash and deposits	6.2	7,944	14,805
Receivables	5.1	17,773	16,218
Contract assets	5.2	6,976	9,015
Inventories	5.5	4,140	4,083
Biological assets	5.9	1,530	1,481
Other financial assets	5.6	4	5
Other non-financial assets	5.7	1,666	1,137
Total current assets		40,033	46,744
Non-current assets			
Receivables	5.1	608	656
Other financial assets	5.6	1,000	1,000
Infrastructure, property, plant and equipment	4.1.1	1,702,412	1,703,497
Biological assets	5.9	2,985	4,464
Intangibles	4.2	18,273	6,765
Net deferred tax assets	8.1.2	22,582	29,264
Total non-current assets		1,747,860	1,745,646
Total assets		1,787,893	1,792,390
Liabilities			
Current liabilities			
Trade and other payables	5.3	18,196	21,266
Contract liabilities	5.4	6,703	6,329
Employee benefits provision	3.1.2	9,377	9,786
Other provisions	5.8	937	1,000
Interest bearing liabilities	6.1	18,500	9,500
Total current liabilities		53,713	47,881
Non-current liabilities			
Employee benefits provision	3.1.2	1,151	996
Other provisions	5.8	5,085	2,342
Interest bearing liabilities	6.1	320,000	320,000
Net deferred tax liabilities	8.1.2	275,629	284,349
Total non-current liabilities		601,865	607,687
Total liabilities		655,578	655,568
Net assets		1,132,315	1,136,822
Equity			
Contributed capital	9.1.1	255,971	255,971
Physical asset revaluation reserve	9.1.2	554,547	548,350
Accumulated surplus / deficit	9.1.3	321,797	332,501
Total equity		1,132,315	1,136,822

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation

Cash flow statement for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Cash flows from operating activities			
Receipts			
Receipts from contracts with customers		146,511	133,467
Interest received		509	346
Developer contribution fees		808	907
Goods and Services Tax received from the ATO		5,764	4,455
Other customer receipts		17,774	15,346
Total receipts		171,366	154,521
Payments			
Payments to suppliers		(56,668)	(46,069)
Payments to employees		(43,632)	(37,952)
Interest and other cost of finance paid		(13,491)	(11,856)
Goods and Services Tax paid to the ATO		(904)	(1,106)
Environmental contribution levy paid		(5,953)	(5,953)
Total payments		(120,648)	(102,936)
Net cash flows from/(used in) operating activities	6.2.1	50,718	51,585
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(56,068)	(51,448)
Proceeds from sale of infrastructure, property, plant & equipment	4.1.1	850	551
Payments for intangible assets	4.2	(11,361)	352
Net cash flows from/(used in) investing activities		(66,579)	(50,545)
Cash flows from financing activities			
Proceeds from borrowings		9,000	-
Net cash flows from/(used in) financing activities		9,000	-
Net increase/(decrease) in cash and deposits		(6,861)	1,040
Cash and deposits at the beginning of the financial year		14,805	13,765
Cash and deposits at the end of the financial year	6.2	7,944	14,805

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation Statement of changes in equity for the year ended 30 June 2024

	Notes	Contributed capital \$'000	Physical asset revaluation reserve \$'000	Accumulated surplus / deficit \$'000	Total equity \$'000
Balance at 1 July 2022		255,971	410,592	330,445	997,008
Net result for the year		-	-	2,056	2,056
Other comprehensive income	9.1.2	-	137,758	-	137,758
Total comprehensive income		-	137,758	2,056	139,814
Balance at 30 June 2023		255,971	548,350	332,501	1,136,822
Balance at 1 July 2023		255,971	548,350	332,501	1,136,822
Net result for the year		-	-	(10,704)	(10,704)
Other comprehensive income	9.1.2	-	6,197	-	6,197
Total comprehensive income		-	6,197	(10,704)	(4,507)
Transactions with the State in its capacity as owner:					
Dividends		-	-	-	-
Contributions by owners		-	-	-	-
Balance at 30 June 2024		255,971	554,547	321,797	1,132,315

The accompanying notes form part of these financial statements

Central Gippsland Regional Water Corporation Notes to and forming part of the Financial Report for the year ended 30 June 2024

Introduction

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

Advisors to Gippsland Water

The key advisors to Gippsland Water are:

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

External Auditors to Gippsland Water

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

This financial report was approved and authorised for issue by the Board on 24 September 2024.

Central Gippsland Regional Water Corporation Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 1 ABOUT THIS REPORT

Basis of preparation

This financial report is a general-purpose financial report for Central Gippsland Region Water Corporation (the Corporation) as an individual reporting entity. This consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, director's declaration and notes accompanying these statements for the period ending 30 June 2024.

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

Accounting policies

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

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

Compliance Information

The general-purpose financial report has been prepared in accordance with Australian Accounting Standards (AASs), Interpretations and other authoritative pronouncements of the *Australian Accounting Standards Board*, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. In particular, they are presented in a manner consistent with the requirements of *AASB 1049 Whole of Government and General Government Sector Financial Reporting (AASB 1049)*. The Corporation is a not-for-profit entity for the purpose of preparing the financial statements. Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

Functional and presentation currency

Items included in this financial report are measured using the currency of the primary economic environment in which the Corporation operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Corporation's functional and presentation currency.

Classification between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next twelve months, being the Corporation's operational cycle.

Rounding

Unless otherwise stated, amounts in the report have been rounded to the nearest thousand dollars.

Historical cost convention

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

Comparative information

Where adjustments have been made to comparative information as a result of the correction of errors and changes in accounting policies, the nature of error and its magnitude has been disclosed in line with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Accounting estimates

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

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to accounting estimates are made in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying Australian accounting standards or “AAS” that have significant effects on the financial statements and estimates relate to:

Significant judgement and estimation area	Note number
Contract assets – Accrued water usage charges	5.2
The fair value of land, buildings, infrastructure, plant and equipment	7.3
Estimation of useful life of non-financial assets	4.1
Impairment of assets	4
Employee benefit provisions	3.1.2
Superannuation defined benefit scheme - Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates	3
Revenue recognition - 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 (AASB 15)</i> or AASB 1058 <i>Income of not-for-profit entities (AASB 1058)</i>	2.1
Revenue Recognition	
The timing of satisfaction of performance obligations and determining transaction price and amounts allocated to performance obligations	2
Recognition and measurement of Software-as-a-Service (SaaS) arrangements	4.2
Provisions for future costs of site rehabilitation	5.8
Current tax payable, current tax expense and deferred tax assets and liabilities	8.1.1 and 8.1.2
Fair values of biological assets and impairment assessments	7.3.2
Fair values of contingent liabilities and assets	7.3
Impairment – Calculation of the expected credit loss	3.4 and 5.1

Economic Environment

These financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

Central Gippsland Regional Water Corporation Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 2 FUNDING DELIVERY OF OUR SERVICES

Introduction

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

The Corporation supplies fresh drinking water to 76,490 households and wastewater services to 69,093 households and businesses, across 43 towns servicing an estimated population base of 165,704. Our service area spans from Drouin in the west, to Loch Sport in the east, and from Briagolong in the north, to Mirboo North in the south. The Corporation's customers also include several major industries in the energy production, pulp and paper and oil and gas sectors. Baw Baw, Latrobe City, South Gippsland and Wellington shires are incorporated in our service area.

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

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

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

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

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

Note contents

Section	Description	Page
2.1	Revenue from contracts with customers	100
2.1.1	Revenue from service, usage and trade waste charges	100
2.1.2	Developer contributions	101
2.1.3	Other revenue	102
2.1.4	Timing of recognition of revenue from customers	103
2.2	Interest income	104

2.1 Revenue from contracts with customers

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

	Notes	2024 \$'000	2023 \$'000
Revenue from service, usage and trade waste charges	2.1.1	142,624	135,664
Developer contributions	2.1.2	10,881	13,695
Other revenue	2.1.3	17,780	15,340
Total revenue from contracts with customers		171,285	164,699

2.1.1 Revenue from service, usage and trade waste charges

	2024 \$'000	2023 \$'000
<i>Service charges</i>		
Water	23,861	22,591
Wastewater	71,921	68,404
Trade waste	346	310
Total service charges	96,128	91,305
<i>Usage charges</i>		
Water	37,956	37,383
Wastewater	8,540	6,976
Total usage charges	46,496	44,359
Total revenue from service and usage charges	142,624	135,664

Revenue from service, usage and trade waste charges is determined to be in accordance with AASB 15 *Revenue from Contracts with Customers* (AASB 15).

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

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Usage charges	Usage charges are billed three times a year in arrears. The Corporation has the right to receive an amount of consideration based on the unit of water consumed by and wastewater and recycled water disposed of during the financial year at the regulated price. An estimation of usage charges is made at year end for meters which were not read at balance date (significant estimate). This is calculated by determining the level of billable service provided multiplied by the cost of each service. The charges for fully satisfied performed obligations that are unbilled at year end are estimated and recognised as contract assets (refer Note 5.2).	Revenue is recognised over time as service is provided.

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

2.1.2 Developer contributions

	2024 \$'000	2023 \$'000
Developer contributed assets ⁽ⁱ⁾	10,121	12,841
Assets funded by developers and contributions received	760	854
Total developer contributions	10,881	13,695

Notes:

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

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

2.1.3 Other revenue

	2024 \$'000	2023 \$'000
Waste charges (prescribed and non-prescribed)	6,635	6,551
Agricultural pursuits	3,027	3,951
Operating fees	4,935	2,142
Rechargeable works	953	1,505
Miscellaneous fees	1,601	423
Salary sacrifice contributions	405	438
Workcover refunds received	3	65
Diesel fuel rebate	77	71
Liquidated damages	29	42
External service provision	88	94
Water trading revenue	27	58
Total other revenue	17,780	15,340

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Waste Charges (prescribed and non-prescribed)	Revenue is recognised when the Corporation has completed its performance obligations. Fees and charges represent a variety of services provided by the Corporation such as processing of application fees and making new connections or alterations to the corporation's network. The Corporation uses pricing principles to calculate the price of individual services rather than direct regulation by the Essential Services Commission. The charges are payable within 30 days.	Revenue is recognised over the period over which goods and services are provided to the customer.
Agricultural sales, rechargeable works and operating fees	Performance obligation relating to agricultural sales, waste charges, rechargeable works and operating fees are satisfied at a point in time when the Corporation renders the specified service requested by the customer or provides the goods.	Revenue from other services rendered is recognised when the performance obligation is satisfied.
Other revenue including miscellaneous fees, salary sacrifice contributions, workcover refunds received, diesel fuel rebate, liquated damages and external service provision	Revenue from these activities is recognised in the period in which the service is rendered.	Revenue is recognised over the period over which goods and services are provided to the customer.
Water trading revenue	Water trading revenue is recognised at a point in time when the trade occurs. This is when the performance obligation is satisfied. The charges are payable within 30 days.	Revenue is recognised at a point in time.

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

2.1.4 Timing of recognition of revenue from customers

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

	Service charges			Usage charges		Developer contributions		Other revenue	Total revenue from contracts with customers \$'000
	Water \$'000	Wastewater \$'000	Trade waste \$'000	Water \$'000	Wastewater \$'000	Developer contributed assets \$'000	Assets funded by developers and contributions received \$'000	Other Revenue \$'000	
2024									
At a point in time	-	-	-	-	-	10,121	760	17,780	28,661
Over time	23,861	71,921	346	37,956	8,540	-	-	-	142,624
Total	23,861	71,921	346	37,956	8,540	10,121	760	17,780	171,285
2023									
At a point in time	-	-	-	-	-	12,841	854	15,340	29,035
Over time	22,591	68,404	310	37,383	6,976	-	-	-	135,664
Total	22,591	68,404	310	37,383	6,976	12,841	854	15,340	164,699

2.2 Interest income

	2024 \$'000	2023 \$'000
Interest from financial assets not at fair value through profit and loss		
Interest on bank deposits	422	308
Interest from Westpac investments	84	32
Interest from tariff/private scheme	3	6
Total interest income	509	346

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

Central Gippsland Regional Water Corporation Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 3 THE COST OF DELIVERING SERVICES

Introduction

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

Note contents

Section	Description	Page
3.1	Expenses incurred in delivery of services	106
3.1.1	Employee benefits in the comprehensive operating statement	106
3.1.2	Employee benefits provision in the balance sheet	107
3.1.3	Superannuation	108
3.2	Direct operating expenses	111
3.3	Repairs and maintenance	111
3.4	Administrative and other operating expenses	112

3.1 Expenses incurred in delivery of services

	Notes	2024 \$'000	2023 \$'000
Employee benefit expenses ⁽ⁱ⁾	3.1.1	42,700	38,277
Direct operating expenses	3.2	28,889	23,492
Repairs and maintenance	3.3	18,260	15,724
Operating expenses	3.4	9,555	11,231
Total expenses incurred in delivery of services		99,404	88,724

Notes:

- (i) Employee benefit expenses have increased by 11% primarily due to an increase in employee numbers.

3.1.1 Employee benefits in the comprehensive operating statement

	2024 \$'000	2023 \$'000
Salaries and wages, annual leave and long service leave ⁽ⁱⁱ⁾	37,411	33,571
Superannuation	3,794	3,213
Other	1,495	1,493
Total employee benefit costs	42,700	38,277

Notes:

- (ii) Salaries and wages, annual leave and long service leave includes an economic flow included in the net result. This economic flow is derived from the long service leave discount rate provided by Department of Treasury and Finance of Victoria. 2024 movements total \$0.273 while 2023 movements totalled \$0.430M.

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

Directly attributable costs for bringing an asset to the location and condition necessary for operation, such as costs of employee benefits arising directly from the construction or acquisition of the item of infrastructure, property, plant and equipment are capitalised.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period (see Note 3.1.3).

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Corporation is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

3.1.2 Employee benefits provision in the balance sheet

Provision is made for benefits accruing to employees in respect of annual leave and long service leave for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2024 \$'000	2023 \$'000
Current provisions:		
Employee benefits	281	258
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	2,922	3,013
Unconditional and expected to settle after 12 months	487	493
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	534	601
Unconditional and expected to settle after 12 months	3,946	4,314
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	568	512
Unconditional and expected to settle after 12 months	639	595
Total current provisions for employee benefits	9,377	9,786
Non-current provisions:		
Employee benefits	991	875
On-costs	160	121
Total non-current provisions for employee benefits	1,151	996
Total provisions for employee benefits	10,528	10,782

Reconciliation of movements in on-cost provisions

	2024 \$'000
Current provisions	
On-costs associated with annual leave and long service leave	
Opening balance	1,107
Additional provisions recognised	100
Closing balance - current	1,207
Non-current provisions	
On-costs associated with long service leave	
Opening balance	121
Additional provisions recognised	39
Closing balance - non-current	160

Wages and salaries and annual leave

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are recognised as part of the employee benefit provision as current liabilities, because the Corporation does not have an unconditional right to defer settlements of these liabilities.

The components of this liability are measured at:

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

On-costs

On costs, such as payroll tax, superannuation and workers' compensation insurance, are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Long service leave

Long Service Leave (LSL) is recognised in the provision for employee benefits.

Unconditional LSL (representing seven or more years of continuous service) is disclosed as a current liability even where we do not expect to settle the liability within 12 months. The Corporation does not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

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

Conditional long service leave is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current long service liability is measured at present value.

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

3.1.3 Superannuation

Superannuation contributions

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

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

Contributions by the Corporation (excluding unfunded liability payments) to the superannuation plans for the financial year ended 30 June 2024 and 30 June 2023 are detailed below:

Fund	Type of scheme	Rate (%)	2024	2023
			\$'000	\$'000
	Defined			
Vision Super - Defined Benefits	benefits	11.0%	106	146
Vision Super - Super Saver	Accumulation	11.0%	1,519	1,423
Other Superannuation Funds	Accumulation	11.0%	2,169	1,644
Total			3,794	3,213

There were no contributions outstanding to the above schemes as at 30 June 2024.

Accumulation

Contributions to the accumulation plans are expensed as the contributions are paid or become payable. The Fund's accumulation categories, Vision MySuper/ Vision Super Saver, receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2024, this was 11% as required under Superannuation Guarantee Legislation).

Defined benefit fund

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

Funding arrangements

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

The 2023 full actuarial investigation

A full actuarial investigation was held in 2023 as the Fund provides lifetime pensions in the Defined Benefit category. The vested benefit index (VBI) was 104.1%. 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 2024 interim actuarial investigation

An actuarial investigation is conducted annually for the Defined Benefit category. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. The result for the interim investigation for 30 June 2024 was made available August 2024. The vested benefit index (VBI) was 105.4%. Because the VBI was above 100%, the interim actuarial investigation determined the Defined Benefit category was in a

satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

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

	2024	2023
Net investment returns	5.60% p.a.	5.70% p.a.
Salary information	3.50% p.a.	3.50% p.a.
Price inflation (CPI)	2.70% p.a.	2.80% p.a.

Vision Super has advised that the estimated VBI at 30 June 2024 was 105.4%.

The Fund's full actuarial investigation as at 30 June 2023 and interim actuarial investigation as at 30 June 2022 identified the following for the Defined Benefit category of which the Corporation is a contributing employer:

	2023 \$m	2022 \$m
VBI surplus/(deficit)	84.7	44.6
Total service liability surplus/(deficit)	123.6	105.8

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2024.

The total service liability surplus means that the current value of the assets in the Fund's Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses as at 30 June 2024.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of Prudential Standard SPS 160 *Defined Benefit Matters* (SPS160) and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Central Gippsland Region Water Corporation) are required to make an employer contribution to cover the shortfall.

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

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

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

3.2 Direct operating expenses

	2024 \$'000	2023 \$'000
Chemicals	5,314	5,126
Agricultural costs ⁽ⁱ⁾	3,860	3,180
Energy	3,783	3,957
Provision for rehabilitation costs	2,783	-
Water purchases and cartage	2,430	1,158
GRO costs	1,901	2,365
Sampling and testing	1,898	1,619
Operational overhead costs	1,625	1,547
Sludge removal and transport	1,410	1,358
Fleet	1,341	1,203
Other operational costs	670	587
Consultants fees	536	460
Meter reading services	501	477
Modelling, investigation and decision making tools	474	262
EPA licence fee	363	193
Total direct operating expenses	28,889	23,492

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

Notes:

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

3.3 Infrastructure repairs and maintenance

	2024 \$'000	2023 \$'000
Major maintenance	3,719	3,601
Mechanical and Electrical corrective maintenance	1,566	2,524
Building, land and site maintenance	2,086	1,426
Other contract works	2,685	1,987
Mechanical and Electrical preventative maintenance	1,238	1,750
Other sewer maintenance	1,418	1,212
Maintenance agreements and contractor payments	3,573	1,235
Other repairs and maintenance	489	632
Other water maintenance	1,278	945
Corrective maintenance	208	132
Total repairs and maintenance	18,260	15,444

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

3.4 Other expenses

	2024 \$'000	2023 \$'000
Maintenance agreements and contractor payments	985	930
Licence fees	2,088	1,703
Billing and revenue collection costs	904	816
Other repairs and maintenance	471	595
Land and building maintenance costs	412	858
Utilities, rates and other services	597	647
Other administration costs	698	467
Insurance premiums and claims	858	621
Legal fees	44	131
Auditors' remuneration	377	348
Consultants fees	1,089	3,209
Fleet	140	204
Membership fees	153	145
Environmental offsets	239	184
Community engagement and development costs	288	235
Expected credit loss on receivables	207	135
Low-value lease expenses	5	1
Total other expenses	9,555	11,229

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

Short-term leases and leases of low-value assets

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

Central Gippsland Regional Water Corporation Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY

Introduction

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

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4.1 Infrastructure, property, plant and equipment

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

	Land	Buildings	Leasehold improvements	Water infrastructure	Wastewater infrastructure	Plant and equipment	Motor vehicles	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2024									
Opening net book amount	53,998	14,809	-	629,523	925,847	10,651	4,519	64,150	1,703,497
Additions ⁽ⁱ⁾	-	-	-	4,426	8,391	-	-	45,824	58,641
Disposals	-	(207)	-	(1,664)	(1,715)	(464)	(339)	-	(4,389)
Transfer between asset classes	5,830	2,034	-	17,551	16,020	6,751	2,440	(50,617)	9
Revaluation ⁽ⁱⁱ⁾	8,745	-	-	-	-	-	-	-	8,745
Impairment of assets	-	-	-	-	-	-	-	-	-
Depreciation charge ⁽ⁱⁱⁱ⁾	-	(775)	-	(22,191)	(37,901)	(2,276)	(948)	-	(64,091)
Closing net book amount	68,573	15,861	-	627,645	910,642	14,662	5,672	59,357	1,702,412
Total as at 30 June 2024 represented by:									
Gross book value	68,573	16,632	-	650,443	949,569	31,025	10,098	59,357	1,785,697
Accumulated depreciation	-	(771)	-	(22,798)	(38,927)	(16,363)	(4,426)	-	(83,285)
Net book value as at 30 June 2024	68,573	15,861	-	627,645	910,642	14,662	5,672	59,357	1,702,412

Notes:

- (i) Additions for water and wastewater infrastructure reflect the owner cost works (transferred assets by developers)
- (ii) Managerial asset revaluation on land.
- (iii) Refer to 4.1.4 for further details.

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

Notes:

- (i) Additions for water and wastewater infrastructure reflect the owner cost works (transferred assets by developers)
- (ii) Managerial asset revaluation on infrastructure and buildings.
- (iii) Refer to 4.1.4 for further details

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment

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

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

Items of infrastructure, property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a machinery of government change are transferred at their carrying amount. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Refer to Note 7.3.2 for fair value disclosures.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Items with a cost or value in excess of \$500 (2023: \$500) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed.

Motor Vehicles

Vehicles are valued using the current replacement cost method. The Corporation acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers in the Corporation who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Revaluation of infrastructure, property, plant and equipment

Non-financial physical assets are revalued at fair value every five years in accordance with the Government purpose classifications defined in Financial Reporting Direction 103 Non-Financial Physical Assets (FRD 103).

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

Revaluations may occur more frequently if fair value assessments indicate material changes in values. In such instances, interim managerial revaluations are undertaken in accordance with the requirements of FRD 103. In conjunction with VGV, we monitor changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required. On this basis, the review at 30 June 2023 determined that a revaluation of our infrastructure assets was required. This review was also applied to Land and Buildings, however no revaluation was required.

The Corporation's assets relating to land, buildings and infrastructure were independently valued by the VGV as at 30 June 2021. The market that the assets are valued in were impacted by the

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

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

4.1.3 Accounting for revaluation movements

Infrastructure, property, plant and equipment

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

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

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

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

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

Biological assets

An increase or decrease in the fair value of these biological assets is recognised in the comprehensive operating statement as an 'other economic flow'. The accounting treatment for biological assets is disclosed in Note 5.9.

4.1.4 Depreciation and impairment

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

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life, commencing from the time the asset is held ready for use.

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

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

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

Indefinite life assets

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

Impairment

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

Exposure to climate-related matters could be an indicator that an asset (or a group of assets) is impaired. Whilst the potential risks and related opportunities from climate related change are considered as part of the Corporation's asset impairment review methodology and processes, based on what is currently known, it is not expected that climate risks will have a significant impact on our principal activities, particularly from an asset impairment standpoint.

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

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

	2024 \$'000	2023 \$'000
Proceeds from disposal of assets	850	551
Written down value (WDV) of assets disposed	(4,390)	(1,220)
Net gain/(loss) on disposal	(3,540)	(669)

4.2 Intangible assets

Intangible assets	Water entitlements \$'000	Software costs \$'000	Large generation certificates \$'000	Works in progress \$'000	Total \$'000
Year ended 30 June 2023					
Opening net book amount - 1 July 2022	4,500	2,147	147	236	7,030
Additions	-	350	-	79	429
Disposals	-	-	-	-	-
Transfer between asset classes	-	-	-	(255)	(255)
Gain/(loss) on LGC spot price movement ⁽ⁱ⁾	-	-	87	-	87
Amortisation	-	(526)	-	-	(526)
Closing net book amount	4,500	1,971	234	60	6,765
Total as at 30 June 2023 represented by:					
Cost	4,500	9,032	234	60	13,826
Accumulated amortisation	-	(7,061)	-	-	(7,061)
Net book value as at 30 June 2023	4,500	1,971	234	60	6,765
Year ended 30 June 2024					
Opening net book amount - 1 July 2023	4,500	1,971	234	60	6,765
Additions	9,990	-	-	1,998	11,989
Disposals	-	-	-	-	-
Transfer between asset classes	-	1,721	-	(1,721)	-
Gain/(loss) on LGC spot price movement	-	-	147	-	147
Amortisation	-	(628)	-	-	(628)
Closing net book amount	14,490	3,064	381	338	18,273
Total as at 30 June 2024 represented by:					
Cost	14,490	7,200	381	338	22,409
Accumulated amortization	-	(4,136)	-	-	(4,136)
Net book value as at 30 June 2024	14,490	3,064	381	338	18,273

Notes:

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

Recognition and measurement

Intangible assets represent identifiable non-monetary assets without physical substance.

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

Amortisation

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

Impairment of intangible assets

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

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

Permanent Water Entitlements

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

Website Costs

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

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

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

Software Costs

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

Large-scale Generation Certificates

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

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 5 OTHER ASSETS AND LIABILITIES

Introduction

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

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5.1 Receivables

	2024 \$'000	2023 \$'000
Current		
<i>Contractual</i>		
Private schemes unmatured capital	91	91
Services and usage charges	17,398	15,408
Allowance for expected credit losses	(982)	(775)
Loans to third parties	-	53
<i>Statutory</i>		
GST input tax credit recoverable	1,266	1,441
Total current receivables	17,773	16,218
Non-current		
<i>Contractual</i>		
Private schemes unmatured capital	608	656
Total non-current receivables	608	656
Total receivables	18,381	16,874

Receivables consist of:

Receivable	Initial measurement	Subsequent measurement
Private schemes unmatured capital	<p>Private scheme receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are recognised as current assets, except for those with maturities of greater than 12 months after the reporting date, which are classified as non-current assets.</p> <p>During the reporting period, the Corporation had private schemes only on wastewater schemes. A private scheme arises when wastewater is first connected to a previously unsewered small town. Residents are offered payment terms of up to 20 years which includes an interest component.</p>	Classified as financial instrument and measured at amortised cost using the effective interest method, less any impairment.
Contractual receivables (other receivables and loans)	Recognised at fair value plus any directly attributable transaction costs. The Corporation holds contractual receivables with the objective of collecting the contractual cash flows. Loans to third parties can arise from new water supply pipelines and wastewater systems, where customers have long term payment arrangements.	Classified as financial instrument and measured at amortised cost using the effective interest method, less any impairment.
Contractual receivables (service and usage charges)	Measured at transaction price, unless they contain a significant financing component, when they are recognised at fair value. The Corporation does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Contractual receivables are due for settlement no more than 30 days from date of recognition	Classified as financial instrument and measured at amortised cost less any expected credit loss.
Statutory receivables	Recognised at fair value plus any directly attributable transaction costs.	Not classified as financial instrument and measured at amortised cost less any expected credit loss.

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

5.1.1 Impairment of contractual receivables

The Corporation applies the AASB 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for contractual receivables. The Corporation has grouped contractual receivables - service and usage charges on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Corporation's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year, including consideration of the impact of the macroeconomic market conditions might have on the impact of customers to make payments of their water bills.

On that basis, the loss allowance as at 30 June 2024 was determined as follows for receivables – service and usage charges and other receivables:

30 June 2024	Current	More than 90 days past due	More than 120 days past due	More than 180 days past due	More than 365 days past due	More than 730 days past due	Total
Expected loss rate	1%	10%	13%	12%	21%	29%	
Gross carrying amount - receivables from service and usage charges	12,935	343	563	1,189	1,180	1,188	17,398
Loss allowance	136	34	73	146	249	345	982

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

Receivables from service and usage charges are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than six months after all reasonable debt recovery avenues have been exhausted.

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

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

5.1.2 Reconciliation of the expected credit loss allowance

	2024 \$'000	2023 \$'000
Opening balance 1 July	(775)	(640)
Increase in provision recognised in the net result	(207)	(135)
Balance as at 30 June	(982)	(775)

The expected credit loss allowance is calculated based on debtor days and we then apply an expected default rate based on historical expected credit losses and forward looking estimates.

We have increased the expected credit loss allowance by \$0.207 million to reflect risks and uncertainties brought about by macroeconomic market conditions. Should the macroeconomic assumptions change in the future, it could have an impact on our allowance for doubtful debts in the subsequent years.

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

5.2 Contract assets

	2024 \$'000	2023 \$'000
Service and usage charges	5,517	5,382
Developer contributions	306	3,001
Other	1,153	632
Total contract assets	6,976	9,015
<i>Represented by</i>		
Current contract assets	6,976	9,015
		Service and usage charges
Opening balance as at 1 July 2023		9,015
Less: Amounts billed during the year		(9,015)
Add: Amount accrued at year end (to be billed)		6,976
Carrying amount as at 30 June 2024		6,976

Contract asset	Description	Recognition
Contract assets - Accrued revenue	Accrued revenue is recognised for water and wastewater (non-residential customers only) usage as well as other works and services that have been provided to customers at balance date but not yet billed.	Usage charges are all recognised as revenue when the service or other goods have been provided. The contract assets are transferred to contractual receivables when the rights become unconditional. This usually occurs when the Corporation issues a bill to the customer.

Accrued revenue

Meter reading is undertaken progressively throughout the year. An estimation of unbilled usage charges is made at the end of each accounting period in respect of meters which have not been read at balance date and accrued as revenue. The Corporation estimated accrued revenue in respect of residential water meters which had not been read at the reporting date of \$4.9M (2023: \$4.9M) for

residential customers and \$0.6M (2023: \$0.5M) for non-residential customers water and wastewater, by multiplying the number of days since the last reading by each customer's average service usage.

5.3 Payables

	2024 \$'000	2023 \$'000
Current		
<i>Contractual</i>		
Trade creditors	930	473
Accrued expenses	14,905	17,904
<i>Other</i>		
Security deposits	1,430	1,745
Retentions	700	879
Unclaimed Monies	27	47
Other	(53)	13
Total	17,939	21,061
<i>Statutory</i>		
GST payable	146	139
Other government payables	111	66
Total	257	205
Total current payables	18,196	21,266
Non-current		
Total non-current payables	-	-
Total trade and other payables	18,196	21,266

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

5.3.1 Ageing analysis of contractual payables

	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
30 June 2024						
Trade and sundry creditors	248	248	248	-	-	-
Accrued expenses	15,587	15,587	15,587	-	-	-
Other payables	2,104	2,104	2,104	-	-	-
Total	17,939	17,939	17,939	-	-	-
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000
30 June 2023						
Trade and sundry creditors	473	473	473	-	-	-
Accrued expenses	17,904	17,904	17,904	-	-	-
Other payables	2,684	2,684	2,684	-	-	-
Total	21,061	21,061	21,061	-	-	-

5.4 Contract liabilities

	2024 \$'000	2023 \$'000
Customers paid in advance	6,703	6,329
Total contract liabilities	6,703	6,329
<i>Represented by</i>		
Current contract liabilities	6,703	6,329

	Service usage charges - customer paid in advance \$'000	Developer contributions - unearned income \$'000	Total \$'000
Carrying amount as at 1 July 2022	5,865	-	5,865
Contract liabilities recognised in the reporting period	464	-	464
Closing balance at 30 June 2023	6,329	-	6,329
Add: Payments received in advance for provision of goods and services	374	-	374
Total contract liabilities at 30 June 2024	6,703	-	6,703

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

5.5 Inventories

	2024 \$'000	2023 \$'000
Current		
<i>Stores and consumables - at cost</i>		
Raw materials	4,140	4,083
Total current inventories	4,140	4,083
Total inventories	4,140	4,083

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

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

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

5.6 Other financial assets

	2024 \$'000	2023 \$'000
Current		
Other	4	5
Total current other financial assets	4	5
Non-current		
Westpac investment deposit - environmental bond	1,000	1,000
Total non-current other financial assets	1,000	1,000
Total other financial assets	1,004	1,005

Environmental bond

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

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

5.7 Other non-financial assets

	2024 \$'000	2023 \$'000
Current		
Prepayments	1,666	1,137
Total current other non-financial assets	1,666	1,137
Non-current		
Other	-	-
Total non-current other non-financial assets	-	-
Total other non-financial assets	1,666	1,137

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

5.8 Other provisions

	2024 \$'000	2023 \$'000
Current		
Bioremediation pond rehabilitation	937	1,000
Total current other provisions	937	1,000
Non-current		
Bioremediation pond rehabilitation	4,337	1,594
Landfill site rehabilitation	748	748
Other provisions	-	-
Total non-current other provisions	5,085	2,342
Total other provisions	6,022	3,342

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

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

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

Dutson Downs rehabilitation provisions

The Corporation operates a prescribed waste treatment and storage facility at its Dutson Downs property. Historically, the 350ha site was established in order to dispose of prescribed wastes using landfill technology. The facility is approved by the Environment Protection Authority (EPA) for this

purpose due to its large buffer distances, its thick clay overlays and its well-developed management practices.

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

Bioremediation pond rehabilitation

On 30 June 2008 the Bioremediation Pond ceased operating. The Corporation recognised through the establishment of a provision, the liability for the rehabilitation of the Bioremediation Pond. The provision is reviewed each year to ensure that it is of sufficient value to cover the actual cost associated with the final rehabilitation of the site. A hydrological assessment was undertaken in June 2019 and further assessments and reviews were completed in subsequent years. Additional investigation and data gathering works has been undertaken during the year of 2023-24, and the provision was increased to \$5.3m for 30 June 2024. The provision will continue to be reviewed on an annual basis in light of the data obtained from ongoing investigation works.

Landfill site rehabilitation

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

5.8.1 Reconciliation of movement in other provisions

	Bioremediation pond rehabilitation \$'000	Landfill site rehabilitation \$'000	Total \$'000
Opening balance as at 1 July 2022	3,200	756	3,956
Additional provisions recognised	(606)	(8)	(614)
Carrying amount as at 30 June 2023	2,594	748	3,342
Opening balance as at 1 July 2023	2,594	748	3,342
Additional provisions recognised	2,680	-	2,680
Carrying amount as at 30 June 2024	5,274	748	6,022

5.9 Biological assets

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

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

5.9.1 Crops and plantations

Biological asset	Measurement basis	Quantities		Carrying amount	
		2024	2023	2024 \$'000	2023 \$'000
Consumable assets					
<i>Mature assets</i>					
<i>Fodder</i>					
Silage	Bales	380	230	30	18
Cereal and legume silage	Tonnes	8,596	3,500	430	88
Hay	Bales	753	464	63	27
<i>Crops</i>					
Feed mixed grain	Tonnes	-	500	-	213
Feed corn – winter crops	Tonnes	340	-	48	-
Total consumable assets (CA1)		10,069	4,694	571	346
Non-bearer assets					
<i>Immature assets (plantation)</i>					
Softwood pinus radiata	Hectares	471	542	951	2,128
Total non-bearer assets (NCA1)		471	542	951	2,128

5.9.2 Livestock

Biological asset	Measurement basis	Quantities		Carrying amount	
		2024	2023	2024 \$'000	2023 \$'000
Consumable assets					
<i>Immature assets</i>					
Mixed sex calves and weaners	Headcount	941	925	959	1,119
<i>Mature assets</i>					
Bullocks/steers	Headcount	-	8	-	16
Total consumable assets (CA2)		941	933	959	1,135
Bearer assets					
<i>Immature assets</i>					
Heifers	Headcount	156	209	328	439
<i>Mature assets</i>					
Cows and bulls	Headcount	826	866	1,706	1,897
Total bearer assets (NCA2)		982	1,075	2,034	2,336
Total current biological assets				2024 \$'000	2023 \$'000
Crops and fodder (CA1) and livestock (CA2)				1,530	1,480
Total non-current biological assets					
Plantations (NCA1) and livestock (NCA2)				2,985	4,464

Recognition

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

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

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

Valuation

Livestock

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

Any net increment and decrement in market value in the reporting year is recognised in the Comprehensive Operating Statement. Chris Stanley Livestock of Woori Yallock completed an independent valuation of livestock as at 30 June 2024 and previously at 30 June 2023.

Plantations

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

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

Independent Forester, Certified Practising Valuers completed an independent valuation of the plantations at 30 June 2024. Agribusiness Valuations Australia, Certified Practising Valuers completed an independent valuation of the plantations at 30 June 2023.

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

Crops

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

5.9.3 Reconciliation of movement in carrying amounts

	2024	2023
	\$'000	\$'000
Opening net book amount	5945	5,904
<i>Increases due to:</i>		
Purchases	-	-
Natural increase	1,077	1,426
Movement in crops	225	-
Fair value increase - livestock and plantations	-	735
<i>Decreases attributable to:</i>		
Sales	(1,439)	(1,575)
Deaths	(53)	(55)
Movement in crops	-	(43)
Fair value decrease - livestock and plantations	(1,240)	(447)
Closing net book amount	4,515	5,945

5.9.4 Cost of biological assets sold

	2024	2023
	\$'000	\$'000
Cost of biological assets sold - livestock	1,439	1,575
Total cost of biological assets sold	1,439	1,575

Refer to note 3.4 for more information regarding the recognition policy for cost of biological assets sold.

Central Gippsland Regional Water Corporation Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 6 HOW WE FINANCED OUR OPERATIONS

Introduction

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

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

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6.1 Interest bearing liabilities

	2024 \$'000	2023 \$'000
Current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	18,500	9,500
Total current interest-bearing liabilities	18,500	9,500
Non-current interest-bearing liabilities		
Loans from Treasury Corporation of Victoria (TCV)	320,000	320,000
Total non-current interest-bearing liabilities	320,000	320,000
Total interest-bearing liabilities	338,500	329,500

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

Interest bearing liabilities are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the initial amount recognised (net of transaction costs) and the redemption amount is recognised in the Comprehensive Operating Statement over the period of the interest-bearing liabilities, using the effective interest method.

The Corporation has classified borrowings which mature within 12 months as non-current liabilities on the basis that the Corporation will and has discretion to refinance or rollover these loans with the Treasury Corporation of Victoria (TCV), pursuant to section 8 of *the Borrowings and Investment Powers Act 1987*.

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

6.1.1 Maturity analysis of interest-bearing liabilities

	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	Maturity dates			
				1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
30 June 2024							
Loans from TCV	338,500	319,974	18,500	-	30,000	150,000	140,000
Total	338,500	319,974	18,500	-	30,000	150,000	140,000
30 June 2023							
Loans from TCV	329,500	307,955	9,500	-	40,000	150,000	130,000
Total	329,500	307,955	9,500	-	40,000	150,000	130,000

6.1.2 Interest expense

	2024 \$'000	2023 \$'000
Interest on loans from Treasury Corporation of Victoria (TCV)	9,364	7,849
Financial accommodation levy	4,105	4,079
Total interest expense	13,469	11,928

Interest expense include interest on short-term and long-term borrowings held with the Treasury Corporation of Victoria (TCV) and costs relating to the Financial Accommodation Levy (FAL) set by the Treasurer of the State of Victoria under section 40N (2) of the *Financial Management Act 1994*.

The FAL is in place to remove the financial benefit obtained by the Corporation in securing lower than market interest rates as a result of being guaranteed by the State of Victoria.

The financial accommodation levy is a levy applied to the Corporation to remove the market advantage that government entities may experience in borrowings as a result of being guaranteed by the State of Victoria. The financial accommodation levy is a commercial rate charged for new borrowings based on the Corporation's underlying credit rating and is paid into the State's Consolidated Fund in accordance with section 40N of the Financial Management Act 1994 in respect of financial accommodation provided to the Corporation by the State Government of Victoria.

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

6.2 Cash flow information and balances

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

	2024 \$'000	2023 \$'000
Cash at bank	7,944	14,805
Balance as per cash flow statement	7,944	14,805

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

6.2.1 Cash flow reconciliation

	Notes	2024 \$'000	2023 \$'000
Net result for the period		(10,704)	2,056
Non-cash movements			
Depreciation and amortisation of non-current assets		64,719	55,136
(Gain)/loss on sale and impairment of property, plant and equipment		3,540	669
Non cash developer contributions and gifted assets	2.1.2	(10,121)	(12,841)
Movements in assets and liabilities			
(Increase)/decrease in receivables		(1,980)	(1,885)
(Increase)/decrease in inventories		(57)	(290)
(Increase)/decrease in biological assets		1,430	(41)
(Increase)/decrease in contract assets		2,039	(872)
(Increase)/decrease in deferred tax liabilities / assets		(2,331)	883
Increase/(decrease) in payables		2,067	9,203
Increase/(decrease) in contract liabilities		368	345
Increase/(decrease) in employee benefits		(932)	(163)
Increase/(decrease) in provisions		2,680	(614)
Net cash provided by/(used in) operating activities		50,718	51,585

6.2.2 Financing facilities

	2024 \$'000	2023 \$'000
Temporary purpose financial accommodation		
Total facilities - TCV temporary purpose financial accommodation - to be repaid by 30 June each year		
Amount used	-	-
Amount unused	5,000	5,000

6.3 Commitments for expenditure

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

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

6.3.1 Total commitments payable

	Less than 1 year \$'000	Between 1 and 5 years \$'000	Over 5 years \$'000	Total \$'000
Nominal Amounts 2024				
Capital expenditure commitments payable	18,290	-	-	18,290
Environmental contribution levy commitments	6,957	20,870	-	27,827
Short-term and low value lease payments	63	315	189	567
Total commitments (inclusive of GST)	25,310	21,185	189	46,684
Less GST recoverable	1,663	-	-	1,663
Total commitments (exclusive of GST)	23,647	21,185	189	45,021
Nominal Amounts 2023				
Capital expenditure commitments payable	1,615	-	-	1,615
Environmental contribution levy commitments	5,953	5,953	-	11,906
Short-term and low value lease payments	62	308	244	614
Total commitments (inclusive of GST)	7,630	6,261	244	14,135
Less GST recoverable	-	-	-	-
Total commitments (exclusive of GST)	7,630	6,261	244	14,135

Central Gippsland Regional Water Corporation Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 7 RISKS, CONTINGENCIES AND VALUATION JUDGEMENTS

Introduction

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

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7.1 Financial instruments specific disclosures

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

These financial instruments include:

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

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

Categories of financial instruments

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

Derecognition of financial assets and liabilities

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

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

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

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

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

Impairment of financial assets

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

The Corporation records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9's impairment assessment includes the Corporation's contractual receivables, statutory receivables. Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 5.2) are also subject to impairment however it is immaterial. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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

7.1.1 Financial instruments: categorisation

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

	Notes	Cash and deposits \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
2024					
Contractual financial assets					
Cash and deposits	6.2	7,944	-	-	7,944
Receivables⁽ⁱ⁾					
Private schemes unmaturing capital	5.1	-	699	-	699
Services and usage charges	5.1	-	16,416	-	16,416
Loans to third parties	5.1	-	-	-	-
Contract assets	5.2	-	6,976	-	6,976
Investments and other contractual financial assets					
Westpac investment deposit - environmental bond	5.6	-	1,000	-	1,000
Other	5.6	-	4	-	4
Total contractual financial assets		7,944	25,095	-	33,039

Contractual financial liabilities

Payables

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

Borrowings

Loans from Treasury Corporation of Victoria (TCV)	6.1	-	-	338,500	338,500
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Total contractual financial liabilities		-	-	356,439	356,439
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(i) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

	Notes	Cash and deposits \$'000	Financial assets at amortised cost (AC) \$'000	Financial liabilities at amortised cost (AC) \$'000	Total \$'000
2023					
Contractual financial assets					
Cash and deposits	6.2	14,805	-	-	14,805
Receivables⁽ⁱ⁾					
Private schemes unmaturing capital	5.1	-	747	-	747
Services and usage charges	5.1	-	14,633	-	14,633
Loans to third parties		-	53	-	53
Contract assets	5.2	-	9,015	-	9,015
Westpac investment deposit - environmental bond	5.6	-	1,000	-	1,000
Other	5.6	-	5	-	5
Total contractual financial assets		14,805	25,453	-	40,258

Contractual financial liabilities

Payables

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

Borrowings

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

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

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

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

7.1.3 Financial risk management objectives and policies

Introduction

The Corporation's activities expose it to a variety of financial risks: credit risk, liquidity risk, and market risk, primarily through ownership of financial assets and liabilities. As a whole, the Corporation's financial risk management program seeks to manage these risks and the associated volatility of its financial performance. The main purpose in holding financial instruments is to prudentially manage the Corporation's financial risks within the government policy parameters.

Types of financial risk

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

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

Management of financial risk

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

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

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

Credit risk

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

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

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

The Corporation applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables (refer to Note 5.1.2).

Financial assets (e.g. receivables) are written off against the carrying amount when there is no reasonable expectation of recovery. Impairment loss is written off by mutual consent is classified as a transaction expense. Credit losses following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in section 5.1, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents the Corporation's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Corporation is continuously monitoring and assessing its credit risk profile due to the current economic impacts affecting customers. As a result, the Corporation has adjusted the credit risk profile in assessing the expected loss allowance in 2023-24 (refer to Note 5.1).

At 30 June 2024, the Corporation has no other significant credit risk. There has been no material change to the Corporation's credit risk profile in 2023-24.

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

2024	Financial institutions (AA-) \$'000	Government agencies (AAA) \$'000	Other \$'000	Total \$'000
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and cash equivalents	7,944	-	-	7,944
Financial assets with loss allowance measured at lifetime expected credit loss:				
Receivables (excl. statutory receivables)	-	-	17,115	17,115
Other financial assets	1,004	-	-	1,004
Total financial assets	8,948	-	17,115	26,063
2023	Financial institutions (AA-) \$'000	Government agencies (AAA) \$'000	Other \$'000	Total \$'000
Financial assets				
Financial assets with loss allowance measured at 12-month expected credit loss:				
Cash and cash equivalents	14,805	-	-	14,805
Financial assets with loss allowance measured at lifetime expected credit loss:				
Receivables (excl. statutory receivables)	-	-	15,433	15,433
Other financial assets	1,005	-	-	1,005
Total financial assets	15,810	-	15,433	31,243

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

Liquidity risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. The Corporation's policy is to settle financial obligations within 30 days and in the event of dispute make payments within 30 days from the date of resolution.

The Corporation is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and financial liabilities. A key objective of cash flow planning is to ensure that the Corporation has adequate reserves at all times, and this includes ensuring that there are sufficient standby credit facilities available to meet all obligations as they fall due, including allowances for any unexpected short term cash flow needs. The Corporation obtains annual approval from the Treasurer of Victoria for new borrowings, borrowings to refinance maturing and non-maturing loans and temporary purpose borrowing facilities.

The Corporation manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements;
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations.

Market risk

Market risk is the risk that changes in market prices will affect the fair value or future cash flows of the Corporation's financial instruments.

Market risk comprises of interest rate risk, foreign exchange risk and other price risk. The Corporation's exposure to market risk is primarily through interest rate risk, there is no exposure or insignificant exposure to foreign exchange risk and insignificant exposure to other price risks.

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

Interest Rate Risk

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

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

Interest rate exposure of financial instruments

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

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

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

2024	Weighted average interest rate %	Carrying amount \$'000	Fixed interest rate \$'000	Variable interest rate \$'000	Non-interest bearing \$'000
Financial assets					
Cash (i)	4.52	7,944	-	7,944	-
Receivables (excl. statutory receivables) (ii)	-	17,115	-	-	17,115
Contract assets	-	6,976	-	-	6,976
Other financial assets	4.52	1,000	1,000	-	-
Total financial assets		33,035	1,000	7,944	24,091
Contractual financial liabilities					
Payables (excl. statutory payables) (ii)	-	18,196	-	-	35,878
Contract liabilities	-	6,703	-	-	6,703
Loans from Treasury Corporation of Victoria (TCV)	2.87	338,500	320,000	18,500	-
Total financial liabilities		363,399	320,000	18,500	42,581

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

Notes:

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

Interest rate risk sensitivity

Sensitivity disclosure analysis and assumptions

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

The tables that follow show the impact on the Corporation's net result and equity for each category of financial instrument held by the Corporation at the end of the reporting period, if the above movements were to occur.

2024 Financial instruments	Carrying amount \$'000	Profit or Loss		Equity	
		-100 basis points	+100 basis points	-100 basis points	+100 basis points
		\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Cash and deposits ⁽ⁱ⁾	7,944	-	-	-	-
Trade receivables ⁽ⁱⁱ⁾	16,416	-	-	-	-
Other receivables ⁽ⁱⁱ⁾	91	-	-	-	-
Other receivables - Westpac deposit	1,000	-	-	-	-
<i>Financial liabilities</i>					
Payables ⁽ⁱⁱ⁾	17,939	-	-	-	-
Interest bearing liabilities - fixed	280,000	(2,800)	2,800	(2,800)	2,800
Interest bearing liabilities - maturing	40,000	(400)	400	(400)	400
Interest bearing liabilities - variable	18,500	185	(185)	185	(185)
Total	381,890	(3,015)	3,015	(3,015)	3,015

2023 Financial instruments	Carrying amount \$'000	Profit or Loss		Equity	
		-50 basis points	+50 basis points	-50 basis points	+50 basis points
		\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Cash and deposits ⁽ⁱ⁾	14,805	-	-	-	-
Trade receivables ⁽ⁱⁱ⁾	14,633	-	-	-	-
Other receivables ⁽ⁱⁱ⁾	144	-	-	-	-
Other receivables - Westpac deposit	1,000	-	-	-	-
<i>Financial liabilities</i>					
Payables ⁽ⁱⁱ⁾	21,061	-	-	-	-
Interest bearing liabilities - fixed	280,000	(2,800)	2,800	(2,800)	2,800
Interest bearing liabilities - maturing	40,000	(400)	400	(400)	400
Interest bearing liabilities - variable	9,500	95	(95)	95	(95)
Total	381,143	(3,105)	3,105	(3,105)	3,105

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

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

Other Price Risk

The Corporation has no significant exposure to other price risk.

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value. As at 30 June 2024, the Corporation does not hold any contingent assets or liabilities.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- present obligations that arise from past events but are not recognised because:

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

7.3 Fair value determination

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- land, buildings, infrastructure, plant and equipment;
- biological assets.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The Corporation determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

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

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

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

Financial assets

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

Financial liabilities

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

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

In assessing fair value for interest bearing liabilities, the market rates used vary from 1.6% to 6.24% (2023: 1.6% to 5.75%).

How this section is structured

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

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

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

7.3.1 Fair value of financial instruments measured at amortised cost

	Carrying amount 2024 \$'000	Fair value 2024 \$'000	Carrying amount 2023 \$'000	Fair value 2023 \$'000
<i>Financial assets</i>				
Cash and cash equivalents	7,944	7,944	14,805	14,805
Trade receivables	16,416	16,416	14,633	14,633
Other receivables	91	91	144	144
Deposits at TCV	1,000	1,000	1,000	1,000
Total	25,451	25,451	30,582	30,582
<i>Financial liabilities</i>				
Payables	17,939	17,939	21,061	21,061
Loans from TCV	338,500	338,500	329,500	329,500
Total	356,439	356,439	350,561	350,561

7.3.2 Fair value determination – Non-financial physical assets

	Carrying amount as at 30 June 2024 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Land at fair value</i>				
Non-specialised land	1,698	-	-	1,698
Specialised land	66,875	-	-	66,875
Total land at fair value	68,573	-	-	68,573
<i>Buildings at fair value</i>				
Non-specialised buildings	11,417	-	-	11,417
Specialised buildings	4,444	-	-	4,444
Total buildings at fair value	15,861	-	-	15,861
<i>Water infrastructure at fair value</i>				
Headworks	171,265	-	-	171,265
Water transfer	100,690	-	-	100,690
Water disinfection	1,947	-	-	1,947
Water storage	27,358	-	-	27,358
Water treatment	71,805	-	-	71,805
Water pump stations	6,791	-	-	6,791
Water reticulation	247,789	-	-	247,789
Total water infrastructure at fair value	627,645	-	-	627,645
<i>Wastewater infrastructure at fair value</i>				
Waste transfer	128,880	-	-	128,880
Waste storage	12,546	-	-	12,546
Waste treatment	313,444	-	-	313,444
Waste pump stations	58,017	-	-	58,017
Waste reticulation	397,755	-	-	397,755
Total wastewater infrastructure at fair value	910,642	-	-	910,642
<i>Plant and equipment at fair value</i>				
Vehicles	5,672	-	5,672	-
Plant and equipment	14,662	-	-	14,662
Total plant and equipment at fair value	20,334	-	5,672	14,662
<i>Biological assets</i>				
Crops and fodder	571	-	571	-
Animals	2,993	-	2,993	-
Plantations	951	-	951	-
Total biological assets	4,515	-	4,515	-
Total assets at fair value (excluding works in progress)	1,647,570	-	10,187	1,637,383

	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using:		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<i>Land at fair value</i>				
Non-specialised land	1,617	-	-	1,617
Specialised land	52,381	-	-	52,381
Total land at fair value	53,998	-	-	53,998
<i>Buildings at fair value</i>				
Non-specialised buildings	11,030	-	-	11,030
Specialised buildings	3,779	-	-	3,779
Total buildings at fair value	14,809	-	-	14,809
<i>Water infrastructure assets at fair value</i>				
Headworks	177,627	-	-	177,627
Water transfer	102,994	-	-	102,994
Water disinfection	1,912	-	-	1,912
Water storage	24,613	-	-	24,613
Water treatment	74,909	-	-	74,909
Water pump stations	6,077	-	-	6,077
Water reticulation	241,391	-	-	241,391
Total water infrastructure assets at fair value	629,523	-	-	629,523
<i>Wastewater infrastructure at fair value</i>				
Waste transfer	131,195	-	-	131,195
Waste storage	13,309	-	-	13,309
Waste treatment	326,251	-	-	326,251
Waste pump stations	54,951	-	-	54,951
Waste reticulation	400,141	-	-	400,141
Total wastewater infrastructure at fair value	925,847	-	-	925,847
<i>Plant and equipment at fair value</i>				
Vehicles	4,519	-	4,519	-
Plant and equipment	10,651	-	-	10,651
Total plant and equipment at fair value	15,170	-	4,519	10,651
<i>Biological assets</i>				
Crops and fodder	346	-	346	-
Animals	3,471	-	3,471	-
Plantations	2,128	-	2,128	-
Total biological assets	5,945	-	5,945	-
Total assets at fair value (excluding works in progress)	1,645,292	-	10,464	1,634,828

There were no changes in valuation techniques throughout the period to 30 June 2024. As at the date of the valuation by the VGV, the valuer considers that there are market uncertainties resulting in significant valuation uncertainties. The value assessed at valuation date may therefore change over a relatively short time period.

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

Non-specialised land and non-specialised buildings

Non-specialised land and non-specialised buildings are valued using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value. An independent valuation was performed by Opteon Property Group to determine fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From this analysis, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2021.

The Fair Value was assessed in 2024 using VGV indices. A movement of greater than ten percent was identified resulting in a managerial revaluation. The revaluation was completed using VGV indices as at June 2024 in compliance with DTF Financial Reporting Directive (FRD) 103 which led to a \$8.7M increase in land assets of which \$0.081M relates to non-specialised land.

Specialised land and specialised buildings

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

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

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

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

Fair Value was assessed on the Corporations specialised land assets using the Valuer-General Victoria vacant land indexation factors for the financial year ending 30 June 2024 and movement of greater than ten percent was identified resulting in a managerial revaluation. The revaluation was completed using VGV indices as at June 2024 in compliance with DTF Financial Reporting Directive (FRD) 103 which led to a \$8.7M increase in land assets of which \$8.6M relates to specialised land.

Plant and equipment

Plant and equipment are held at fair value. When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

Water and wastewater infrastructure assets

Water and wastewater infrastructure assets are valued using the current replacement cost method less all forms of obsolescence and depreciation. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the current service capacity of the asset. Economic obsolescence has also been factored into the current replacement cost calculation. However, for some heritage and iconic assets, the cost may be the reproduction cost rather than the replacement cost if those assets' service potential could only be replaced by reproducing them with the same materials.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction includes structure services and finishes as applicable.

An independent valuation of the Corporation's water and sewer infrastructure was carried out by Herron Todd White on behalf of the Valuer General Victoria in 2021. These assets are classified as level 3 fair value as the lowest level input, the absence of an active market, has a significant impact on the fair value which is unobservable.

The Fair Value was assessed in 2023 using ABS indices. An Infrastructure movement of greater than ten percent was identified. The infrastructure ABS indices as at June 2023 in compliance with DTF Financial Reporting Directive (FRD) 103 which led to a \$195M increase in infrastructure assets. The Australian Bureau of Statistics Index Number; 3109 Other Heavy and Civil Engineering construction Victoria was used for Infrastructure assets.

The valuation was made on the basis that there would be no material change to the assets, their features or market conditions. The analysis also considers 100% ownership interest in the subject assets as at 30 June 2024.

Biological assets

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

In the event that market-determined prices or values are not available for a biological asset in its present condition, the present value of the expected net cash flows from the asset, discounted at a current market determined rate is utilised to determine fair value. Further information on how the Corporation determines fair value for these assets can be found in Note 5.9.2.

Climate related factors and fair value measurement

Climate change is a risk to the Corporation. Climate change risk includes the physical risk which can cause direct damage to assets or property as a result of rising global temperatures as well as transition risks which arise from the transition to a low-carbon economy.

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

As part of our ongoing strategic Risk Review we specifically review climate change related impacts on our strategic risks. We remain vigilant to the drying climate and extreme weather events. The Strategic Risk Review did not highlight any immediate financial impacts that would need to be taken

into account in the preparation of the Annual Accounts. Climate change is considered in various places in the accompanying non-financial section (Part A) of the Annual Accounts.

The Corporation will further enhance the understanding of exposure of climate change risk in the process of executing the Corporation's climate change action plan over the next five years. As at 30 June 2024, the Corporation considered climate-related risk in the preparation of the financial statements.

The Corporation's infrastructure, property, plant and equipment assets are exposed to the risk of damage from extreme weather events such as storms, high winds, floods and drought. Changes in global climate conditions could intensify one or more of these events. In addition, extreme weather events may also increase the cost of operations. The Corporation has extensive processes in place aimed at monitoring and mitigating these risks through proactive management and early detection. The Corporation has incorporated considerations for climate change into its risk management practices, such as the establishment and maintenance of flood management systems and increased monitoring during fire danger periods. Physical risks arising from fires, floods and drought are to a great extent subject to risk transfer and thereby within the cover of the Corporation's property and business interruption insurance programmes. However, should the frequency and severity of these events increase as a result of climate change, the cost of such coverage may increase.

Description of significant unobservable inputs to Level 3 valuations

2024 and 2023	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligations (CSO)
Specialised buildings	Current replacement cost	Average cost per asset Useful life of specialised buildings
Plant and equipment	Current replacement cost	Cost per unit Useful life of plant and equipment
Water and wastewater infrastructure		
Water transfer		
Water storage		
Water treatment		
Water pump stations		
Water reticulation		
Water spares	Current replacement cost	Average cost per square metre
Waste transfer		Useful life of the infrastructure
Waste storage		
Waste treatment		
Waste pump stations		
Waste reticulation		
Waste spares		

7.3.3 Reconciliation of Level 3 fair value movements

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

2023-24	Opening balance 1 July 2023	Purchases (sales)	Transfers in (out) of Level 3	Gains or losses recognised in Comprehensive Operating Statement	Gains or losses recognised in Asset Revaluation Reserve	Depreciation	Impairment loss	Closing balance 30 June 2024
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Land</i>								
Non-specialised land	1,617	-	-	-	81	-	-	1,698
Specialised land	52,381	5,830	-	-	8,664	-	-	66,875
Total land	53,998	5,830	-	-	8,745	-	-	68,573
<i>Buildings</i>								
Non-specialised buildings	11,030	927	-	-	-	(540)	-	11,417
Specialised buildings	3,779	1,107	-	(207)	-	(235)	-	4,444
Total buildings	14,809	2,034	-	(207)	-	(775)	-	15,861
<i>Water infrastructure assets</i>								
Headworks	177,627	65	-	(263)	-	(6,164)	-	171,265
Water transfer	102,994	292	-	-	-	(2,596)	-	100,690
Water disinfection	1,912	151	-	(3)	-	(113)	-	1,947
Water storage	24,613	4,598	-	(25)	-	(1,828)	-	27,358
Water treatment	74,909	3,088	-	(1,365)	-	(4,827)	-	71,805
Water pump stations	6,077	1,132	-	(5)	-	(413)	-	6,791
Water reticulation	241,391	12,652	-	(4)	-	(6,250)	-	247,789
Total water infrastructure assets	629,523	21,978	-	(1,665)	-	(22,191)	-	627,645
<i>Wastewater infrastructure</i>								
Waste transfer	131,195	-	-	(123)	-	(2,192)	-	128,880
Waste storage	13,309	14	-	(19)	-	(758)	-	12,546
Waste treatment	326,251	8,268	-	(1,519)	-	(19,556)	-	313,444
Waste pump stations	54,951	5,671	-	(51)	-	(2,554)	-	58,017
Waste reticulation	400,141	10,458	-	(3)	-	(12,841)	-	397,755
Total wastewater infrastructure	925,847	24,411	-	(1,715)	-	(37,901)	-	910,642
<i>Plant and equipment</i>								
Plant and equipment	10,651	6,736	15	(464)	-	(2,276)	-	14,662
Total plant and equipment	10,651	6,736	15	(464)	-	(2,276)	-	14,662
Total Level 3 assets	1,634,828	60,989	15	(4,051)	8,745	(63,143)	-	1,637,383

2022-23	Opening balance 1 July 2022	Purchases (sales)	Transfers in (out) of Level 3	Gains or losses recognised in Comprehensive Operating Statement	Gains or losses recognised in Asset Revaluation Reserve	Depreciation	Impairment loss	Closing balance 30 June 2023
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Land</i>								
Non-specialised land	1,617	-	-	-	-	-	-	1,617
Specialised land	52,025	356	-	-	-	-	-	52,381
Total land	53,642	356	-	-	-	-	-	53,998
<i>Buildings</i>								
Non-specialised buildings	10,377	-	-	-	1,114	(461)	-	11,030
Specialised buildings	3,554	25	-	-	380	(180)	-	3,779
Total buildings	13,931	25	-	-	1,494	(641)	-	14,809
<i>Water infrastructure assets</i>								
Headworks	160,050	242	-	(94)	22,806	(5,377)	-	177,627
Water transfer	87,974	4,650	-	-	12,628	(2,258)	-	102,994
Water disinfection	621	1,285	-	(7)	86	(73)	-	1,912
Water storage	22,170	698	-	(5)	3,094	(1,344)	-	24,613
Water treatment	66,804	3,381	-	(191)	9,067	(4,152)	-	74,909
Water pump stations	5,524	117	-	-	768	(332)	-	6,077
Water reticulation	210,774	5,869	-	(129)	30,206	(5,329)	-	241,391
Total water infrastructure assets	553,917	16,242	-	(426)	78,655	(18,866)	-	629,523
<i>Wastewater infrastructure</i>								
Waste transfer	115,685	702	-	-	16,713	(1,905)	-	131,195
Waste storage	12,253	-	-	-	1,718	(662)	-	13,309
Waste treatment	298,876	3,256	-	(528)	41,305	(16,658)	-	326,251
Waste pump stations	45,046	5,638	-	(7)	6,293	(2,019)	-	54,951
Waste reticulation	350,969	10,148	-	(84)	50,107	(10,998)	-	400,141
Total wastewater infrastructure	822,829	19,744	-	(619)	116,136	(32,242)	-	925,847
<i>Plant and equipment</i>								
Plant and equipment	9,177	3,397	-	(55)	-	(1,868)	-	10,651
Total plant and equipment	9,177	3,397	-	(55)	-	(1,868)	-	10,651
Total Level 3 assets	1,453,496	39,764	-	(1,100)	196,285	(53,617)	-	1,634,828

Central Gippsland Regional Water Corporation
Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 8 STATUTORY OBLIGATIONS

Introduction

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

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8.1 Tax

8.1.1 Income tax

The Corporation is subject to the National Tax Equivalent Regime (NTER), pursuant to section 88(1) of the *State Owned Enterprises Act 1992*, which is administered by the Australian Taxation Office. The income tax expense or revenue for the period is the expected tax payable or receivable on the current period's taxable income based on the national corporate income tax rate of 30%, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

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

	Notes	2024 \$'000	2023 \$'000
(a) Income statement			
Current income tax expense		(4,587)	883
Income tax reported in the Income Statement		(4,587)	883
(b) Statement of changes in equity			
Net deferred tax - debited/(credited) directly to equity	8.1.2	2,548	58,527
Income tax reported in equity		2,548	58,527
(c) Tax reconciliation			
Profit from continuing operations before income tax expense		(15,291)	2,939
Tax at the Australian tax rate of 30.0% (2022 - 30.0%)		(4,587)	883
Income tax on profit before tax		(4,587)	883
(d) Tax expense (income relating to items of other comprehensive income)			
Gain/(loss) on revaluations of infrastructure, property, plant and equipment		(2,548)	(58,527)

8.1.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction that at the time of the transaction did not affect either accounting profit or taxable profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets	Notes	2024 \$'000	2023 \$'000
Amounts recognised in Comprehensive Operating Statement			
Provisions and accrued expenditure not deductible		5,569	4,790
Other		169	138
Tax losses		16,844	24,336
Total deferred tax assets		22,582	29,264
Movements:			
Opening balance at 1 July		29,264	35,247
Amounts restated through opening retained earnings			
Credited/(debited):			
to the Comprehensive operating statement		1,493	(1,702)
to other comprehensive income	8.1.1	-	-
Tax losses		(8,175)	(4,281)
Closing balance at 30 June		22,582	29,264
Deferred tax asset expected to be recovered after more than 12 months		22,582	29,264
Closing balance at 30 June		22,582	29,264
Deferred tax liabilities			
		2024 \$'000	2023 \$'000
Depreciation		38,188	49,072
Other deferred tax liabilities		82	466
Amounts recognised directly in equity			
Revaluation of infrastructure, property, plant and equipment		237,359	234,811
Total deferred tax liabilities		275,629	284,349
Movements:			
Opening balance at 1 July		284,349	230,925
Credited/(debited):			
to the comprehensive operating statement		(11,268)	(5,103)
to equity		2,548	58,527
Closing balance at 30 June		275,629	284,349
Deferred tax liabilities expected to be settled after more than 12 months		275,629	284,349
Closing balance at 30 June		275,629	284,349
Total net deferred tax asset/(liability)		(253,047)	(255,085)

8.2 Environmental contribution

The *Water Industry (Environmental Contributions) Act 2004* (the Act) amended the *Water Industry Act 1994* to make provision for environmental contributions to be paid by water authorities. The Act establishes an obligation for authorities to pay an annual contribution in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation. The purpose of the environmental contribution is set out in the Act, and the funding may be used for financing initiatives that seek to promote the sustainable management of water or address water-related initiatives.

The Corporation has a statutory obligation to pay an environmental contribution to DEECA. This contribution is recognised as an expense during the reporting period as incurred.

8.2.1 Environmental contribution expense

	2024 \$'000	2023 \$'000
Environmental contribution levy	5,953	5,953

Central Gippsland Regional Water Corporation

Notes to and forming part of the Financial Report for the year ended 30 June 2024

Note 9 OTHER DISCLOSURES

Introduction

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

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9.1 Equity

9.1.1 Contributed capital

	2024 \$'000	2023 \$'000
Opening balance at 1 July	255,971	255,971
Capital contributions	-	-
Accumulated surplus/(deficit) at end of financial year	255,971	255,971

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

9.1.2 Reserves

	2024 \$'000	2023 \$'000
Asset revaluation surplus		
- Land (net of tax)	32,553	26,356
- Buildings (net of tax)	4,594	4,594
- Infrastructure (net of tax)	517,400	517,400
Total reserves	554,547	548,350
Movements during the reporting period		
Opening balance at 1 July	548,350	410,592
Revaluation increment/(decrement) on non-current assets (gross)	8,745	196,285
Correction of prior year revaluation	-	-
- less tax on revaluation increments/(decrements)	(2,548)	(58,527)
Closing balance at 30 June	554,547	548,350

9.1.3 Accumulated surplus

	2024 \$'000	2023 \$'000
Opening balance at 1 July	332,501	330,445
Net result for the period	(10,704)	2,056
Accumulated surplus/(deficit) at end of financial year	321,797	332,501

9.2 Events occurring after the balance date

The Governments Efficiency payment of \$0.892M for 2023-24 was paid in August 2024 by a capital repatriation.

9.3 Responsible persons

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

Name	Title	Period of appointment
The Hon. Harriet Shing MP	Minister for Water	1 July 2023 - 30 June 2024
<i>Board members</i>		
Tom Mollenkopf	Board Chair	1 October 2023 – 30 June 2024
Shara Teo	Board Deputy Chair	1 October 2023 – 30 June 2024
Shara Teo	Board Member	1 July 2023 - 30 September 2023
Therese Ryan	Board Chair	1 July 2023 - 30 September 2023
Greg Hade	Board Deputy Chair	1 July 2023 - 30 September 2023
Jane Oakley	Board Member	1 July 2023 - 30 September 2023
Jo Benvenuti	Board Member	1 July 2023 - 30 June 2024
Christopher Badger	Board Member	1 July 2023 - 30 June 2024
Katrina Lai	Board Member	1 July 2023 - 30 June 2024
Penelope Hutchinson	Board Member	1 July 2023 - 30 June 2024
Felix Ohle	Board Member	1 July 2023 - 30 June 2024
Jenny Selway	Board Member	1 October 2023 – 30 June 2024
Katie Wyatt	Board Member	1 October 2023 – 30 June 2024
Sarah Cumming (Managing Director)	Board Member	1 July 2023 - 30 June 2024

Remuneration

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

Remuneration received or receivable by the Accountable Officer in connection with the management of Gippsland Water during the reporting period was in the range: \$410,000 – \$419,999 in 2024.

Income bands (\$)	2024 number	2023 number
Less than 20,000	3	-
20,000 – 29,999	2	-
30,000 – 39,999	6	8
50,000 – 59,999	1	-
70,000 – 79,999	-	1
390,000 – 399,999	-	1
410,000 – 419,999	1	-
Total	13	10
Total remuneration	\$771,000	\$749,000

9.4 Remuneration of executives

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

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

Short-term employee benefits include amounts such as wages, salaries, superannuation, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long-service benefit or deferred compensation. Termination benefits include termination of employment payments, such as severance packages.

	2024 \$'000	2023 \$'000
Short-term employee benefits	1,906	1,824
Post-employment benefits	175	172
Total remuneration	2,081	1,996
Total number of executives	7	8
Total annualised employee equivalents	7	8

9.5 Related parties

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

Related parties of the Corporation include:

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

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

Significant transactions with government-related entities

We received funding and made payments of \$11.1 million (2023: \$10.8 million) and \$22.2 million (2023: \$19.4 million) respectively to government related entities.

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

Government-related entity receipts

Entity name	Brief description of main activity	2024 \$'000	2023 \$'000
Department of Families, Fairness and Housing	Refund of concession rebates	6,614	6,736
Department of Families, Fairness and Housing	Payment of fixed charge on properties	2,651	2,478
State Revenue Office	Refund of charities rebates	271	184
Latrobe Regional Hospital	Rates and charges	376	333
West Gippsland Hospital	Rates and charges	235	253
Department of Transport	Design and fabrication costs	38	352
Department of Defence	Water and wastewater services	866	436
Department of Energy, Environment and Climate Action	Rates and charges	73	39
Total revenue		11,124	10,811

Government-related entity receivables

Entity name	Brief description of main activity	2024 \$'000	2023 \$'000
Department of Families, Fairness and Housing	Refund of concession rebates	622	500
Department of Families, Fairness and Housing	Payment of fixed charge on properties	165	3
Total revenue		787	503

Government-related entity payments

Entity name	Brief description of main activity	2024 \$'000	2023 \$'000
Treasury Corporation Victoria	Interest on borrowings	8,743	7,429
Department of Energy, Environment and Climate Action	Environmental contribution	5,953	5,953
Department of Energy, Environment and Climate Action	Other	141	180
Department of Treasury and Finance	Financial accommodation levy	4,166	4,084
Southern Rural Water	Storage management and recreation facilities fees	936	697
Environment Protection Authority	Licence fees and levies	731	785
South East Water Limited	Tarago water usage	133	73
Vic Roads	Registration fees	111	114
Melbourne Water	Water availability charges	1,275	43
Yarra Valley Water	Water entitlement and water availability charges	9,997	-
Total expenses		32,186	19,357

Government-related entity payables

At 30 June 2024 there were no Government-related Entity Payables.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.4 and members of the executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, during the financial year.

Compensation of key management personnel	2024 \$'000	2023 \$'000
Short-term employee benefits	721	690
Post-employment benefits	50	59
Total remuneration	771	749

Transactions with key management personnel and other related parties

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

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

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

9.6 Remuneration of auditors

	2024 \$'000	2023 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	173	173
Other non-audit services		
Internal audit - Pitcher Partners	136	147
Other non-audit services	68	4
ESC audit - BECA	0	24
Total remuneration of auditors	377	348

9.7 Ex-gratia expenses

	2024 \$'000	2023 \$'000
Forgiveness or wavier of debt	250	167
Property damage payments	29	42
Other	57	18
Total ex-gratia expense	336	226

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

Forgiveness or waiver of debt

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

Property damage payments

Property damage payments include contributions to owners who have experienced property damage due to unforeseen events such as a sewerage spill. Property damage payments in 2023-24 included no claims associated with a major treated sewer overflow or a major water overflow (\$nil and \$nil) (2023: \$nil, \$nil). Where incurred, these costs have been included in administration expenses in the comprehensive operating statement.

Other

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

9.8 Australian Accounting Standards issued that are not yet effective

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

Certain new Australian Accounting Standards (AAS) have been published that are not mandatory for the 30 June 2024 reporting period. DTF assesses the impact of all these new standards and advises the Corporation of their applicability and early adoption where applicable.

Topic	Key requirements	Effective date	Estimated impact
AASB2014-10	Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments	1 January 2027	Being reviewed for any impact
AASB2022-8	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	1 January 2027	Being reviewed for any impact
AASB2022-9	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to AASB10 and AASB128	1 January 2025	Not Applicable
AASB2014-10	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non current – Amendments to AASB101	1 January 2024	Being reviewed for any impact
AASB2020-1	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback – Amendments to AASB16	1 January 2024	Not Applicable
AASB2022-5	Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	1 January 2024	Being reviewed for any impact
AASB2022-10	Non-current Liabilities with Covenants	1 January 2024	Not Applicable
AASB2022-6	Supplier Finance Arrangements	1 January 2024	Not Applicable

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 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.
- AASB 2022-1: Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 Comparative Information

9.9 Changes in accounting policies

Corporation applied for the first-time certain standards and/or amendments, which are effective for annual periods beginning on or after 1 July 2023 (unless otherwise stated). The impact has been disclosed in the table below:

Title	Key requirements	Impact	Effective Date
AASB2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	<p>AASB2021-2 amends:</p> <p>AASB7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements;</p> <p>AASB101, to require entities to disclose their material accounting policy information rather than their significant accounting policies;</p> <p>AASB108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates;</p> <p>AASB134 Interim Financial Reporting, to identify material accounting policy information as a component of a complete set of financial statements; and AASB Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures</p>	Noted	1 July 2023
AASB2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards	<p>AASB2021-6 amends:</p> <p>AASB1049 Whole of Government and General Government Sector Financial Reporting, to require entities to disclose their material accounting policy information rather than their significant accounting policies</p> <p>AASB1054 Australian Additional Disclosures, to reflect the updated terminology used in AASB101</p>	Noted	1 July 2023
AASB2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets	<p>The standard amends AASB112 Income Taxes to introduce a further exception from the initial recognition exemption relating to deferred tax assets and liabilities. Applying this exception, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.</p> <p>The Standard also amends AASB1 to require deferred</p>	Not Applicable	1 July 2023

Title	Key requirements	Impact	Effective Date
and Liabilities arising from a Single Transaction (Note 1)	tax related to leases and decommissioning, restoration and similar obligations to be recognised by first-time adopters at the date of transition to Australian Accounting Standards, despite the exemption set out in AASB112.		
AASB2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules	The amendment applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’. As an exception, an entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.	Not Applicable	1 July 2023

*The effective date mentioned above refers to the date when Corporation would apply standards, amendments and interpretations and this may not be the actual application date of the standard/amendment and interpretation.
Note 1: Applicable to entities in the Group with deferred tax assets/liabilities.

Deferred tax related to assets and liabilities arising from a single transaction

The Corporation has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to AASB 112) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Corporation previously accounted for deferred tax on leases and decommissioning liabilities by applying the ‘integrally linked’ approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Corporation has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of AASB 112. There was also no impact on the opening retained earnings as at 1 July 2022 as a result of the change. The key impact for the Corporation relates to disclosure of the deferred tax assets and liabilities recognised (see Note 8.1).

Material accounting policy information

The Corporation also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 July 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Central Gippsland Region Water Corporation

Statutory Certification

We certify that the attached financial statements for the Central Gippsland Region Water Corporation have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act 1994* (Vic), and the Assistant Treasurer, applicable Financial Reporting Directions, Australian Accounting Standards, Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2024 and the financial position of the Corporation as at 30 June 2024.

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

At the time of signing we authorise the attached financial statements for issue.



Tom Mollenkopf AO
Board Chair
Central Gippsland Region Water Corporation



Sarah Cumming
Managing Director
Central Gippsland Region Water Corporation



Wilco Seinen
Chief Financial Officer
Central Gippsland Region Water Corporation

Dated 24 September 2024

Central Gippsland Region Water Corporation

Financial Management Compliance Attestation Statement

I, Tom Mollenkopf, on behalf of the Responsible Body, certify that Central Gippsland Region Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and instructions.



Tom Mollenkopf AO
Board Chair
Central Gippsland Region Water Corporation

Dated 23 August 2024

Independent Auditor's Report

To the Board of Central Gippsland Region Water Corporation

Opinion	<p>I have audited the financial report of Central Gippsland Region Water Corporation (the corporation) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2024 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • statutory certification. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the corporation as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the corporation in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the corporation is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the corporation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
26 September 2024



Paul Martin
as delegate for the Auditor-General of Victoria

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Glossary

B	BAU	Business as usual
	Biosolids	Organic solids and minerals that accumulate as a final product of wastewater treatment processes, and have been stabilised through treatment or long-term storage.
C	Catchment	The area drained by a stream, lake or other body of water. Frequently referred to as the area used to feed water into reservoirs, dams, and water courses.
	CO ₂ equivalent	A variety of atmospheric gas compounds, collectively known as greenhouse gases. As each component has a different level of impact on the environment, greenhouse gas emissions are converted to CO ₂ equivalents, which is the concentration of carbon dioxide (CO ₂) that would contribute an equivalent degree of impact as the total amount of greenhouse gases emitted.
	Corporate Plan	Our rolling five-year plan, updated annually.
	CPI	Consumer Price Index
D	DEECA	Department of Energy, Environment and Climate Action
	DTF	Department of Treasury and Finance
E	EPA	Environment Protection Authority
	ESC	Essential Services Commission
	EWOV	Energy and Water Ombudsman Victoria
F	FOI	Freedom of Information
	FRD	Financial Reporting Direction – a financial reporting direction issued by the Department of Treasury and Finance, on behalf of the Minister for Finance under the <i>Financial Management Act 1994</i> (Vic).
G	Gigalitre (GL)	One billion litres
	GLaWAC	Gunaikurnai Land and Waters Aboriginal Corporation
	GRA	Gippsland Regional Agribusiness
	GRO	Gippsland Regional Organics
	Groundwater	Groundwater is fresh water that collects below the surface of the earth.
	GWF	Gippsland Water Factory
I	IBAC	Independent Broad-based Anti-corruption Commission Victoria
	ICT	Information Communication and Technology
	IWM	Integrated Water Management Framework – A Victorian government initiative to help government, the water sector, and the community work together to better plan, manage and deliver water in Victoria's towns and cities.
K	KPI	Key Performance Indicator
	Kilolitres (kL)	1,000 litres

L	LoE	Letter of Expectations – The Victorian Minister for Water’s expectations of water corporations for the 2017-18 business planning year, outlining seven policy areas that the Minister expects water corporations to focus on for performance improvement.
	LTIFR	Lost Time Injury Frequency Rate
M	Megalitres (ML)	1 million litres
	M	Million
	MRD	Ministerial Reporting Direction – a Ministerial reporting direction issued by the Department of Treasury and Finance under the Financial Management Act 1994 (Vic).
N	NAIDOC	National Aboriginal and Islanders Day Observance Committee Week – celebrating the history, cultural and achievements of Aboriginal and Torres Strait Islander people.
O	Ocean outfall	A pipeline that carries effluent to the ocean where it is dispersed and diluted. Gippsland Water’s two ocean outfalls are strictly monitored in accordance with EPA licence regulations to ensure water quality.
	OHS	Occupational health and safety
P	Price Submission	Our current five-year plan for the period 2018-23, as well as our upcoming plan for the period 2023-28. The plan outlines our customer values, the price we intend to charge our customers for water and wastewater services, the projects we plan to deliver, and the introduction of enhanced guaranteed service levels.
R	Regional Outfall System (ROS)	The ROS pipeline transports approximately 50 per cent of central Gippsland’s wastewater to the Dutson Downs wastewater treatment facility.
S	Saline Wastewater Outfall Pipeline (SWOP)	A Gippsland Water pipeline used to transfer saline wastewater from the Loy Yang Ash Pond to Bass Strait.
	SDWR	Safe Drinking Water Regulations
	SHE	Safety, Health and Environment
T	tCO ₂ ey-1	Tonnes of CO ₂ equivalent per year.
V	VIPP	<i>Victorian Industry Participation Policy Act 2003</i> (VIPP) is an Act administered by the Department of Economic Development, Jobs, Transport and Resources (DEDJTR). Local Jobs First – VIPP improves opportunities for local suppliers to compete for work on all types of government contracts. This policy is about local industry development.
W	Water for Victoria	The Victorian Government’s plan for a future with less water as Victoria responds to the impact of climate change and a growing population. The actions set out in the plan support a healthy environment, a prosperous economy with growing agricultural production, and thriving communities.
	WGCMA	West Gippsland Catchment Management Authority
	WIOA	Water Industry Operators Association of Australia
	WIOG	Water Industry Operations Group New Zealand

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