



Annual Report

2023-2024

Responsible body's declaration

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



Joanne Butterworth-Gray

Chair
Southern Rural Water
Corporate Dated on 03 October 2024

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About this report

This annual report has been prepared for the financial year 1 July 2023 to 30 June 2024. This report is prepared in Adobe PDF format and is available for download as an A4 document.

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Acknowledgments

Southern Rural Water acknowledges and recognises Aboriginal people as the Traditional Owners and Custodians of the land and waters on which we work and live, and we respect their deep and ongoing connection to Country



General Manager Strategy, People and Culture Elisa Hunter, Gunai Elder Aunty Sandra Patten and General Manager Finance, Safety and Risk Stuart Wrigglesworth.



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Year in review



Vision, values, foundations

Our vision

Southern Rural Water's (SRW) vision is to deliver great value for customers and community through excellence in rural water management. In delivering this vision, our aspirations are outlined below.

Customer value through outstanding service

We strive to be reliable, accessible, and easy to deal with, allowing customers to interact with us in a way that works for them. We provide clear operating systems and management arrangements and deliver on our commitments. Our customers are at the core of our decision-making; we strive to understand their needs and aspirations and we advocate on their behalf.

Community value to help our regions thrive

We take seriously our contribution to support thriving regional communities. We are committed to honouring the knowledge, aspirations and ongoing connection to Country of Traditional Owners in our operations, water planning activities and decision-making. We understand that the importance of the services we provide, the partnerships we build, and investment decisions we make. We acknowledge the social value of our assets and that the water we manage is a precious resource. As a result, we work to minimise our impacts and improve environmental outcomes.

Excellence in everything we do by empowering our people to deliver results

We support safe communities through the effective management of water supply, demands and assets to safeguard the security and quality of drinking water and to meet regulatory standards. We strive to provide long-term water security and improve water availability for our customers while maintaining an agile, responsive business.

Our values

Our values drive our culture and guide us to be **always safe** and **accountable**, working as **one team** to deliver a lasting **legacy**. Key elements of our values are:

Our people

Our people are at the heart of everything we do. It is our people who build these foundations and apply them to bring our aspirations to life.

Health, safety and wellbeing

Safety in all aspects is a key focus of the way we operate. Ensuring we have a solid foundation and strong safety culture is critical to achieving our ambition of being always safe.

Culture

Leadership drives culture and culture is what sets us apart. We continue to take necessary steps to make SRW a great place to work for everyone.

Our foundations

Our foundations are the building blocks of our business and drive our key priorities for us to deliver on our aspirations. They enable us to be: financially sound, resilient and insight-driven, operate efficient systems, and be a great partner, an outstanding asset manager and a trusted resource steward.

Our people are at the heart of everything we do. It is our people who build these foundations and apply them to bring our aspirations to life.



Supporting Traditional Owner self-determination

We are committed to honouring the knowledge, aspirations and ongoing connection to country of Traditional Owners in our operations, water planning activities and decision-making.

The Victorian Government's *Water is Life: Traditional Owner Access to Water Roadmap* outlines actions to improve Traditional Owner access to water and management of water landscapes.

Traditional Owner corporations are exploring water availability in SRW managed systems where water ownership supports assertion of native title rights and cultural values.

Internally, our Reconciliation Team champions allyship, builds partnerships and is creating change. This team works toward raising Indigenous awareness across the organisation and is responsible for initiating events to coincide with important milestones such as National Reconciliation Week and NAIDOC Week.

In June 2024, our board and executive team participated in cultural safety training with MurriMatters, an Indigenous company that delivered this training to equip our leaders with the knowledge and sensitivity to understand and respect diverse cultural perspectives.



Chair and Managing Director report

It's been an exciting year delivering work that harnesses southern Victoria's water to grow food, power our homes and businesses, nurture our environment and provide recreational and cultural connections for our community.

We want to thank the commitment and dedication from our team who have supported our activities across the year to continue to build on and strengthen our committees and the services we deliver.

This annual report showcases our key achievements this year including completing irrigation modernisation programs, marching towards net zero greenhouse gas emissions, effectively managing emergency flood incidents, bolstering our people and culture program, and making significant advances in our major modernisation works in the Macalister and Werribee irrigation districts.

Completing the Newry pipeline in February 2024 was a highlight that marked a significant milestone of the 20-year-long, multi-million-dollar investment in modernising irrigation infrastructure that helps secure the Macalister Irrigation District's farming future through increasing water security, increasing resilience to drought and supporting regional prosperity.

The Macalister Irrigation District Phase 2 program of work, involved replacing old, leaking open channels and dethridge wheels with modern pipeline and automated outlets that drive 7,200 ML water savings, delivery efficiencies and higher customer service levels.

We are hearing from our customers the real benefits, with time and labour savings, which means they are able to spend less time irrigating and more time with their families.

We finished Stage 4 of our Werribee irrigation modernisation program in September 2023 and will complete Stage 5 in spring this year. In total, the program will deliver 39 kilometres of new pipeline and approximately 207 automated customer outlets. It's a significant investment in the climate resilience for the region and preparing growers to keep producing food in a more variable climate.

This major investment in modernising the Werribee Irrigation District will see 1,305 ML in water savings and support \$1.8 million farm gate value per year.

We are on track to achieve our net-zero carbon emissions target by 2025 through key initiatives.

These include transitioning our fleet to no or low emissions vehicles, installing solar power at our sites, buying power from renewable sources and purchasing Australian Carbon Credit Units from Wannon Water that we will reimburse when our own carbon reforestation offsets come online.

Flood incidents challenged us again this year and community safety remains at the heart of every decision we made to manage the incidents safely and effectively. Our team professionally implemented our emergency management and flood plans during these events.

We continue to build our culture and values across the business that's helped us attract great talent and be a great place to work. We've successfully rolled out our culture program, and have invested heavily in learning and development opportunities for our leaders, and for our emerging leaders. We are committed to our values statement: We are **always safe** and **accountable**, working as **one team** to deliver a lasting **legacy**.

We are committed to increasing our cultural safety framework, and this has started with our board and executive teams undertaking important training by Indigenous consultancy Murrimatters. This professional and inspiring learning experience will help us develop a fit-for-purpose cultural safety framework for our organisation.

We are excited about what lies on the horizon and have started work on two big strategic projects in Werribee and the Macalister irrigation areas.

These projects will help us explore how potable, river and recycled water in the Werribee River might be used in the future, and how to harness our significant modernisation investment to unlock more economic, environmental and cultural benefits in the Macalister area.

Success depends on good partnerships with customers, government agencies, and Traditional Owners which we proudly continue to strengthen and deepen.

These partnerships are vital for solving today and tomorrow's challenges, and delivering the good water outcomes we all want to achieve.

We remain resolute in our mission of being southern Victoria's rural water steward and look forward to continuing to deliver great value for customers, the environment, and the community.

Finally, we'd like to thank our outgoing directors Naomi Cleary, Mark Darras and David Epstein who were a key contributor to the board.

We'd also like to acknowledge the key role Chris Edwards who was on our board from 2019 to 2023 made to Southern Rural Water. Chris passed away during this year and our thoughts are with his family.



Joanne Butterworth-Gray
Chair



Cameron FitzGerald
Managing Director

Manner of establishment

Gippsland and Southern Rural Water Corporation, trading as Southern Rural Water, is established under the *Water Act 1989*. The responsible Minister for the period from 1 July 2023 to 30 June 2024 was the Hon Harriett Shing MP, Minister for Water.

Our services and functions

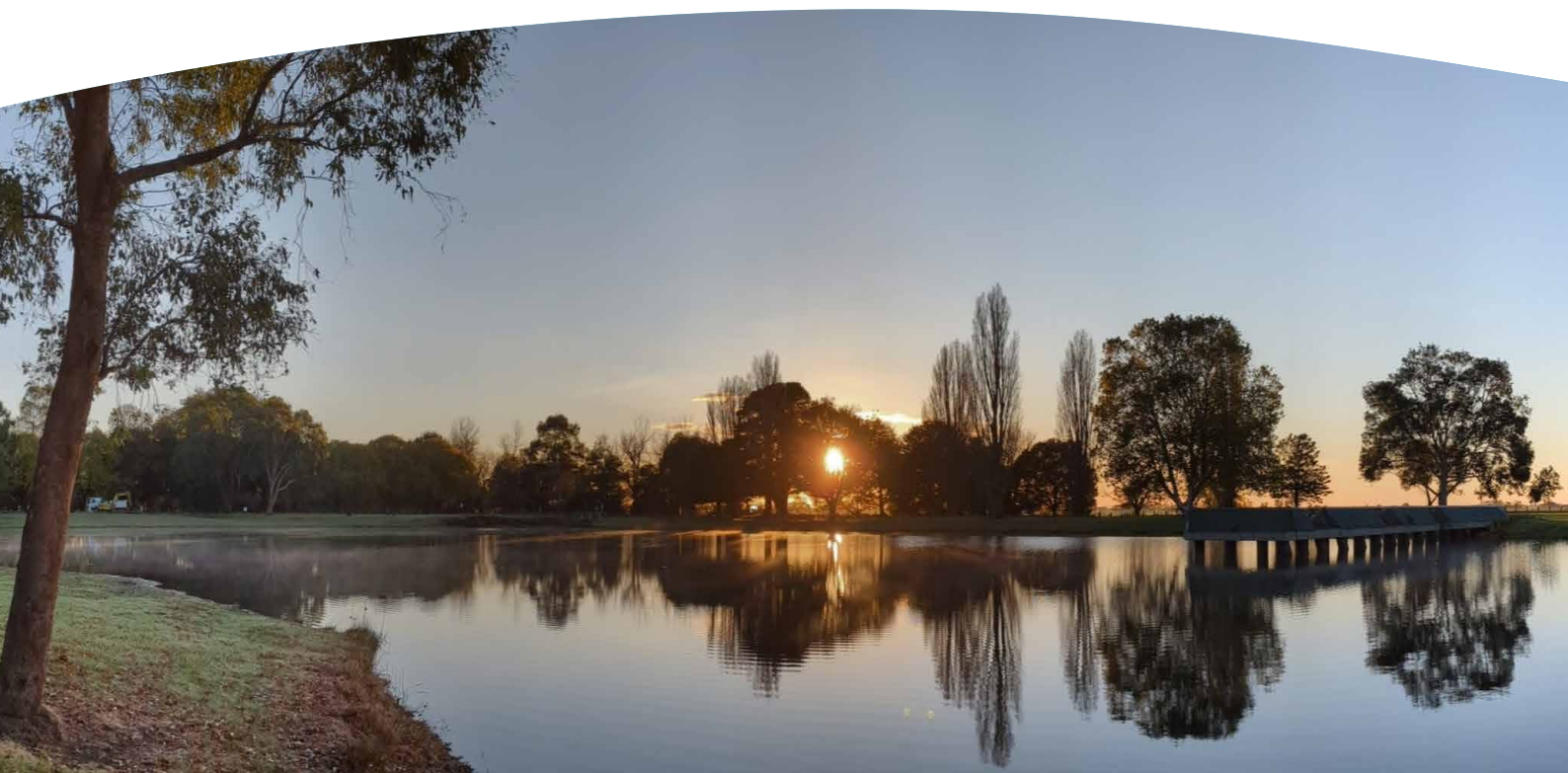
SRW is proud to be the lifeblood of the agricultural economy of southern Victoria. With assets valued at around \$2.1 billion, our irrigation districts deliver water from catchment to farm gate. As regulators of surface and groundwater, we provide fair, equitable and sustainable access to water resources. Our services support farmers to generate high quality, fresh and local produce, much of which ends up on tables across the globe to be enjoyed by consumers.

We supply water to irrigators, power generators, urban water corporations and we work with the Victorian Environmental Water Holder and alongside catchment management authorities and Melbourne Water to manage the release of environmental flows.

We service an area of 88,000 square kilometres, stretching from the South Australian border to the New South Wales border and from the Great Dividing Range to the Victorian coastline.

We operate seven major dams, eight diversion weirs, three irrigation districts and manage take and use licences for waterways, licences relating to catchment dams and farm dam registration.

We recognise the important role that we play as stewards of water resources, ensuring that we manage them sustainably for the long term.



Large dams: We operate and maintain seven dams to harvest water on behalf of irrigators and bulk entitlement holders, including power generators and urban water corporations. In addition, we manage eight diversion weirs and the Willang Yarn balancing storage in Denison, all of which help us to manage water flows through our system. We also work with catchment management authorities, Melbourne Water and the Victorian Environmental Water Holder to manage the release of environmental water flows.

Irrigation: We manage the release and delivery of water to three irrigation districts: those of Werribee, Bacchus Marsh, and Macalister. This includes operating and maintaining regulated rivers, channels, pipeline networks, drainage systems, and the supply of recycled water. We also supply water to power generators and to urban water corporations.

Groundwater and rivers: We are delegated under the *Water Act 1989* to manage licensed water use from southern Victoria's unregulated rivers and groundwater aquifers. This includes assessing applications to take and use water, construct new farm bores, construct or alter dams, along with metering water use, ensuring compliance with legal requirements, monitoring rivers and aquifers to apply rosters and restrictions where necessary to protect environmental outcomes.

We manage water use from unregulated rivers and groundwater aquifers across southern Victoria, including groundwater in urban areas.

Recreational facilities: We enable a range of recreational activities at our storages, such as picnicking and fishing at Blue Rock Lake, to the more intensive motorised boating activities at Pykes Creek, Melton Reservoir and Lake Glenmaggie. Facilities range from picnic grounds, playgrounds and barbeques to boat launching ramps. We are responsible for the ongoing maintenance of these facilities to ensure they meet the needs of the broader community. We continue to work with government departments and agencies to ensure that we are providing appropriate and fit for purpose access to these amenities, such as the funding for a new boat ramp at Blue Rock Lake in partnership with Better Boating Victoria.





SRW's functions include delivery of water and irrigation drainage services as well as administering water shares and take and use licences.

We have business centres located in Maffra, Werribee, Mitcham and Warrnambool, and have smaller offices scattered across our regions to ensure we remain closely connected to our customers across our whole service area.

Our services support a food and fibre agriculture sector that contributes more than \$14.2 billion to the economy each year.

We recognise the important role we play as stewards of water resources, ensuring that we manage them sustainably for the long term.

The water we harvest, store, manage and license is primarily for agricultural, urban and industrial purposes. Water shares are held by individual customers and transactions are recorded in the Victorian Water Register.

Bulk entitlements are held by power companies for energy production, urban water corporations for raw water to treat for urban supplies, and by the Victorian Environmental Water Holder.

We also deliver a range of other functions, including:

- operating as resource manager for some surface water catchments;
- operating and maintaining groundwater pumps in and around the MID to manage salinity;
- providing administrative support to the Victorian Drillers' Licensing Board;
- managing statutory referrals to support the environment, our customers and community; and
- leading, supporting and collaborating on special projects relating to the water sector.

187,368 ML

Volume of surface water take and use entitlements

4,239

Number of surface water take and use licences

428,285 ML

Volume of groundwater entitlements

4,303

Number of groundwater licences

**Total high
reliability
water shares**

7

Major storages


1,187 KM

Channels, pipes and drains
in the WID, BMID and MID

\$2.1 B

in assets


8

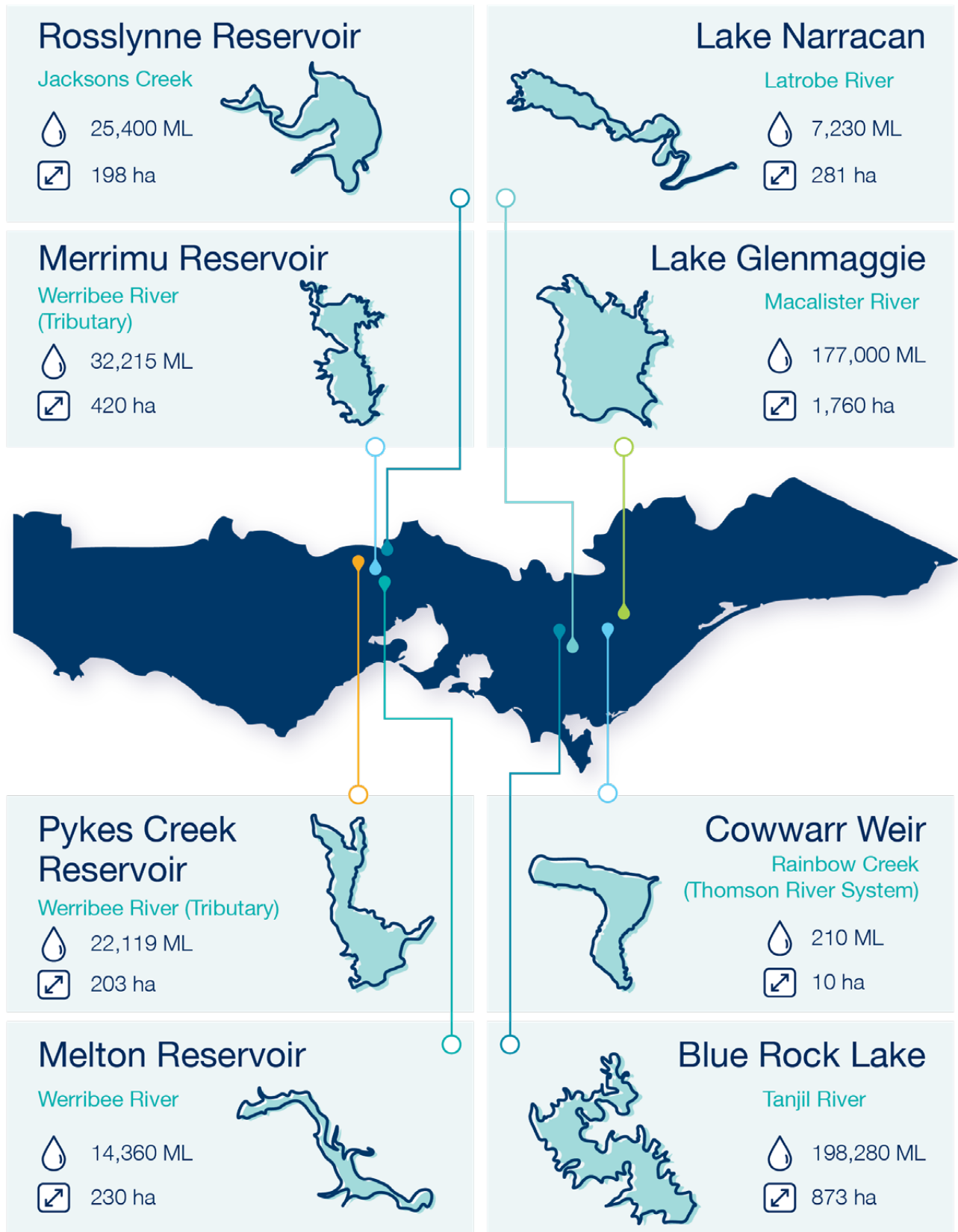
Diversion weirs


487,000 ML

Total storages capacity
volume

WID 6,766 ML

Total recycled water
customer contracted volume

Performance reporting (non-financial)

Achievements

During 2023-24, the ongoing management of water supply to customers continued to be challenging. From January and into the autumn months, all irrigation districts experienced dry weather creating high demand.

Despite the dry weather and the additional demand on irrigation water, our delivery reliability and efficiency across the Macalister Irrigation District remained high. In the Werribee and Bacchus Marsh irrigation districts we exceeded our target to ensure customers received their water on the day it was confirmed.

Our unregulated customers across our groundwater and rivers' customers experienced a reasonably dry summer and autumn period which saw irrigation occurring late in the season. This resulted in generally increased water demands, with some relying on temporary water trades to ensure they were compliant with their licence requirements.

We also undertook an extensive capital delivery program, which supported major modernisation work in both the Werribee and Macalister irrigation districts. Our capital delivery program had a focus on improving customer value.



Capital projects

Macalister Irrigation District Modernisation

The MID modernisation project, known as MID2030, is a 10-year \$163 million modernisation program broken into phases of work to achieve water savings and service improvements. The modernisation project benefits include:

- efficiencies in the delivery of irrigation water and on-farm improvements;
- reduced nutrients entering local streams and the Gippsland Lakes;
- water savings which include 17% for the environment and the balance for agricultural production; and
- opportunities to implement best-practice water use, invest in on-farm efficiencies, improve farm productivity, and enable businesses to be more climate resilient.

The Phase 2 program commenced in 2020, aiming to deliver over 7,200 ML in water savings. The program of works included channel upgrades in Stratford and Boisdale. Pipe was constructed in the vicinity of Boisdale-Newry Road and Back Valencia Creek Road, and old manual wheels were replaced with new modernised outlets at four locations. Three regulators were also upgraded in the Main Northern Channel at Football Lane, Three Chain Road, and Upper Maffra Road.

In 2023-24 Phase 2 work continued with construction of the \$39.8 million Newry pipeline project with our construction partner, Jaydo Constructions. Newry's channels were more than 100 years old and required frequent maintenance. Construction included the replacement of open channel systems with 17.3 kilometres of new pipelines and five kilometres of customer connection pipelines, as well as automated outlets, reconnection works and decommissioning.



The modernisation program is jointly funded by Southern Rural Water, the Australian Government through the National Water Grid Fund and the Victorian Government.

The pipeline was operational by August 2023, in time for the 2023 irrigation season. Finalisation works, including decommissioning, were completed by January 2024. The new pipeline has a capacity of 130 ML/day drawn from the Main Northern Channel in Upper Maffra West. The project rationalised approximately two-thirds of existing outlets and, by transitioning to a reliable piped supply, less water is lost to leakage, evaporation, and farm runoff.

Phase 2 work now continues with the replacement of aging wheels with modernised automated outlets in the Macalister Irrigation District. A minimum of 66 outlets will be modernised throughout the 2024 winter irrigation season shut down period. This project further supports the rationalisation of outlets and water saving opportunities, targeting modernisation of the highest water usage outlets first.

Main Northern and Main Southern Channel Siphon No. 2 replacements

The Main Northern Channel and Main Southern Channel No. 2 Siphons are 100-year-old critical infrastructure assets. Replacing the siphons with a concrete flume and earthen channel significantly reduces the risk of supply interruption to customers within the MID.

The \$5 million works were 50% funded under the National Water Grid Connections funding pathway. Works commenced in May 2023 and were primarily completed in time for commencement of the irrigation season on 15 August 2023. The access crossing component for the Main Southern Channel project was started in the 2024 irrigation shutdown period, and will be completed in August 2024.

Cowwarr Weir refurbishment

A \$1.14 million project to upgrade the 60-year-old mechanical components at Cowwarr Weir was completed in November 2023, including three fully-refurbished gear boxes and other mechanical upgrades at the site.

Werribee Irrigation District Modernisation

The WID modernisation project is being delivered in five stages involving the installation of more than 39 kilometres of new pipeline, generating an estimated 5,000 ML of water savings annually, significantly improving the reliability of supply and supporting productivity in drier times, and supporting Werribee River health.

In April 2016, the Victorian Government committed \$10.44 million to modernise the WID. The funding, matched by the same contribution from irrigators, supported the completion of the first three of five stages to replace ageing and inefficient channels with new pipelines.

Stages 1 to 3 started in 2016 and finished in December 2019. The works installed 23 kilometres of pipeline and upgraded 138 customer outlets, estimating annual water savings of 3,650 ML with the Victorian Government's share supporting Werribee River health through environmental flows.

A further \$11 million contribution from the National Water Grid Authority was announced in May 2021 for the final two stages of modernisation work in the WID.

Together with irrigator funding, the \$22 million project will continue to replace WID channels, with water savings expected to increase to 5,000 ML.

Work on Stages 4 and 5 started in April 2023 and involves replacing existing open channels with 16 kilometres of new pipelines, installing 69 new automated customer outlets and flow meters, and upgrading channel regulator at McMurrays Weir. The new pipelines will mainly be constructed inside SRW's channel reserves and under some roads.

Construction of the Stage 4 pipeline and new customer outlets was completed in December 2023, including the installation of 7.9 kilometres of new pipeline and 22 automated outlets in the vicinity of Hoppers Lane south to Aviation Road in Werribee South.

Stage 5 construction works commenced in early May 2024 and include the installation of 8.3 kilometres of new pipeline, 47 automated outlets and one new regulator near McMurrays Weir, east of Duncans Road and south of Aviation Road in Werribee South. Works are expected to be completed in August 2024.

The automation of new customer outlets and of the main pipeline also commenced in May 2024, under a \$1.82 million contract with Rubicon Systems Australia. Automation and Supervisory Control and Data Acquisition (SCADA) system connection for Stage 4 outlets commenced and works will continue through to Stage 5, as new customer outlets are constructed, and are ready for automation.

The WID modernisation Stages 4 and 5 project is expected to be automated by November 2024, supporting better channel control for operation of the irrigation system.



Bacchus Marsh Irrigation District Modernisation

In April 2016, the Victorian Government committed \$5.1 million towards the \$12.4 million project to modernise the BMID to increase irrigation supply reliability and farmer viability in the face of an increasingly drier climate.

The project involves the reconfiguration of the irrigation network that supplies Bacchus Marsh growers, including removing an ageing and inefficient channel system.

The first stages of the project included a 0.8 ML tank and close to eight kilometres of new pipelines and customer outlet upgrades to deliver annual water savings of up to 1,000 ML.

The balance of the modernisation project was completed this year under a separate funding agreement between SRW and the National Water Grid Authority, administered by the Victorian Government.

This included replacing the Spur 12 channel system with 856 metres of pipeline and the refurbishment of the Fiskin Street Bridge pipeline. The completion of these modernisation works has improved the reliability of supply, with water savings estimated to be in the order of 100 ML per annum from evaporation and channel leakage. The Moorabool Shire Council also funded and constructed a new river pump station at Maddingley.

In addition, SRW and Moorabool Shire Council agreed to repurpose the Main Channel land through the Bacchus Marsh township, allowing Moorabool Shire Council to build a cycling path to provide further liveability benefits to the community.

Yallourn Weir right abutment stabilisation

The Yallourn Weir enables a pool to be maintained to allow power generators in the Latrobe Valley to pump water to their power plants for cooling, which is essential for power generation. The Yallourn Weir right abutment stabilisation project was undertaken to address the risk of weir failure and was completed in August 2023.

Asset management

Significant work has been completed on producing asset management and class plans for our various asset systems as well as continued development of our 25-year capital plans.

Drafts for all key Asset Management Plans and critical Asset Class Plans commenced in 2023-24 and are set to be endorsed by the Asset Management Steering Group throughout the 2024-25 year. This includes asset management plans for the BMID, WID, SCADA system and electrical, groundwater and rivers, and headworks.

The 25-year capital plan, which was one of the main tools used to develop our capital plan for the price submission, continues to be developed and helps to form our long-term capital requirements forecast, underpinning our financial sustainability.

In 2023-24, our dam safety team updated the operation and maintenance manuals and the Dam Safety Emergency Plan for the Cowwarr Balancing Storage. These documents will be reviewed annually.

Annual and comprehensive dam safety inspection reports were finalised, and no high priority issues were identified.

Operational performance

Macalister Irrigation District

The geographic area of the Macalister Irrigation District (MID) represents the irrigation area served by SRW's pipelines and channels. The Macalister Irrigation Area (MIA) covers the same area as the MID, but also includes our groundwater and surface customers in that area.

Regulated water is supplied to the MIA via two main systems:

1. the gravity-fed irrigation district relies on upstream heads of water to move through the channels and pipes; and
2. other customers rely on the direct river diversions from the Thomson, Rainbow and Macalister rivers.

Lake Glenmaggie is the main storage, and together with a balancing storage and diversion weirs on the Thomson and Macalister rivers, provides water to more than 1,000 customers.

As there was a wet end of the 2022-23 season, water storages were above average for the start of the 2023-24 irrigation season that runs between 15 August and 15 May, with river diversion customers able to order water every day of the year. This created an opening allocation of 100% High-Reliability Water Shares (HRWS) on 1 July which remained throughout the year and 25% Low-Reliability Water Shares (LRWS) up until 2 April. At this point LRWS were increased to 100% in two stages (50%, 100%) due to the inability to deliver all water in storage by 15 May.

Unlike the previous four years, there was a dry start to the MID season, resulting in the highest delivery of water recorded on the first day of the season for the MID, followed by a wet spring which resulted in a spill period through to 15 December. Declaring a spill means water ordered and used by customers from the start of the season through to the 15 December is considered over and above their 100% allocation. From late January and into the autumn months it was dry creating high demand through to the end of the season on 15 May.

Lake Glenmaggie, spilled from October through to January, with customer spill entitlement concluding on the latest possible date of 15 December. The water level was then drawn down over the high demand period, ending the year at 76,065 ML (43%) in Lake Glenmaggie and 39,294 ML in the Thomson Reserve.

During the past 12 months, we delivered 142,000 ML of water to customers through the MID regulated system. This is higher than the five-year average of 129,142 ML.



Macalister Irrigation District performance against target 2023-24

Measure	Target	Actual
Channel performance (pool height consistency) ¹	81%	73%
Delivery reliability	100%	100%
Delivery efficiency ²	85%	85%
Customers with access to demand management ³	75%	79.7%
Release of water savings	800 ML	1,441 ML

¹ Channel pool performance continues to be below target due to the stop-start irrigation season. This was due to a range of reasons including larger than normal submerged weeds in the channels due to climatic conditions and larger than usual failure of automated regulators which is being resolved through a capital replacement program. This did not translate into a negative impact on customers, with customers receiving their required orders.

² With inconsistent deliveries to customers the losses do not reduce other than the outfalls, of which the outfalls were below our maximum targeted volume.

³ This is calculated based on the number of outlets, not the number of customers, meaning 79.7% of outlets in the MID have a demand management ordering system available.

Werribee and Bacchus Marsh irrigation districts

At the western edge of Greater Melbourne we manage the supply of river water to customers in the Werribee Irrigation District (WID), the Bacchus Marsh Irrigation District (BMID), and to river diverters along the southern stretches of the Werribee River. We also manage the delivery of recycled water to customers in the WID.

Pykes Creek and Melton reservoirs both filled and spilled in spring with the dry summer conditions resulting in Melton being drawn down to 53% by the end of the financial year. Merrimu and Rosslynne reservoirs received limited inflow but remain at 83% and 87% capacity respectively at the end of the year.

In our western irrigation districts, as with the previous five seasons, we saw steady conditions meaning that 100% High and Low Reliability Water Shares (HRWS and LRWS) were issued early in the season.

The 2022-23 season ended with the allocation reaching 100% for both HRWS and LRWS, which resulted in an excellent start to the 2023-24 season.

The starting allocation of the 2023-24 season was 80% HRWS with the carry-over volume of 10,999 ML.

It was a relatively warm and dry start to the season which saw high demand up until November and December when the catchment received good rainfall. Full storages saw the allocation reach 100% HRWS and 100% LRWS by the start of December. This was the fifth consecutive season that we have had allocations of 100% HRWS and 100% LRWS.

Hot dry weather from mid-January through to April saw an increase in demand with overall deliveries for last season being 13,647 ML.

Given the high allocation of river water for the WID, the demand for recycled water was low for much of the season. Recycled water was unavailable for an extended period from February to late April due to blue green algae blooms.

The season ended with Pykes Creek at 78% and Melton Reservoir at 53% and a carryover of 9,148 ML for the 2024-25 season.



Bacchus Marsh Irrigation District performance against target 2023-24

Measure	Target	Actual
Orders from district customers delivered on day that was confirmed	95%	99.6%
No. of unplanned disruptions of 3+ days	1	0
Water released that is delivered to BMID customers	80%	89%



Werribee Irrigation District performance against target 2023-24

Measure	Target	Actual
Orders from district customers delivered on day that was confirmed	95%	97%
No. of unplanned disruptions of 3+ days	1	0
Water released that is delivered to WID customers ¹	80%	74%
Recycled water quality salinity threshold (averaged over 24 hrs) – electrical conductivity in microsiemens per centimetre (µS/cm)	<1800	<1800
Events where recycled water cannot be supplied for five consecutive days due to high salinity ($\geq 1,800$ µS/cm) or blue green algae	2	1
Drainage - rainfall events (up to 75mm in 6 hrs) resulting in complaints of water being on properties for more than 24 hrs	5	0

¹ Factors that impacted efficiency include leaks in the district's old channel section and increased manual operation of the system during Stage 4 and Stage 5 modernisation works.

Groundwater and rivers

SRW's delegated licencing and regulatory functions include powers to determine licences and to monitor and enforce licence conditions, along with facilitating the orderly access to water resources through implementation of management plans, works licences and water trade.

The groundwater and rivers team supports more than 8,000 customers across a wide range of enterprise types including cultural water, stock and domestic water for rural landholders, dewatering quarries, irrigated food and fibre production, geothermal licences, environmental uses, and large volume licences for heavy industry.

Customers with licences in the Deutgam Water Supply Protection Area received a 100% groundwater allocation for the second time in several years. This allocation was made in accordance with management plan rules considering trends in water level and water quality within monitoring bores.

The South West Limestone Aquifer is SRW's largest unregulated water system, with annual usage from the aquifer around 41% of total entitlement volume reflecting low demand for irrigation due to wet conditions.

Mitchell River winterfill entitlement was auctioned in December 2023. Following a wet spring and start to summer the auction was successful with irrigators purchasing 1,270 ML.

We have a zero tolerance to water theft, and undertook proactive inspections on dam compliance and water usage compliance, to ensure fair water to all of our customers and the environment.

Following the release of Water is Life: Traditional Owner Access to Water Roadmap we have been on a multi-year journey to support the return of water to Traditional Owners. We aspire to build relationships with Registered Aboriginal Parties (RAPs). We are also working in partnership with relevant teams within the Department of Energy, Environment and Climate Action (DEECA) to support this.

This financial year we supported two applications with 200 ML for Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) at Buchan Caves, the first ever groundwater licence to Traditional Owners, and a further 500 ML for GLaWAC at Mt Elizabeth Nature Conservation Reserve from the Tambo River.

These allocations followed the return of water in 2020 with 2,000 ML Mitchell River water being allocated to the Gunaikurnai Land and Waters Aboriginal Corporation.

During 2022 we returned water to Gunditj Mirring Traditional Owner Aboriginal Corporation with 2,500 ML of water for cultural purposes in the Palawarra (Fitzroy River) system in south west Victoria, for use at the UNCESO World Heritage Listed Budj Bim Cultural Landscape.

We are proud to support the return of water to Traditional Owners to support their self determination, and will continue our work in this area during the coming years.



Bulk entitlements

A bulk entitlement order (Order) is a set of operating rules for a reservoir which governs the right to take and use water, and supports the sharing of water across a range of entitlement users. SRW has entitlements associated with the following Orders:

1. Thomson/Macalister;
2. Latrobe Reserve;
3. Latrobe – Southern Rural Water;
4. Werribee System – Irrigation;
5. Tarago River – Southern Rural Water;
6. Maribyrnong – Southern Rural Water and
7. Latrobe – Loy Yang B.

As more than one organisation or group can have shares (or entitlement) in the water being held in a reservoir, each shareholder must follow rules about the volumes that can be taken from the reservoir, system, or waterway, including the costs of managing the system and how they are shared.

At a number of reservoirs, SRW acts as the storage manager on behalf of all shareholders. As a storage manager, we:

- allocate water (both increases and decreases) according to the inflow and capacity shares held by shareholders
- ensure that we meet the rules for passing flows downstream for environmental purposes
- release water to meet a shareholder's request.

Passing flows are a vital part of our bulk entitlement orders and are met before allocation requests are supplied.

During 2023-24 SRW complied with all provisions of the applicable Orders.

Thomson/Macalister

Set out below is information required by Section 20.3 of Bulk Entitlement (Thomson/Macalister – Southern Rural Water) Conversion Order 2001.

20.3 sub-section	Description	Volume (ML)
	Volume of water held at Lake Glenmaggie at 30 June 2024	76,043
	Share of Thomson Reservoir storage capacity (under Clause 9)	45,000
a (i)	Releases from the Thomson Reservoir to supply primary entitlements	9,376
a (ii)	Share of Thomson Reservoir storage capacity (under Clause 9)	39,524
A (iii)	Inflows attributed (under clause 10.1 and 10.2)	13,255
Annual 2023-24	Taken from waterway	
e (i)	Northern Channel ¹	32,526
e (ii)	Southern Channel ¹	87,652
e (iii)	Eastern Channel ¹	23,272
e (iv)	Cowwarr Channel ¹	6,420
e (v)	Southern Channel to Thomson Channel	1,526
(i)	Water taken by the primary entitlement holders	144,178

	Water pumped to supply primary entitlement holders	
g (i)	Lake Glenmaggie	0
g (ii)	Macalister River	5,361
g (iii)	Thomson Reservoir	0
g (iv)	Thomson River	8,847
g (v)	Rainbow Creek	3,914
(h)	Volume of water held at Lake Glenmaggie	75,920
	Environmental allocation (2023-24 season)	18,691
	Environmental carryover (2023-24 season)	5,570
	Total available to environment (2023-24 season)	24,261
	Environmental release (including carryover)	9,755
	Write off unused carryover (due to storage spilling)	5,570
(i)	Environmental carryover available (2024-25 season)	8,936
(j)	Credits granted (under clause 17)	Nil
(k)	Temporary or permanent transfers of a bulk entitlement or any other entitlement to SRW	Nil
(l)	Alteration made to Schedules 1 or 2 under sub-clause 8.1	Nil
(m)	Number, amount and places of origin and destination of transfers of primary entitlement	Nil
(n)	Amendments	Nil
(o)	New bulk entitlements granted	Nil
(p)	Programs approved to date under sub-clause 18.2	Being implemented
(q)	Programs approved to date under sub-clause 19.3	Being implemented
(r)	Compliance with any provision of the bulk entitlement	See note 2

¹ 20.1 (c), (d) and (e) Daily volumes have been recorded at Lake Glenmaggie, Cowwarr Weir, Wandocka (environmental flow), Maffra Weir (environmental flow), Main Northern Channel, Main Eastern Channel, Main Southern Channel, and Cowwarr Channel and can be provided on request.

² 20.1 (r) SRW is required to review compliance with diversion limits every five years. The review is in progress however it will not be completed in the five-year timeframe. The assessment will now be reported in the 2024-25 annual report.

Latrobe – Southern Rural

Set out below is information required by Section 16.1 of Bulk Entitlement (Latrobe – Southern Rural) Conversion Order 1996.

16.1 sub-section	Description	Volume (ML)
	The amount of water in Blue Rock Lake:	
(e)	1 July 2023	189,553
	30 June 2024	197,448
	The amount of water in Lake Narracan:	
	1 July 2023	5,561
	30 June 2024	5,290
(f)	The amount of water in the entitlement holder's share of Blue Rock Lake - 2.10% as at 30 June 2024	2,892
	The annual amount of water taken by the entitlement holder:	
(g)	Upstream of Yallourn Weir	212
	Downstream of Yallourn Weir	6,143
(h)	The amount of annual losses debited to the entitlement holder's share of Blue Rock Lake (due to evaporation)	1,450
(i)	The annual amount of any internal spill of water to the entitlement holder's share of storage in Blue Rock Lake	1,180
(j)	Any periods of rationing and the degree of rationing of licence holders listed under Schedule 1	Nil
	Implementation of programs approved under sub-clauses 14.2 and 15.1. ¹	
(l)	Environmental Management Plan	Being implemented
	A metering program in line with the bulk entitlement guidelines	Being implemented
(m)	Temporary or permanent transfers all or part of a bulk entitlement	Nil
(mA)	Temporary or permanent transfer of all or part of this bulk entitlement or assignment of all or part of a water allocation available under a bulk entitlement to an entitlement holder	Nil
(o)	Amendments to this bulk entitlement	Nil

16.1 sub-section	Description	Volume (ML)
	The annual amount supplied to any group of licence holders specified by the Minister:	
	Drought Reserve	0
	Gippsland Water	4,993
	Loy Yang A	1,129
(p)	Loy Yang B	1,114
	SECV	0
	SRW	90
	TRUenergy	1,331
	Victorian Environmental Water Holder	0
(q)	Failures in complying with this bulk entitlement	Nil
(r)	Existing or anticipated difficulties by the entitlement holder in complying with the bulk entitlement	Nil

¹ 16.1 (l) Approval by DEECA of an Environmental Management Plan SRW had previously submitted. Approval by DEECA of an SRW metering plan for this system in line with the bulk entitlement guidelines.

Notes:

16.1 (a), (b), (c), (d) Daily volumes have been recorded and can be provided upon request.

16.1 (p) Figures sourced from SRW's Bulk Entitlement Management System and designates accumulated use by each Bulk Entitlement holder in the reporting period.

The following information is provided in accordance with Clause 15.4 of the Conversion Order 1996.

The entitlement holder has a network of meters installed within its low-quality water system that enables it to determine the low-quality water usage by both the Loy Yang A and Loy Yang B power stations. This equipment is checked monthly for validity and annually for signal integrity.

Latrobe Reserve

Set out below is information required by Section 15.1 of Bulk Entitlement (Latrobe Reserve) Order 2013.

15.1 sub-section	Description	Volume (ML)
(b)	Volume of water taken by reserve holder from Blue Rock Lake under this order	Nil
	The amount of water in the reserve holder's share of Blue Rock Lake:	
(c)	1 July 2023	30,285
	30 June 2024	37,238
(d)	The amount of annual losses debited to the reserve holder's share of Blue Rock Lake	2,460
(e)	The annual amount of any internal spill of water from or to the reserve holder's share of storage in Blue Rock Lake	4,627 to reserve Nil from reserve
(f)	The implementation of a metering program ¹	Being implemented
(g)	Any assignment of all or part of a water allocation available under this entitlement	Nil
(h)	Any transfer of all or part of this bulk entitlement to any person	0
(i)	Any amendment to this bulk entitlement	Nil
(j)	Any failure by the reserve holder to comply with any provision of this bulk entitlement	Nil
(k)	Any existing or anticipated difficulties experienced by the reserve holder in complying with this bulk entitlement	Nil

¹ (f) The metering program used for the reserve holder is that used by SRW for its bulk entitlement metering requirements.

Latrobe – Loy Yang B

Set out below is information required by Section 12.1 of Bulk Entitlement (Latrobe – Loy Yang B) Conversion Order 1996.

12.1 sub-section	Description	Response
(a)	Daily volumes have been recorded and can be provided upon request	NA
(b)		
(c)	The annual amount of water designated as taken by the Entitlement Holder from the waterway at its pumping station	15,560 ML
(d)	Works undertaken as part of the metering program ¹	Being implemented
(e)	Temporary or permanent transfers of all or part of the bulk entitlement	Nil
(eA)	Any transfer of bulk entitlement, or assignment water allocation under a bulk entitlement, to the Holder	Nil
(f)	Temporary or permanent transfers of licences to this bulk entitlement or licences to this bulk entitlement	Nil
(g)	Amendments	Nil
(h)	There have been no failures in complying with the provisions of the Order. There are no existing or anticipated difficulties in complying with the bulk entitlement	NA
(i)		

¹ 12.1 (d) In accordance with Clause 11.4, the Entitlement Holder has a network of meters installed within its low-quality water system that enables it to determine the low-quality water usage by both the Loy Yang A and Loy Yang B power stations. This equipment is checked monthly for validity and annually for signal integrity.

Werribee System – Irrigation

Set out below is information required by Section 18.1 of the Bulk Entitlement (Werribee System – Irrigation) Conversion Order 1997.

18.1 sub-section	Description	Volume (ML)
(g)	Releases necessary to supply transfers of primary entitlements	0
	Water taken from the waterway for the year at each of the diversion weirs and pumps specified in Clause 10:	
(h)	Bacchus Marsh Diversion Weir	246.5
	Werribee Diversion Weir	12,349.7
	Maddingley pumps	2,247.6
	Water taken by SRW from the system waterway at each of the diversion weirs:	
(h)	Lerderderg Weir to Goodmans Creek	4,123
	SRW share	412
	Goodmans Creek to Merrimu Reservoir	1,510
	SRW share	151
	Werribee Upper Diversion Weir to Pykes Creek	1,130
	Volume of water taken by primary entitlement holders:	
(i)	<ul style="list-style-type: none"> High and low reliability water shares 	11,903.7
	<ul style="list-style-type: none"> Myrniong 	54.39
	Volume of water taken by primary entitlement holders including outfalls:	
(i)	Bacchus Marsh	2,120.6 + (outfall 29.3)
	River diverters	797.4
	Myrniong	54.4
	Werribee	8,965.4 + (outfall 2,575)
	Storage pumpers	20.3
(k)	Credits granted (under Clause 15)	Nil
(l)	Temporary or permanent transfer of the bulk entitlement	Nil
(m)	Bulk entitlement or licence transferred to the Authority	Nil

(n)	SRW applied the following restrictions to primary entitlement holders in the Werribee and Bacchus Marsh irrigation districts and licensed diverters on the Werribee River	100% HRWS 100% LRWS
(p)	Trades of primary entitlement ¹	281.8
(r)	Changes to this bulk entitlement	Nil
(s)	New bulk entitlements granted	Nil
(t)	Environmental management program approved to date under sub-clause 16.3	Being implemented
(t)	Metering program approved to date under sub-clause 17.3	Being implemented
(u)	Any failure by the authority to comply with provisions of the bulk entitlement	Nil
(v)	Compliance: difficulty in complying with the bulk entitlement and any remedial action taken	Nil

¹ 18.1 (p) Further details, including number, places of origin and destination are available under the water register.

18.1 (a) (i) and (ii), (b), (c), (d) and (f) Daily volumes have been recorded and can be provided upon request. These include the daily flow passing each of the storages, including Pykes Creek Reservoir, Melton Reservoir and Lake Merrimu.

If required, SRW will also report on the daily passing flow on each of the following diversion structures: Upper Werribee Diversion Weir, Bacchus Marsh Diversion Weir, Lerderderg Diversion Weir, Goodmans Creek Diversion Weir, and Werribee Diversion Weir.

Tarago River – Southern Rural Water

Set out below is information for 2023-24 as required by Section 15.1 of Bulk Entitlement (Tarago River – Southern Rural Water) Conversion Order 2009.

15.1 sub-section	Description	Volume (ML)
(b)	Annual releases made from Tarago Reservoir to supply primary entitlements	0 ML
(c)	SRW's Bulk Entitlement Metering Plan has been issued to the responsible Minister for approval	Being implemented
(d)	SRW has complied with the provisions of the Order	Nil
(e)	Failure to comply with any provision of Bulk Entitlement	Nil
(f)	Any difficulties experienced or anticipated	Nil

Maribyrnong – Southern Rural Water

Set out below is information required by Section 19.1 of Bulk Entitlement (Maribyrnong – Southern Rural Water) Conversion Order 2000.

19.1 Sub-section	Description	Response
a (i)	Water released to supply licence entitlements	0 ML
	SRW's share of Rosslynne Reservoir:	
a (ii)	30 June 2023	1,101 ML
	30 June 2024	1,088 ML
a (iii)	Inflows, taking into account evaporation and measurement discrepancies	97.6 ML
a (iv)	Allowances for transfer and operating losses	Nil
a (v)	Water deducted for passing flow requirements	142 ML
(c)	Water taken by SRW's licences from the waterway to satisfy entitlements under licences	Nil
(d)	Temporary or permanent transfers from this bulk entitlement	Nil
(e)	Temporary or permanent transfer to SRW	Nil
(f)	Alterations to schedule 1 or 2	Nil
(g)	Temporary transfers within the system	Nil
(h)	Amendments to this bulk entitlement	Nil
(i)	New bulk entitlements granted	Nil
(j)	The implementation of any programs approved under sub-clauses 17.2 and 18.3	Nil
(k) & (l)	SRW has complied with all provisions of this bulk entitlement and experienced no difficulties in complying	

Reservoir operations

The performance targets for all reservoir operations were achieved in 2023-24.

Storage operations performance against target 2023-24			
Site	Measure	Target	Actual
Blue Rock Lake	Releases within 10% of ordered flow	95%	100%
Pykes Creek Reservoir & Lake Merrimu	Water is harvested at the maximum possible rate	95%	100%
Werribee system	Releases are within 10% or 5 ML of ordered flow	95%	100%
Maribyrnong system	Releases are within 10% or 1 ML of ordered flow	95%	100%

Engagement

Our vision is to provide great value customers and community. In order to deliver on this we need to listen to our customers and community to explore what this means for them to inform our strategic priorities and our focus for the future.

Over the past 12 months we have refreshed our approach to customer and community engagement through the development of our strategic engagement plan. This sets out the key forums and committees to support our engagement including:

- customers via consultative committees, customer reference groups, third party committees, and drop-in sessions;
- stakeholders via a strategic forum, customer reference groups, third party committees and partnership opportunities; and
- community via a strategic forum, customer reference groups, and sponsorship and events.

SRW also produces and promotes content on its website and social media channels and distributes e-newsletters to its customers.

Customers and stakeholders

Our customers include our Macalister, Werribee and Bacchus Marsh irrigators, as well as the Victorian Environmental Water Holder (VEWH) and licensed river and groundwater diverters. They buy and sell water and pay for licences to take water from river systems and beneath the ground.

Stakeholders are the water industry, regulatory and compliance stakeholders that intersect with the operations of SRW, particularly in the supply of recycled water, integrated water management planning, cultural heritage and environmental management.

Community is defined as community groups, organisations and local councils that have a shared interest in the work - and consequences - of SRW's operations in their local area. Community stakeholders can provide advice on environmental issues, cultural heritage and catchment planning. We are continually exploring how we can support the work of communities in the areas we serve by sponsoring community events, fundraisers and charitable projects - initiatives that enhances community cohesion and social connectedness.

Customer consultative committees

Our customer consultative committees are an essential tool in our strategic engagement plan, they enable us to gather insights from our customers and provide an opportunity for sharing information both ways. We have two customer committees - the Macalister Customer Consultative Committee and Southern Groundwater and Rivers Forum.

The Macalister Customer Consultative Committee meets quarterly and is represented by irrigators in the Macalister Irrigation District and river diverters on the Thomson and Macalister rivers and Rainbow Creek. They meet to discuss operational and policy issues, including capital initiatives, water allocations and water orders.

The Southern Groundwater and Rivers Forum meets quarterly and is represented by members from small, medium and large agribusinesses that are groundwater and rivers customers. They meet to discuss operational and policy issues on groundwater compliance and licensing.

There was a change in the membership of both committees in 2023-24, with the Macalister Customer Consultative Committee welcoming seven new members and the Southern Groundwater and Rivers Forum one new member. Members were recruited following an expression of interest process undertaken late in 2023.

Stakeholders and community groups

SRW's service region includes Melbourne Water's region, three metropolitan urban water retailers, six regional urban water corporations, five catchment management authorities, and regional, rural, and urban municipalities.

SRW works closely with the Victorian Government, chiefly DEECA in its delegated licensing functions, and Department of Treasury and Finance, Agriculture Victoria, Environment Protection Authority Victoria, Department of Health and the Essential Services Commission.

We meet regularly with the urban water businesses, VEWH, power companies and government departments who hold bulk entitlements in the storages we manage.

Supporting Traditional Owner self-determination

We have also continued to support the implementation of Water is Life: Traditional Owner Access to Water Roadmap with a focus on progressing successful return of water allocations. This effort bolsters the work we are doing and we aspire to developing partnerships with RAPs across our service area. We currently have one formal partnership plan.

We continue to support the Victorian Government's Central and Gippsland Sustainable Water Strategy, leading and supporting initiatives that have great links to Traditional Owners and the use of water for cultural purposes. We will continue the work on these projects and continue to look at how we deepen our relationships and partnerships with Traditional Owners across the coming year.



New engagement in 2023-24

In 2023-24, we made several changes to how we engaged with customers and stakeholders, introducing a stakeholder-specific forum, transitioning the Werribee and Bacchus Marsh Customer Consultative Committee, and recruiting growers for the Werribee System Reconfiguration Customer Reference Group.

Transitioning the Werribee and Bacchus Marsh Customer Consultative Committee

Consistent with our strategic engagement plan, in 2023 we trialled a new way of engaging with our Werribee and Bacchus Marsh customers, with a transition away from a customer committee and a greater focus on engaging with our customers in ways that's more meaningful for them.

SRW began attending the quarterly Wyndham Council-led Wyndham Green Wedge Steering Committee, which meets to discuss the environmental, planning and agribusiness operations at Werribee South.

The committee includes representation from up to four Werribee growers and two SRW employees.

SRW provide an operations update to the committee, usually on pending, in progress, or completed works in the district. Updates were provided on the objectives of the Werribee System Reconfiguration Project, including SRW's role in the project.

Engagement with Bacchus Marsh growers and irrigators is via twice-yearly drop-in sessions.

The inaugural drop-in session was held on 25 October 2023 followed by a second session on 28 February 2024. The drop-in sessions are a new way of connecting with customers that is less structured and less formal and an opportunity for customers to talk with our staff in person, at a location that is close to home for them and that encourages open and candid conversations.

Werribee System Reconfiguration Project Customer Reference Group

SRW is a partner for the Werribee System Reconfiguration Project, a key project of the Central and Gippsland Region Sustainable Water Strategy.

The project is focused on the development of a business case on the viability of reconfiguring water resources in the Werribee catchment.

A reference group of Werribee irrigation customers was appointed in early 2024 to support the project team to understand customer needs and requirements. Feedback from the group will inform a business case for the project, which will consider irrigation opportunities alongside potable water, river health, environment and Traditional Owner benefits. Incorporating a whole of catchment approach potentially improves the viability of the business case, securing funding and realising the full benefits.

Three meetings of the customer reference group were held in 2023-24 with three additional meetings scheduled 2024-25. Each meeting is attended by up to nine group members, who are either growers or entitlement holders.

Strategic Futures Forum

SRW held its inaugural Strategic Futures Forum on 27 November 2023 at the Melbourne Museum, with stakeholders encompassing farming, environmental, customer and stakeholder groups in attendance. The forum was a customer, community and industry event focused on the future of water management and agriculture in southern Victoria and an important opportunity for knowledge sharing and collaboration. The forum featured a welcome address from SRW Chair Joanne Butterworth-Gray and a keynote speech from Andrew Fennessy, Deputy Secretary, Department of Energy, Environment and Climate Action.

The forum was a further opportunity for us to listen to our customers and stakeholders, with the ability to directly inform our strategic priorities for our corporate planning cycle.

We are looking to how we can continue to provide this forum in different ways, such as regional forums to continue to develop and evolve how we best engage.

Innovative partnerships

Southern Rural Water and Wannon Water partner to reduce emissions

In 2023-24, SRW partnered with Wannon Water to reduce carbon emissions in the Victorian water industry.

Under the partnership agreement, Wannon Water will trade 3,000 Australian Carbon Credit Units to SRW in the period from 2024-25 to 2029-30.

Wannon Water currently holds Australian Carbon Credit Units generated through its carbon reforestation project and has agreed to assist SRW in achieving its 2025 goal of net-zero greenhouse gas emissions under the terms of the agreement.



SRW's Climate Change Mitigation Plan and Wannon Water's roadmap to net zero set out the actions needed to achieve their respective goals, including investment in renewable energy, reducing high energy activities, and transitioning towards hybrid and electric vehicles.

The agreement is testament to collaboration in the industry and helps both organisations achieve a more sustainable future for their communities and stakeholders.

Water Market Transparency Project

The Water Market Transparency Project is an initiative of SRW to better understand the barriers to water trade in the Macalister Irrigation Area, and is financially supported by the Department of Energy, Environment and Climate Action.

The project sought to ask the following key questions to help gather intelligence and inform solutions:

- Do Macalister Irrigation Area customers want to trade water?
- What is stopping customers from trading water?
- What would help customers to trade water?

Engagement with customers led to SRW implementing an online water trading platform as its solution – known as Southern Rural Water Exchange – in partnership with Water Partners, who will deliver and operate the platform.

The first trade using the new platform was facilitated on Wednesday, 27 September 2023 – 79 ML of temporary season allocation was traded.

Macalister Fresh

Macalister Fresh is a region-building water strategy aimed at delivering a vision and plan to drive future investment in Gippsland, by expanding irrigation inclusive of the MIA, Latrobe River and Avon River.

In 2023-24, SRW worked with customers, stakeholders and the community to develop a shared vision of what the future looks like: The Macalister Fresh irrigation area develops into a climate resilient Gippsland province with a shared ambition of innovation and partnerships that enable our community, region and environment to flourish.

Further stakeholder engagement will be undertaken in 2024-25 to identify and develop project opportunities and then deliver a high-level investment proposal. This will play a key role in attracting business and government to partner on water projects that will help grow Gippsland's food and fibre sector.

Sponsorship and events

SRW is committed to supporting community events and activities. Our sponsorship priorities target not-for-profit activities that:

- strengthen local communities
- promote sustainable environmental practice
- educate, particularly on water-related topics.

General sponsorship

SRW coordinates a general sponsorship program, where community groups and individuals can submit a request for sponsorship. Each application is assessed according to our sponsorship procedure that is focused on supporting community events, fundraisers or charitable projects that enhance community cohesion and social connectedness – the things that bind farming communities.

In 2023-24, we sponsored a charity initiative in Ballarat, school fundraisers in the Gippsland farming communities of Boisdale and Heyfield, provided funding to the Wellington Toy Library,

Maffra Cricket Club, Maffra Bowls Club and supported community events in Maffra, including the local carols, Mardi Gras and Christmas festivals.

An objective for 2024-25 is to work to proactively extend our sponsorship reach in the south west, using our social channels and connections with partner organisations to achieve this.





Food and Fibre Gippsland

SRW was a major sponsor of the 2024 Food and Fibre Gippsland Awards, held in May in Maffra, and contributed to sponsor the Female Agribusiness Leader of the Year award.

SRW supported the event, both as a local employer of choice and active member of the Maffra community, and in support of our female workforce and female agribusiness leaders.

SRW Board Chair, Joanne Butterworth-Gray, co-presented the award, along with Leadership Victoria, to Julie Weatherhead of Peppermint Ridge Native Foods, in Tynong North.

National Water Week

National Water Week is an industry-wide campaign to educate the public of the importance of water in our everyday lives, environment, recreation and culture. In 2023, students were invited to design a poster on the theme United by Water and the important role water plays in bringing individuals and communities together.

SRW partnered with Greater Western Water and Wannon Water for National Water Week to co-sponsor the school prize award in the school poster competition.

Recreational values

We acknowledge the association recreational users have with our public storages and we remain committed to developing plans for their ongoing use.

SRW has been working with DEECA to implement the new Water (Recreational Area) Regulations 2023 and has started the drafting of Recreational Area Management Plans for each of SRW's six recreational areas.

SRW is partnering with Better Boating Victoria to improve boating facilities at the reservoirs.

This includes a new pontoon with an all-abilities lift at the boat ramp at Blue Rock Lake to improve access to the water, improved boat ramps at Lake Glenmaggie, and an investigation into new boat launching facilities at the Melton Reservoir.

SRW is also installing new picnic tables and shelters at Blue Rock Lake and Pykes Creek Reservoir.

Farm World at Lardner Park

SRW has been a long-time exhibitor at one of Gippsland's premier farming events, Farm World, and we again had a presence in March 2024.

Farm World provides an opportunity for our team to connect with customers and assist with information on water management.

Our presence is mostly about engaging with potential and existing groundwater customers on topics such as dams, bores, groundwater licensing and compliance. SRW team members attended our display over three days, and partner Water Partners was also in attendance on Friday and Saturday to promote the water trading platform Southern Rural Water Exchange.



Community service obligations

Concessions are available on domestic water charges for holders of valid concession cards.

Value of community service obligation provided	2022-23	2023-24
Pensioner concessions	\$12,462	\$12,016

Social sustainability reporting

Community service obligation	2022-23	2023-24
Provision of water and sewerage concessions	\$ 12,462	\$ 12,016

Hardship

A range of personal and external issues, including natural disasters (bushfire, floods), market fluctuations, and personal hardship affect many customers. There are a range of options available for our customers that may require financial assistance.

Our billing reminders emphasise the range of options available to our customers, including payment extensions or individual payment plans.

Where customers experience hardship we seek to understand their situation and find mutually acceptable solutions. Our debt management procedure is published on our website.

Hardship arrangements in place	No.	Value
Payment plans	37	\$79,826



Governance and organisation structure

Organisation structure



Our organisation structure as of 30 June 2024.

Business units	
Service Delivery	Operating our Macalister, Werribee, and Bacchus Marsh irrigation districts. Managing licence diversions from surface and groundwater, and the construction of bores and dams in a manner that supports climate change adaptation.
Asset Futures	Managing the full lifecycle of our engineered assets, from planning to renewal and/or decommissioning. Developing and delivering the capital plan including large modernisation projects, with a focus on dam safety management.
Strategy, People and Culture	Strategic planning to ensure sustainable management of water resources, pricing, business performance, environment and planning to adapt to the impacts of climate change. Undertaking communications and engagement activities for customers, stakeholders, and communities. Managing the employment, wellbeing and development of a diverse, knowledgeable, and engaged future ready workforce including pathways for Aboriginal and Torres Strait Islanders across all levels of our business.
Customers and Technology	Providing customer service via telephone, online and face-to-face channels, supported by digital technologies aligned to customer expectations and supporting customers during hardship. Implementation of information technology systems and networks and investment in technology to support strategic objectives and mitigate risks including cyber security.
Finance, Safety and Risk	Supporting and delivering fiscal management, risk management and corporate governance. Implementing safe systems of work to ensure our people and communities are safe. Managing procurement, facilities, and fleet to ensure contemporary, accessible, and sustainable work environments and resource.
Corporate Secretary	Supporting and delivering governance, freedom of information, privacy and legal advice. Overseeing corporate governance compliance practices and assurance activities, ensuring statutory obligations are met.

Governing board

In accordance with the *Water Act 1989* the SRW board is responsible for:

- the strategic planning of the corporation
- the management of the affairs of the corporation.

In doing so, the board is mindful of the sustainable management principles for water corporations and acts as efficiently as possible, consistent with commercial practice.

The Minister for Water appoints the directors of SRW (including the Chair) and sets the terms and conditions of appointment. Directors are appointed based on their qualifications and experience; they do not represent any particular constituency.

The Deputy Chair, one of the appointed directors, is appointed by the board. The Managing Director is also appointed by the board in accordance with the *Water Act 1989*.

At 30 June 2024, the board comprised five non-executive directors and the Managing Director. During the year two non-executive directors' terms of appointment concluded, three non-executive directors were appointed, and two non-executive directors resigned. Directors are eligible for reappointment for subsequent terms.

Director profiles

Joanne Butterworth-Gray

Chair

Joanne is a highly accomplished leader with a 45-year agribusiness and regional leadership legacy. Her extensive farming and water policy knowledge has been pivotal to her role as Chair of the Southern Rural Water board.

Her diverse career, spanning across agriculture, agritourism and executive roles within the Victorian wine industry and Victorian Government, has been instrumental in fostering a shift in agribusiness mindsets and promoting the adoption of innovative technologies and sustainable agribusiness practices in Victorian farming communities.

An entrepreneur by nature, Joanne has contributed to transforming the Gippsland agricultural region and establishing a collaborative sector-based approach to agriculture that encompasses all food and fibre production.

Joanne's hands-on experience as a farm gate agritourism business owner for 14 years has instilled a profound understanding of customer needs and a deep appreciation for collaborative work.

Joanne sees her role at SRW as an advocate for the Victorian food and fibre economy and is committed to leading SRW as an agile and future-ready business partner for food security and through the regional renewable energy transition.

Her forward-thinking approach and unwavering dedication to agribusiness are evident in the various Chair positions she holds, including with Fairtrade Australia and New Zealand. She is highly strategic and facilitates conversations to ensure everyone can contribute and feels respected and valued.

Michelle McCrum

Deputy Chair (from 1 October 2023)

Michelle is the longest-serving member of the current SRW board and brings over 25 years of strategic expertise and leadership experience to the organisation.

Married to a fifth-generation farmer and living within the agricultural community, Michelle sees the impacts of climate change and water security firsthand and understands how important water is to farming and the economy.

Michelle prides herself on listening to customers to understand their needs but also helping farmers consider new solutions and exploring how SRW can assist them. She considers the full ecosystem in which customers, communities and SRW interact.

As Chair of the People, Safety, and Culture Committee, Michelle is committed to fostering a safe and inclusive workplace for staff. Her advocacy for diversity and cultural safety underpins the importance she places on creating an environment where individuals feel heard and valued.

Michelle is excited about SRW's future and is empowering the next generation of board members and executives by sharing her knowledge and experience to help them navigate challenges, such as evolving technologies and liabilities.

Cameron FitzGerald

Managing Director

As Managing Director, Cameron is passionate about providing water services that enable the prosperity of the agriculture sector. He deeply respects the work of farmers who put top quality, healthy and nutritious food on our plates and is driven to deliver world class water services to enable their prosperity.

Cameron has led crucial water security initiatives, playing a pivotal role during the Millennium Drought through his leadership of the Target 155 task force which set new water-saving behaviours for Melbourne, with many still being practised today.

He understands the wider value that sustainable long term water management creates for both regional and urban communities. He is committed to planning for a water future that is sustainable in the face of a changing climate.

His highlights at SRW include generational changes in infrastructure through modernisation. This has opened opportunities for expanded access to agricultural and environmental water, and broke new ground by issuing of the first ever water licence to Traditional Owners in Victoria.

A key aspect of Cameron's role is empowering people to succeed. He does this by assembling a diverse team, amplifying all voices, agreeing on pathways together and translating innovative ideas into impactful actions and results.

Jane Doolan

Director

Jane has dedicated over 30 years to sustainable water resource management. She brings to her role invaluable expertise in policy development for urban and rural water supply and security, national water reform, river health, environmental water allocation and catchment management.

Formerly the Deputy Secretary for Water at the Victorian Department of Environment and Primary Industries, Jane has extensive knowledge of river systems and irrigation areas across Victoria.

Currently serving on the Murray Darling Basin Authority board, Jane has seen the pressures that water scarcity has put on northern Victoria.

She brings these insights into her role at SRW to provide advice and early intervention solutions to managing a drying climate and water supplies in the south.

She also recognises the importance of SRW's role in compliance and enforcement as a key component of sustainable water management - protecting both existing water users and healthy rivers.

Through her position on the SRW board and Chair of Asset Governance Committee, Jane aims to facilitate a sustainable and high-value irrigation industry that operates within sustainable limits, is robust in the face of climate change and ensures the protection of the environment.

Kylie Steel

Director

Kylie comes from a family with a rich legacy in orchard growing, spanning five generations of apple and cherry farmers in Bacchus Marsh. As a member of a farming family, Kylie has seen business practices modernise and evolve in response to climate change and emerging technology.

Significant environmental events, such as the Millennial Drought and Black Saturday bushfires in Victoria, have helped shape Kylie's career. These events motivated her to pursue further studies in bushfire science and establish SCB Consult, a business dedicated to providing specialist consulting on climate change, bushfire science and emergency management.

Her forward-thinking leadership and passion for making a meaningful difference in the lives of people and the communities she serves are evident in her commitment to sustainability, environmental protection and resilient farming practices.

Risk management is ingrained in Kylie's work, and she sees the benefits of establishing strong relationships with farming communities to prepare for future climate change challenges. She actively seeks to build these connections to further her understanding of stakeholders' evolving needs and help build SRW into a future-ready organisation that supports farmers.

Kylie is also a member of the Expert Technical Panel of the Resilient Building Council of Australia and the Bushfire Building Council of Australia and a director of the Barwon Health Foundation.

Michael Browne

Director (from 1 October 2023)

For over two decades, Michael has worked in planning, project management and asset delivery across the water industry. Through his positions at Sydney Water and Yarra Valley Water and roles in integrated water management (IWM) across the Victorian Government, Michael brings expertise in urban water cycle management to the Southern Rural Water board.

A Barkandji-Wamba Wemba man from rural NSW, Michael is currently working closely with Wurundjeri Woi-Wurrung Cultural Heritage Aboriginal Corporation to help embed IWM policies, improve planning for Country and support effective water allocation conversations.

He recognises Traditional Owner aspirations must be met through collaboration. Through his engagements with water corporations, government agencies and the community, Michael advocates for optimistic collaboration to address challenges and opportunities across SRW's service area.

Michael's vision extends to treating water as a valuable community asset, with water corporations, such as SRW having a social responsibility to manage this resource. He envisions an industry that places the community and cultural values at the core of decision-making for water management.

Michael is dedicated to fostering open conversations and to deep listening to understand the diverse needs and challenges within communities. He seeks to integrate flexibility into decision-making processes to ensure that these include consideration of future generations and challenges, such as drought, emerging technologies and shifting community expectations.

Anthony Scarff

Director (from 1 October 2023)

Anthony brings a vibrant curiosity and energy to the SRW board and is deeply committed to the economic, agricultural and environmental sustainability the corporation provides for our community.

Having grown up around extensive family farming operations, combined with more than 20 years experience in a range of public and private businesses, Anthony takes a holistic view of the work required to ensure customers, communities and the environment share the benefits of a strong organisation.

Throughout his finance, operations, and strategy career, Anthony has led teams to modernise and create new efficiencies to enable continuous improvement and long term viability. He applies this sustainable business acumen to his responsibilities at SRW, focusing on water efficiencies that can benefit customers, farmers, and the environment.

Appointed to the board in October 2023, Anthony brings a strong sense of community and a commitment to adding new value for customers, particularly as the region transitions to renewable energy options.

Currently acting Chair of the Audit, Risk and Governance Committee, and a member of the Asset Governance Committee, Anthony sees his leadership as an important way to support the people at SRW to achieve tangible results for the communities they serve. He is excited to see the value everyone brings, as he believes it takes a team to create successful outcomes.

David Epstein

Director (from 1 October 2023 to 29 February 2024)

David Epstein FAICD is Principal Private Secretary to the Prime Minister of Australia.

In addition to working for several Australian political leaders as an adviser and Chief of Staff, he has led group public affairs and communications at Qantas and BHP, legal, regulatory and corporate affairs at Optus (Singtel). He has held profit and loss accountability and provided consultancy advice on regulatory and political risk management and approvals for sensitive transactions.

Educated at ANU and Wharton (University of Pennsylvania), David is an experienced senior executive, consultant and non-executive director, with international expertise in public affairs, government and regulatory strategy, corporate affairs, brands, and reputation management.

David has been a non-executive director of companies, not-for-profits and regulatory bodies for over 30 years. His senior executive and non-executive director roles have encompassed general management, regulatory affairs (competition and consumer, telecommunications, infrastructure, aviation, financial services), procurement, mergers and acquisitions, public affairs, marketing and communications.

Christopher Edwards

Director (to 30 September 2023)

Christopher (Chris) Edwards was a board member from 2019, with his term ending in 2023.

Chris passed away 2024, and is fondly remembered by his SRW colleagues.

Chris was previously a board director of Westernport Water and held directorships of Arch Mortgage Insurance (Hong Kong) and Manulife International (Hong Kong and China).

He held numerous senior accounting roles and audit committee appointments in Australia, the United Kingdom, and the Asia Pacific region. He held a Bachelor of Science (Economics) and is a Certified Practising Accountant and a graduate of the Australian Institute of Company Directors.

Mark Darras

Director (to 5 December 2023)

Mark is a former corporate lawyer and adviser, and an experienced company director. Mark is currently a commissioner with the Essential Services Commission of South Australia and has previously served as a director, and in leadership roles, at boards including Australia Post and Australia Post Superannuation, John Holland Engineering and John Holland Queensland, and the South Australian Forestry Corporation.

Mark was formerly the chairman of the Australian Government's \$7 billion Telecommunications Universal Services Management Agency and has also served as a member of the Australian Takeovers Panel. Prior to his appointment to the board of SRW Mark was the independent chair of the New South Wales government's advisory board for strategic release.

Naomi Cleary

Deputy Chair (to 30 September 2023)

Naomi Cleary has extensive experience in the property sector. She is the former chief financial officer of the Elmstone Property Group and director of Clearview Properties, a property investment vehicle. Naomi is an executive director of the International Federation of Sport Climbing Australia, president of the Oceania Council, and is also a director of VicWater. She holds a Bachelor of Business Studies, is a Certified Practising Accountant, and is a graduate of the Australian Institute of Company Directors.

Committee membership and roles

The board has established three committees to assist in the detailed examination of matters and to make recommendations to the board. The membership and responsibilities of these committees are set out below, followed by the record of attendance of directors at these meetings.

Committee and membership	Responsibilities
<p>Audit, Risk and Governance Committee</p> <p>Current Members:</p> <ul style="list-style-type: none"> ● Anthony Scarff (appointed acting Chair 6 February 2024) ● Joanne Butterworth-Gray ● Michelle McCrum ● Kylie Steel <p>Prior Members</p> <ul style="list-style-type: none"> ● Naomi Cleary (Chair) (to 30 September 2023) ● Mark Darras (Chair) (from 1 October 2024 to 5 December 2023) ● Chris Edwards (to 30 September 2023) <p>All members of the committee are independent.</p>	<p>Key oversight responsibilities:</p> <ul style="list-style-type: none"> ● integrity of the annual financial statements and financial reporting ● exposure to legal and business risk and associated risk management ● effectiveness of the external and internal audit functions ● adequacy and effectiveness of financial management, financial control systems and other internal controls ● monitoring compliance with laws and regulations ● fostering excellence in corporate governance.
<p>Asset Governance Committee</p> <p>Current Members:</p> <ul style="list-style-type: none"> ● Jane Doolan (Chair) ● Anthony Scarff (from 5 March 2024) ● Kylie Steel ● Joanne Butterworth-Gray (ex-officio member) <p>Prior Members:</p> <ul style="list-style-type: none"> ● David Epstein (to 29 February 2024) 	<p>Key oversight responsibilities:</p> <ul style="list-style-type: none"> ● adequacy and integrity of capital works planning ● performance and governance of capital program delivery ● strategic asset management improvement program ● dam safety performance including dam portfolio risk assessments and dam design review ● environmental management system ● climate change mitigation and adaptation.

People, Safety and Culture Committee

Current Members:

- Michelle McCrum (Chair)
- Michael Browne
- Jane Doolan
- Joanne Butterworth-Gray (ex-officio member)

Prior Members:

- Naomi Cleary (to 30 September 2023)
- Chris Edwards (to 30 September 2023)
- David Epstein (from 1 October 2024 to 29 February 2024)

Key oversight responsibilities:

- people and culture framework, plan, and initiatives
- fostering excellence in remuneration practice, specifically to ensure that executive remuneration policies and procedures comply with government requirements and better practice
- diversity and inclusion initiatives
- adherence to corporate values
- monitoring compliance with laws and regulations relating to people and culture
- implementation and effectiveness of health, safety, and wellbeing framework, plans, and initiatives relating to all employees.

For all committees, the board chair is an ex-officio member, the Managing Director has a standing invite, whilst other board members are also permitted to attend.

Customer committees

SRW has several consultative committees consisting of customer representatives from across our region. These committees work with SRW on matters relating to operations in their irrigation districts or service area. Directors also attend the scheduled customer consultative committees throughout the year, with one regular attendee.



Board and committee meeting attendance

Director	Board	Audit, Risk Governance Committee	Asset Governance Committee	People, Safety and Culture Committee	Customer committees
Joanne Butterworth-Gray	8/8	5/5	3/3	4/4	1/1
Michael Browne	6/6	-	1/1	3/3	-
Naomi Cleary	2/2	2/2	-	-	-
Mark Darras	4/4	2/2	1/1	-	-
David Epstein	3/3	1/1	1/1	-	-
Jane Doolan	8/8	1/1	3/3	1/3	3/4
Christopher Edwards	2/2	1/2	-	-	-
Michelle McCrum	8/8	5/5	-	4/4	-
Anthony Scarff	6/6	3/3	1/1	-	-
Kylie Steel	8/8	4/5	2/3	-	-
Cameron FitzGerald	8/8	5/5	3/3	4/4	8/8

All board members are able to attend all committee meetings. The managing director has a standing invite and attends all committee meetings.

The board chair is an ex-officio member.

Board stakeholder engagement

From time-to-time board members represent SRW at a range of stakeholder meetings and events throughout the water sector and broader regional development industry.

Board meetings are held at strategic locations across southern Victoria, providing the opportunity for inspection tours and meetings with customers and stakeholders to further extend relationships and to gain exposure to customer priorities and industry trends in development.

The board hosted a Strategic Futures Forum with customers, community and environmental groups invited to talk about what was important to them.

Occupational health and safety

Maintaining a safe and healthy workplace, in partnership with our employees, has been a major cultural focus this year, and it is one that we will continue to enhance through our new Health and Safety Plan alongside our existing Health, Safety and Wellbeing Policy.

Empowering our employees to determine their own health and safety needs, and that of their teammates, has been at the centre of our renewed focus, in line with SRW's always safe value. Part of our renewed focus has also involved elevating the critical consultation role our Health and Safety Representatives (HSRs) undertake on behalf of the employees and management. Our HSRs attend quarterly Health and Safety Committee meetings to bring to light any opportunities and embed safety practices to improve health and safety outcome.

Key initiatives

Safety Management System

We continued to enhance our Safety Management System and were pleased to see improvement in our safety maturity, which lifted from "maturing" to "sustainable" when assessed under the internationally recognised Global Safety Index.

We also placed a significant focus on improving mental health and wellbeing of our people through the implementation of a Mental Health Safety Team with executive level membership.

We are aligned with ISO 45001, the international standard for occupational health and safety management systems.

Contractor safety

We are committed to contractor safety, with further reviews into our process underway. Our continuous use of Myosh, our online occupational health and safety management system, for contractor approvals, enables us to remain compliant with the relevant regulations and standards, as well as to improve our performance and productivity in a safe and efficient manner.

Working with our Assets Management and Capital Delivery teams to align contractor processes, working under a purchase contract and for those engaged under ministerial directions contracts is an ongoing priority. This involves proactively supporting improved health and safety across many major and minor projects, via a robust project safety framework.

The Health and Safety team's partnerships with our project managers, engineers, and contractors to improve our projects Safety Management System encompasses the end-to-end project cycle that is contractor-led, for all projects and programs of works. This has involved a renewed focus on monitoring a contractor-led approach, rather than a hands-on management approach, including key principles such as:

- safety is considered in all stages of project decision-making;
- meaningful contractor-led health and safety practices are aligned with SRW's expectations and proactively implemented;
- that SRW projects are handed over to the SRW operations teams incorporating health and safety considerations; and
- psychological safety.

We continue to promote the health and wellbeing of our people, increasing our emphasis on the psychosocial impacts within the workplace. A focus on mental health awareness has been prioritised to ensure the impacts to employee mental health from work-related matters are being proactively managed. This is to ensure our risk management systems reduce the risk of psychological injury to as low as reasonably practical.

We have strengthened our approach to our employees' wellbeing, including that of psychosocial impacts in our workplace. The Health and Safety team will lead our compliance requirements with the OHS regulations to ensure we provide a psychologically safe workplace, while People and Culture will focus on the health promotion, prevention, and early intervention components of our approach. Associated strategies have been articulated in SRW's Always Safe and Well Plan.

Safety culture survey

The Global Safety Index is a tool to measure safety culture in organisations. Our latest survey, completed in May 2024, revealed that we have improved our maturity rating for our safety culture from Maturing to Sustainable.

We have a notable renewed focus on creating meaningful partnerships with our key stakeholders, our employee team and external contractors to collaboratively address psychosocial hazards together. We are committed to providing a safe and healthy work culture for all our employees, contractors, and stakeholders, which complements the achievement of our OHS operational performance goals (i.e. zero incidents).

Safety performance

There were two lost time injuries in 2023-24 with a lost time injury frequency of 10 (per million hours worked). We are continuously strengthening our approach to proactively manage health, safety, and wellbeing risks by increasing our focus to health promotion and early intervention, as we ensure the health and safety of our employees, contractors and others who may be impacted by our operations.

Safety performance indicators

The table below sets out our 2023-24 performance against key performance indicators versus our performance for 2022-23.

Indicator	2023-24	2022-23	2021-22
Number of all injuries for the year	5	9	11
All injury frequency rate for the year	63	28	49
Number of total recordable Injuries for the year	2	8	2
Total recordable injury frequency rate	22	13	17
Number of lost time injuries for the year	2	1	1
Lost time injury frequency rate (per million hours worked)	10	4	4
Number of days lost due to injuries incurred during the year	124	215	12
Number of medical treatment injuries for the year	1	4	0
Medical treatment frequency rate (per million hours worked)	12	5	0
Total number of incidents (excl. near-misses)	50	38	8
Total number of incidents (excl. near-misses) per 100 FTE	31	22	5
Total number of near misses reported	12	7	11
Frequency rate of near misses reported	41	33	45
Number of first aid incidents	3	1	7
First aid treatment frequency rate	40	14	28
Standard lost claims exceeding employer liability (>10 days)	2	1	1
Standard lost claims exceeding employer liability (>10 days) per 100 FTE	1	2	1
Average SRW (net) cost per compensation claim	\$6,489	\$6,712	\$2,714
Number of reported hazards closed out	32	58	52
Number of reported hazards for the year per 100 FTE	32	58	52
Number of workplace inspections completed	80	102	77



Workforce data

Public sector values and employment principles

The *Public Administration Act 2004* established the Victorian Public Sector Commission (VPSC) with the role of strengthening public sector efficiency, effectiveness and capability, and to advocating for public sector professionalism and integrity.

SRW has policies and practices that are consistent with the VPSC's employment standards and provide for fair treatment, career opportunities and the early resolution of workplace issues. SRW educates its employees on how to avoid conflicts of interest, how to respond to offers of gifts and how it deals with misconduct.

Enterprise bargaining agreement

The new SRW Enterprise Agreement (EA) took effect in February 2024.

Key updates to the EA include annual lump sum payments, standardising timing of level progressions to an annual date, introduction of a top of band responsibility payment for relevant positions, expansion of leave and flexibility options, and the inclusion of a gender equality clause to support and implement strategies designed to eradicate the gender pay gap, gender inequality and discrimination across SRW.

Recruitment

SRW applies merit-based decision making and equity principles when appointing employees. The selection process ensures that applicants are assessed and evaluated fairly and equitably on the basis of key selection criteria and other accountabilities without discrimination.

We have continued our focus on female focused recruitment campaigns in technical and operational areas and have appointed female managers in a number of functions that have previously been male dominated, including asset management, health and safety, emergency management and risk, and capital delivery.

Employment and conduct principles

All employees are provided with a copy of the Code of Conduct for Victorian public sector employees. Our induction processes, corporate policies, and training reinforce many elements of the code of conduct, including SRW's values and workplace legislation.

Workforce data

The following table shows employee and full-time equivalent (FTEs) numbers in the last full pay period of 2023-24, and the equivalent period in 2022-23.

	June 2023							June 2024						
	All employees		Ongoing			Fixed term and casual		All employees		Ongoing			Fixed term and casual	
	No.	FTE	FT	PT	FTE	No.	FTE	No.	FTE	FT	PT	FTE	No.	FTE
Gender														
Woman	55	52	39	10	46	6	6	57	52	37	16	48	4	4
Men	120	119	106	5	110	9	9	110	109	97	5	101	8	8
Age														
15-24	5	5	4	1	5	0	0	5	5	4	0	4	1	1
25-34	30	29	23	3	25	4	4	29	28	24	4	27	1	1
35-44	50	49	44	4	47	2	2	45	43	36	6	40	3	3
45-54	52	51	44	3	45	6	6	48	47	38	5	42	5	5
55-64	36	35	29	5	33	2	2	36	35	30	4	33	2	2
65+	2	2	1	0	1	1	1	4	3	2	2	3	0	0
Band A-F														
A	16	15	12	4	15	0	0	14	13	10	3	12	1	1
B	63	62	57	3	59	3	3	55	54	49	6	54	0	0
C	35	34	29	4	32	2	2	34	32	27	6	31	1	1
D	22	22	21	0	21	1	1	25	24	21	2	22	2	2
E	26	25	20	4	23	2	2	28	27	23	4	26	1	1
F	6	6	6	0	6	0	0	5	5	4	0	4	1	1
Executive	7	7	7	0	0	7	7	7	7	7	0	0	0	0
Female	3	3	3	0	3	3	3	2	2	2	0	2	0	0
Male	4	4	4	0	4	4	4	5	5	5	0	5	0	0
Total employees	175	171	145	15	156	15	15	167	161	134	21	149	12	12

FTE = full-time equivalent, FT = full-time, PT = part-time

Workforce inclusion policy

People Plan

We have actively delivered on our People Plan, which is a critical enabler for delivering on SRW's vision. Our strategic people plan aspires to enhance employee capability and professional development and is focused on customer service delivery excellence. Success is delivered through a clear link to our vision and strategy by understanding what we stand for, what defines us, and what sets us apart from the others.

We launched our culture program in November 2023, we have strengthened links to performance planning, leadership development and ongoing capability building, and successfully negotiated and implemented our new enterprise agreement.

We continue to support diversity and inclusion activities at SRW with parental leave, enhanced flexible working conditions to suit employee needs, flexible leave, and the option to substitute relevant public holidays such as Australia Day and Easter with alternate dates.

We submitted our Gender Equality Action Plan progress report and identified that we have reduced our gender pay gap and our employees are accessing more flexible work arrangements, are more engaged and we have reduced our barriers to success for all employees.

We celebrated International Women's Day, NAIDOC Week, Reconciliation Week and RUOK? Day and continue our involvement in the water industry's WaterAble and Pride in Water networks.

We are enhancing our Always Safe and Well Plan and continue to focus on the wellbeing and psychological safety of our people. Our culture continues to be a key feature as we seek to transition to a modern, values-driven way of working, to generate thriving, sustainable, and tangible success across the business.



Culture program

We have launched our value-based culture program called One Self, One Team, One Southern Rural Water. The program focuses on understanding of self (accountability), which supports collaboration and connection across SRW (one team) and leads to a strong culture to deliver a lasting legacy.

Gender Equality Action Plan

SRW's Gender Equality Action Plan (GEAP) outlines key initiatives, including enhancing recruitment and promotion practices and attracting a diverse workforce, focusing on flexibility, culture, inclusivity and equal remuneration.

In February 2024, we submitted our GEAP progress report to the Commission for Gender Equality in the Public Sector (Vic). The report highlighted:

- Our gender pay gap has reduced from 8.3% in 2021 to 7.5% in 2023, and similarly the total remuneration gap (includes allowances, etc) has reduced from 12.6% to 9.8%.
- Our employees feel more culturally safe at work (from 65% in 2021 to 73% in 2023).
- Our employees feel safer to challenge inappropriate work behaviour (from 56% in 2021 to 74% in 2023).
- Our female employees have increased, particularly in our leadership cohort and science, technology, engineering and mathematics (STEM) positions
- Barriers to success, including gender, disability and carer status have reduced significantly.
- Our employees, particularly our male employees, are utilising flexible work practices and feel highly supported by their leaders.

- We have more male employees working in part-time capacities.

Diverse workforce

At SRW we value the contribution of a diverse workforce that offers new and different perspectives, powering greater collaboration and innovation. We acknowledge the responsibility to create gender equality and an inclusive workplace where everyone can be their best self.

We have a diverse workforce that reflects our communities. We foster a workplace culture that is inclusive and collaborative, supporting the diversity of our people. We have inclusive ways of working that bring the diversity of our people to life.

We are committed to providing employment opportunities for Aboriginal and Torres Strait Islander people and will continue to take action to attract, retain and provide a culturally safe environment for these employees. About one percent of our workforce identifies as Aboriginal or Torres Strait Islander.

The following table outlines additional workplace inclusion goals in the disability, age, and Aboriginal and Torres Strait Islander people categories.

Strategic workforce planning

As part of our future ready focus, we support our people to build personal resilience and develop professionally, and to have the right people in the right roles, with the right skills, at the right time.

Our strategic workforce planning has included:

- Building capability in occupational and technical competencies and finalising our training matrix.

- Developing and delivering leadership capability at emerging, established and executive levels.
- Reviewing and enhancing our performance and development process to ensure greater accountability of employees and their people leaders to identify and commit to development.
- Undertaking change processes to support our future ready workforce and align our skills and capabilities to meet our current and future needs.
- Relaunching our respectful workplace behaviours procedure and online module.
- Increasing our regional, female and first nations talent pools to support our gender equality strategies.
- Supporting our talent mapping and succession planning with secondment, higher duties and ongoing opportunities to build capability and progress within SRW.

Representation of women	June 2023	June 2024	June 2026 Target
Percentage of total employees	32%	34%	>40%
Holding executive positions	43%	29% ¹	50%
In the leadership group	38%	48%	50%
Holding degree-required positions (other than engineering)	43%	53%	50%
In STEM positions	28%	28%	>40%
In field positions ²	10%	10%	>30%

¹ The decrease from 43% to 29% is due to the exit of one female executive.

² Includes storage operators, water service officers, field officers and compliance officers. It excludes supervisors and managers.

Workplace inclusion goals		June 2023	June 2024	June 2026 Target
Disability	Percentage with an identified disability	6%	6%	>10%
Age	Under 25 years of age	3%	3%	>5%
Aboriginal and Torres Strait Islander people	Maintain or increase proportion of employees who identify as being of Aboriginal or Torres Strait Islander descent	1%	2%	>2%

This data is from the Victorian Public Sectors People Matter Survey results.



Other disclosures

Major contracts

SRW has not entered into any major contracts at a value greater than \$10 million during the 2023-24 financial year.

Local Jobs First Act 2003

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

SRW is required to apply the Local Jobs First policy for all projects valued at \$3 million or more in metropolitan Melbourne and state-wide projects, or \$1 million or more for projects in regional Victoria. The MPSG policy applies to all construction projects valued at \$20 million or more.

The MPSG and VIPP guidelines will continue to apply to applicable projects respectively where contracts have been entered prior to 15 August 2018.

Projects commenced: Local Jobs First Standard

During 2023-24, SRW commenced two Standard projects with a total value of \$4.2 million. SRW also entered into an ongoing contract for Technical Services Support with a commitment of 97% of local content across statewide region.

The outcomes expected from the implementation of the Local Jobs First policy are shown below.

Local Jobs First commitments	
Projects where local content was committed which were commenced and/or completed during the year	2
/ Metropolitan	0
/ Regional	2
/ Statewide	0
Average local content commitment made	94.07%
Commitment AEE ¹ for new and retained jobs	7.5
Commitment AEE for apprentices, trainees, and cadets	1.9
MPSG applicable projects commitment total hours for apprentices, trainees, and cadets	0
No. of small to medium enterprises engaged via contract inclusive of LIDP ²	58

¹ AEE is Annualised Employee Equivalent.

² LIDP is Local Industry Development Plan.

Projects completed: Local Jobs First

During 2023-24, SRW completed four projects totalling \$40.2 million, with an average commitment of 88.75% achieved.

The reported outcomes of implementation of the policy are in the following table.

Local Jobs First outcomes	
No. of projects where local content was committed that was completed during the year	4
/ Metropolitan	0
/ Regional	4
/ Statewide	0
Average local content commitment achieved	88.75%
Commitment outcome for AEE new and retained jobs	45.72
Commitment outcome for AEE apprentices, trainees, and cadets	3.78
MPSG applicable projects commitment total hours for apprentices, trainees, and cadets	4,357.5
No. of small to medium enterprises engaged via contract inclusive of LIDP	113

Reviews and studies expenditures

The following table sets out reviews and studies conducted during the year.

Project title	Description	Consultant	Estimated cost 2023-24	Actual cost 2023-24	Publicly available
Mitchell River Management Review	This is a Central Gippsland Sustainable Water Strategy action, to summarise the stakeholder issues and gain a stakeholder consensus on way forward.	Crossco Consulting	\$50,000	N/A	N
Macalister Fresh	We will create a vision and a plan for the future of the MID and surrounds. The work includes stakeholder and customer engagement, technical studies, a price review and development of a prospectus. This will enable a plan to 2050 for the development of irrigation in the region.	Proud Mary Consulting and GHD	\$200,000	N/A	N
Werribee System Reconfiguration Preliminary Business Case	SRW's involvement is focussed on engagement with our WID customers. The engagement project is externally funded. This is a multi-agency project examining the potential to secure the future irrigation water supply to the WID and BMID and to enable broader catchment benefits. The outcome will be business case/report summarising the engagement process and outcomes.	Proud Mary Consulting	\$92,972 incl GST	\$49,720 incl GST to year end	N
Water Resources Climate Change assessment - consolidation	The aim of this project is to deliver one of the key actions in SRW's Climate Adaptation Plan. It will consolidate the available climate change assessments of SRW's different water systems. It will produce a report which consolidates the available climate change assessments on our different water systems, presents them in a simple, consistent format which identifies the key climate risks, and identifies the priorities for further consideration.	GHD	\$57,118 incl GST	\$27,500 incl GST to date	N

Project title	Description	Consultant	Estimated cost 2023-24	Actual cost 2023-24	Publicly available
MID System Performance Review	Following the 2022-23 and 2023-24 irrigation seasons, we committed to undertake a detailed performance review. The review includes a consultation with stakeholders on channel related opportunities. The outcome is a report detailing current state and actionable outcomes to improve system wide performance of the MID operational system.	HARC	\$30,000	\$39,945	N
Hydro feasibility study for Narracan and Yallourn (update)	Update net present value and cost estimates for construction of hydro facilities at Narracan and Yallourn dams. The work reviews original reports and updates the assessments and financial findings to understand the future ready position. The outcome is a report setting out the findings of the review of existing 2017 report based on new pricing estimates and review proposed solutions for best practice.	SMEC	\$20,000	\$21,475	N

Statement of availability of other information

In compliance with the requirements of the Standing Directions of the Minister for Finance, the items listed below have been retained by SRW and are available on request, either partially or fully, subject to the provisions of the *Freedom of Information Act 1982*:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of publications produced by the agency about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by SRW
- details of any major external reviews carried out on SRW
- details of major research and development activities undertaken by SRW
- details of major promotional, public relations and marketing activities undertaken by SRW to develop community awareness of the agency and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within SRW, and details of time lost through industrial accidents and disputes
- a list of the SRW's major committees, the purposes of each committee, and the extent to which the purposes have been achieved
- details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

The following information is not relevant to SRW for the reasons set out below:

- a declaration of shares held by senior officers (no shares have been issued in SRW's name)
- details of overseas visits undertaken (no board members or senior executives took overseas work-related trips).

Freedom of Information

The *Freedom of Information Act 1982* (the *Fol Act*) is aimed at extending as far as possible the right of the public to access to information in the possession of the government of Victoria and other bodies constituted under the law of Victoria for certain public purposes.

Community members have a right to apply for access to documents held by government bodies. This comprises documents both created by the body or supplied to the body by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by the department is available on the department's website under its Part II Information Statement.

The *Fol Act* allows a department to refuse access, either fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents, some internal working documents, law enforcement documents, documents covered by legal professional privilege, such as legal advice, personal information about other people, and information provided to a department in-confidence and information that is confidential under another Act.

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

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

Further information regarding the operation and scope of Freedom of Information can be obtained from the Fol Act, regulations made under the Act and www.ovic.vic.gov.au.

Making a request

A Freedom of Information request can be made to SRW by completing and lodging the Request for Access to Documents form that can be found online at www.srw.com.au.

An application fee of \$32.70 applies. Additional charges may also be payable in relation to the costs of document search time, providing copies of the document and/or supervising the inspection of the document.

Requests should be to addressed to:

**Freedom of Information
Southern Rural Water
PO Box 153
Maffra, VIC 3860**

srw@srw.com.au

Statistics

During 2023-24, SRW received four Freedom of Information applications. Three from members of the public, and one from the media. All applications related to non-personal requests.

Requests	No.
Withdrawn	1
Not proceeded with	1
No documents	1
Outside the Act	1
Not finalised	0
Total	4
Outcomes of requests from the previous reporting period	
Access in part	2
Total	2

During 2023-24 SRW made two decisions within the extended statutory 30-to-45-day time period. No requests were subject to Victorian Civil and Administrative Tribunal appeal.

Building Act 1993

SRW own office facilities at Maffra and Werribee and occupy six additional leased sites. We also have one owned and one leased operations depot at Werribee and one owned operational depot at Maffra and three further owned operational facilities at Lake Glenmaggie, Blue Rock and Merrimu storage locations.

We comply with the *Building Act 1993*, the Building Regulations 2006 and associated statutory requirements and amendments. We maintain internal control systems to ensure compliance with our Certificate of Occupancy and engage suitably qualified contractors to conduct regular maintenance to ensure our owned and leased facilities are maintained to standard and provide a safe workplace.

2023-24	
Number of major works projects undertaken (>\$50,000)	1
Number of building permits, occupancy permits or certificates of final inspection issued in relation to buildings owned	1 building permit
Number of emergency orders and building orders issued in relation to buildings	0
Number of buildings that have been brought into conformity with building standards during the year	0

Government advertisement expenditure

SRW's expenditure in 2023-24 on government campaign expenditure did not exceed \$100,000.

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete, with the private sector, any net advantage arising from government ownership is accounted for if it is not in the public interest.

Government businesses are required to set a competitively neutral price, which accounts for any net advantage that comes from public ownership. Competitive neutrality policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service

SRW continues to comply with the requirements of the competitive neutrality policy.

Public Interest Disclosure Act 2012

The *Public Interest Disclosures Act 2012* (PID Act) enables people to make disclosures about improper conduct by public officers and public bodies. The PID Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do.

What is a public interest disclosure?

A public interest disclosure is a complaint of corrupt or improper conduct by a public officer or a public body. SRW is a public body for the purposes of the PID Act.

What is improper or corrupt conduct?

Improper or corrupt conduct involves substantial mismanagement of public resources, risk to public health or safety, or the environment or corruption. The conduct must be criminal in nature or a matter for which an officer could be dismissed.

How do I make a public interest disclosure?

You can make a public interest disclosure about SRW or our board members, officers, or employees by contacting the Independent Broad-Based Anti-Corruption Commission (IBAC). Please note that SRW is not able to receive public interest disclosures.

How can I access SRW's procedures for the protection of persons from detrimental action?

SRW has established procedures for the protection of persons from detrimental action in reprisal for making a public interest disclosure about SRW or our employees. SRW's procedures can be located on its website.

Contact details

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

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

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Internet: www.ibac.vic.gov.au

Phone: 1300 735 135

Email: Visit IBAC's website for the secure email disclosure process, which also provides for anonymous disclosures.

Emergency procurement

In 2023-24 SRW had four emergency events, however it did not activate emergency procurement on any occasion. In accordance with the requirements of Victorian Government policy, no contracts were awarded for emergency procurement.

Compliance actions

SRW is implementing a zero-tolerance approach to water theft and the Minister has established key performance indicators (KPIs) for a range of measures related to unauthorised take. SRW customers consistently demonstrate higher rates of compliance than identified by the KPIs and our customers are ably supported by field staff and proactive approaches to compliance identified through our compliance and enforcement framework.

The SRW Water Resources Compliance and Enforcement Plan is consistent with state frameworks with a focus on supporting compliance through information and education while breaches of the *Water Act 1989* are considered in light of an escalation process based on the nature and scale of a breach, prior non-compliant conduct, and legislative powers.

SRW completed the process for issuing penalty infringement notices (PINs) through Fines Victoria. This provides powers for authorised water officers to issue PINs for a range of offences found within the *Water (Infringements) Regulations 2020* and provides an additional tool as part of an enforcement escalation pathway.

Our rapid adoption of automated meter reading technology has increased our ability to flag emerging issues with customers and allow informed decisions around water use and trade options prior to a breach occurring. Data generated through automated meter reads is reviewed each week for quality and to support timely investigation of potential breaches.

SRW continues to respond to community notifications of potential offences under the *Water Act 1989* and each reported breach is investigated. SRW continues to partner with other relevant regulators to investigate matters that may present as breaches under multiple acts or where water agencies have similar powers. Joint investigations ensure that matters are considered, and the most appropriate enforcement pathway is adopted. Joint investigations and interactions have been completed with the Melbourne Water, Greater Western Water, Earth Resources Regulator, Victoria Police, Australian Border Force, Australian Taxation Office and various catchment management authorities and local councils throughout the year.

During 2023-24, SRW utilised unmanned aerial vehicles (drones) to gather evidence to support targeted investigations. Drones support the collection of high-quality data, including aerial imagery, photogrammetry to support development of digital terrain models, and the measurement of a range of dimensions such as dam wall height and surface area. The further implementation of remotely sensed data is also being explored with industry partners across Victoria and New South Wales.

Our employees are active members of the non-urban water compliance community of practice along with the non-urban metering community of practice. These groups support the development and adoption of best management practice approaches to water sector compliance in Victoria.

SRW brings a diverse range of compliance issues to these forums including significant focus on unlicensed works and our ongoing work around compliance with licence conditions for potentially hazardous dams.

SRW has created a dedicated operations and compliance function to support compliance uplift. This investment has provided greater oversight and focus on efficient and sustainable compliance outcomes and providing a fair and equitable distribution of the water resource to our customers.

Objectives for 2024-25

SRW will conduct a catchment-based investigation of the Mornington Peninsula during 2024-25 to identify any potential non-compliances with the *Water Act 1989*.

We will proactively engage with our customers to ensure compliance with their licensing obligations and demonstrate a zero-tolerance approach to water theft in line with the Minister's expectations.

We will conduct inspections and identify non-compliance with a view to educate and engage an appropriate enforcement response, ranging from warning letters, infringement notices, prosecutions, and suspension or cancellation of licenses, to deal with noncompliance.

SRW has commenced conducting Potentially Hazardous Dam (PHD) inspections focusing on High Consequence (High C) dams and expanding to inspections of all PHD's within SRW's regions across the state.

SRW will continue to provide field staff with relevant compliance, investigative, enforcement and statutory training to uplift and continuously improve competency and regulatory practice across the business. SRW is looking to further enhance its compliance, investigative and enforcement capability over the next year.

Alleged Water Act 1989 offences investigated 2023-24	No.
Number of reported offences	187
Number of investigations commenced	270 ¹
Number of investigations finalised	230

¹ Includes 83 investigations carried forward from 2023-24.

Enforcement actions taken in 2023-24	No.
No <i>Water Act 1989</i> breach found, no action required by SRW	156
Verbal warnings	17
Advisory letters	27
Warning letters - first letter	14
Warning letters - second letter	1

Enforcement actions taken in 2023-24	No.
Notices of contraventions	2
Power to enter land (section 133)	1
Lockdown (section 141)	0
Referred to other agencies	7
Recommended for prosecution	1
Others	44 ¹
Penalty infringement notices	0

¹ Includes Waterway determinations (32) and Directions issued under the Water Act.

Unauthorised take of water	Usage volume (ML)	Negative balance (ML)	KPI ¹ volume ³	Total ABAs ²	Negative ABAs	KPI ABAs ⁴
2023-24	-295,605	-1,084	0.37%	13,341	51	0.38%
2022-23	-737,380	-1,367	0.19%	13,304	46	0.35%
2021-22	-180,505	-490	0.27%	13,323	44	0.33%
2020-21	-281,182	-46	0.03%	13,302	2	0.01%
2019-20	-324,235	-308	0.10%	13,298	35	0.26%

¹ Key Performance Indicator (KPI).

² Allocation Bank Accounts (ABA).

³ KPI target unauthorised take < 1.0% of total water use.

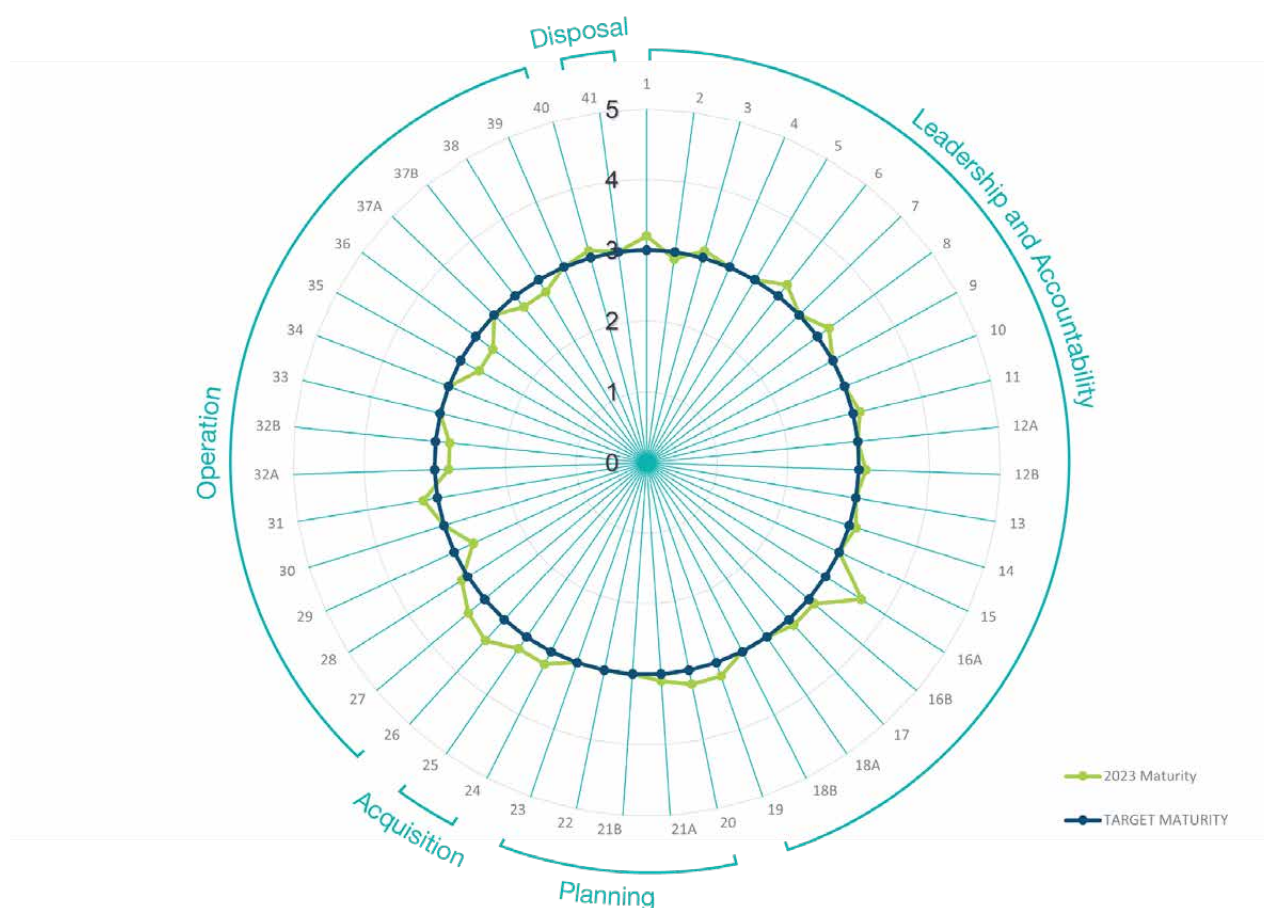
⁴ KPI target number of negative Allocation Bank Accounts (ABAs) <3.0% of total accounts.

Asset Management Accountability Framework (AMAF) maturity assessment

The Victorian Government's Asset Management Accountability Framework (AMAF) is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance's website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

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

Maturity Chart



Leadership and Accountability

(requirements 1-19)

SRW has met or exceeded our target maturity level under most requirements within this category. One area of developing or partial competency was noted for resourcing and skills however SRW has improvement plans in place and continually assesses workforce and training needs through annual updates of its Strategic Asset Management Plan.

SRW also has implemented a specific training plan in relation to asset management software and maintenance planning.

Planning

(requirements 20-23)

SRW has met or exceeded our target maturity level in this category.

Acquisition

(requirements 24 and 25)

SRW has met or exceeded our target maturity level in this category.

Operation

(requirements 26-40)

SRW has met or exceeded our target maturity level under most requirements within this category.

Where maturity gaps exist in some requirements for Information Management and Monitoring and Preventative Action and Maintenance of Assets, SRW has demonstrated improvements since 2022-23 and has improvement plans in place to address these maturity gaps.

Notably, SRW has drafted Asset Class Plans to improve maintenance scheduling and practises and is overseeing a multi-year ICT Asset Management System program to support better information management.

Disposal

(requirement 41)

SRW has met or exceeded our target maturity level in this category.

Dam safety, security, and emergency management

Between October 2023 and January 2024, there were four flood-related incidents that required activation of our Incident Management Team (IMT). During the October 2023 flood event, the IMT responded to significant flooding across the Macalister, Thomson and Latrobe catchments, causing riverine flooding. There was significantly more rain than was forecast causing storages to fill rapidly. The Macalister River reached major flood level.

SRW undertook all legislative requirements as required by Part 7A of the *Emergency Management Act 2013* and the Ministerial Statement of Obligations (Water) section 5-2, submitting our Dam Safety report outlining how we complied to the Minister in line with the resilience improvement cycle reporting timeframe.

SRW's annual emergency management exercise took place in July 2023, which tested our capability to respond to both a water supply failure and serious IT incursion. An independent audit of SRW's emergency risk management processes, its emergency risk management doctrine, and emergency exercise was facilitated to provide assurance of its compliance with Part 7A of the Act. The audit formed the basis for the Statement of Assurance and Attestation to the Minister.

Dam Safety Emergency Plans were updated in 2023-24 for all dams with significant or higher consequence category.

Environmental reporting

SRW has a strong commitment to protecting and enhancing the environment, reducing greenhouse gas emissions and adapting to the impacts of climate change.

To meet our legislative environmental requirements we have an Environment and Climate Change Policy which sets out our commitment and leadership aspirations and an Environmental Management System that provides the delivery model.

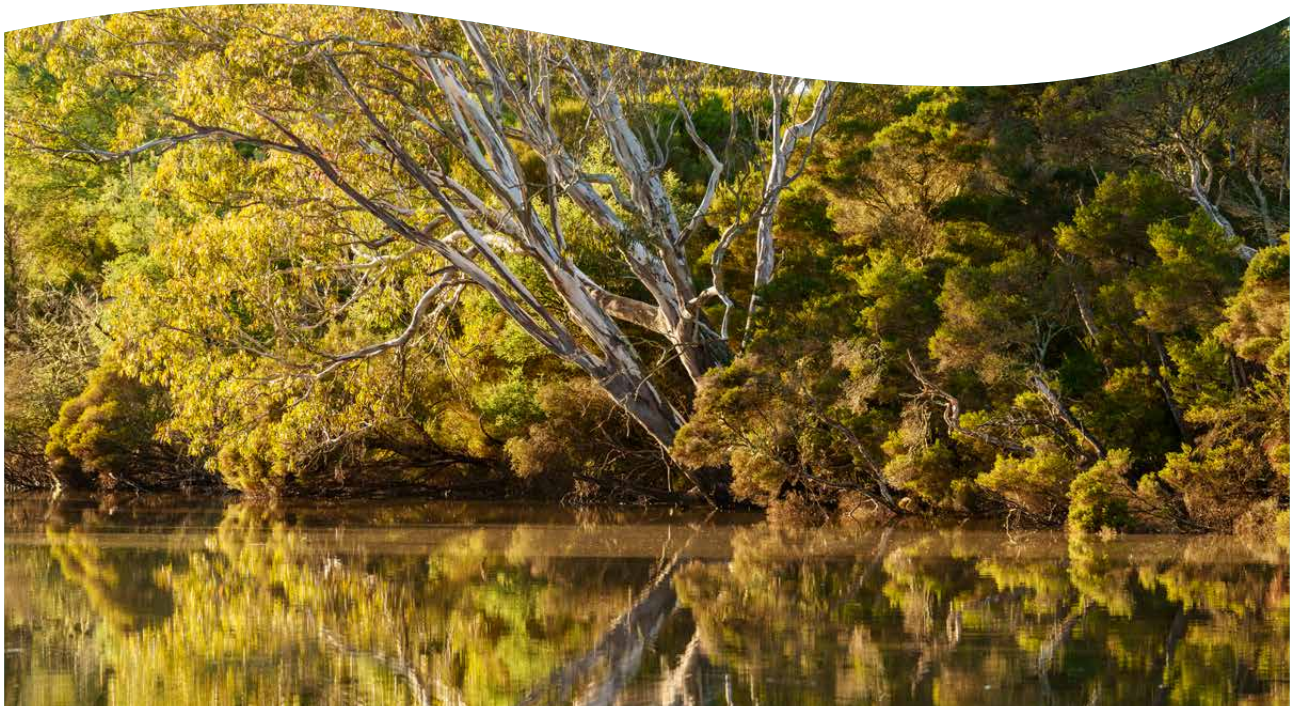
We work closely with stakeholders to ensure that we provide positive environmental outcomes for our region to ensure that our customers and communities thrive.

Environmental Management System

Our Environmental Management System is the primary tool to drive strategic initiatives and compliance actions which allows us to protect and enhance the environment and achieve our climate objectives, complementing our corporate strategy.

Through this change, SRW has created a robust EMS framework to manage our *Environment Protection Act* statutory obligations including the General Environmental Duty, and incorporates the Climate Change Adaptation and Mitigation Plans.

Under the EMS there are three key objectives, each of which has six associated targets. The first of our targets are due for completion at the end of the 2024 calendar year.



Objective	Targets
Climate resilient water and assets	<ul style="list-style-type: none"> ● Consolidate climate change water resource assessments on all systems by 2025. ● Embed Climate Readiness Framework into water resource, asset planning and corporate planning by 2025. ● Climate change principle embedded into Water Savings Allocation Framework by 2024. ● Establish carbon offset sites by 2025. ● Improve water efficiencies through meter reading modernisation across the eastern irrigation district by 2025. ● Develop a project proposal for remote sensing program by 2024 to enhance compliance and enforcement.
Demonstrate environmental leadership	<ul style="list-style-type: none"> ● Develop circular economy principles in procurement and capital works program by 2024. ● Reporting on Scope 3 emissions by 2025. ● Zero emissions fleet by 2030. ● Net zero by 2025. ● 100% renewables by 2025. ● Contribute to two or more research partnerships by 2026.
Healthy ecosystems	<ul style="list-style-type: none"> ● Assessment of baseline nutrients loads from SRW activities into Port Philip Bay by 2027 and reduce nutrient load from SRW activities to the Gippsland Lakes beyond the Environmental Reference Standard (ERS) target by 2030. ● Conduct baseline biodiversity assessment by 2025 to generate a biodiversity enhancement plan by 2027. ● Develop a strategic pest control program targeting marginal lands around drinking water storages by 2026. ● Partner with Forest Fire Management Victoria to understand management of fuel load reduction in marginal lands around drinking water storages by 2026. ● Complete a risk assessment of Macalister Salinity Management Zone by 2024. ● Develop a management plan for high-risk wastewater lagoons by 2024.

Environmental Statutory Obligations

Environment Protection Act

The *Environment Protection Act 2017* brings a risk-based approach to environment protection in Victoria. The General Environmental Duty (GED) underpins the Act and places duty on all Victorians to prevent harm to human health and the environment. The GED therefore applies to all SRW operations and activities that may cause harm from pollution or waste, and means that SRW needs to take steps to identify all of our environmental risks. Managing these risks is achieved through implementing our EMS.

Environmental Reference Standard

The Environmental Reference Standard (ERS) is made under the *Environment Protection Act 2017*. It sets out the environmental values of the ambient air, ambient sound, land and water environments that are sought to be achieved or maintained in Victoria and standards to support those values.

Pursuant to the ERS SRW has an objective to reduce total phosphorus (TP) loads originating from Lake Wellington to be no more than 100 tonnes per year on average.

SRW has operated a nutrient monitoring program since 2000. During that time, the program has been adjusted from a drain-based monitoring system to a river-based system.

This has allowed more accurate estimates of the TP loads from the MID and considers upstream and non-irrigated sources of nutrients. The reduction in outfalls from the modernised sections of the MID has also assisted in reducing the carriage of nutrients to the waterways and lakes system.

Data from the monitoring program has helped to track progress and inform load reduction targets for current and future management of the Gippsland Lakes. During 2023-24, infrastructure upgrades have been completed at several sampling sites to improve data accuracy.

Safe drinking water

As a water storage manager, SRW has obligations under the *Safe Drinking Water Act 2003*. Primarily, SRW must prepare and implement a Safe Drinking Water Risk Management Plan (RMP) for each of its water storages that supplies raw water to urban water corporations.

Each RMP must contain a detailed description of the system of supply, identify and assess the risks to the quality of the water, and describe the steps that are currently taken or could be taken to manage those risks.

The RMPs must be as comprehensive as possible and SRW must document the ongoing implementation and review. The Act provides for regular independent audits of the RMPs at the request of the Department of Health, with the most recent audit being conducted in April 2023.

SRW successfully completed the audit and was found compliant for all obligations under the Act. SRW is currently preparing for the next audit which will be held in 2025.

Climate change adaptation

SRW recognises the risks to its operations and sustainability associated with climate change and is committed to transformative action to adapt to these changes. SRW's Climate Adaptation Plan (CAP) provides strategic direction and actions for the organisation to respond to the impacts of climate change.

The plan identifies physical, economic and social vulnerabilities resulting from the impacts of climate change and associated risks. These vulnerabilities relate to SRW's broader systems, including water resources, built assets, service delivery, people and the natural environment in which SRW operates.

The overarching objectives of SRW's CAP are to:

- Address outstanding knowledge gaps regarding the impacts of climate change on SRW's operations and quantification of risk.
- Embed well-coordinated, evidence-based responses to climate change and incorporate adaptive planning into SRW's decision making.
- Define SRW's role in assisting its stakeholders to adapt to climate change.
- Ensure that SRW's water resources and built systems are resilient in the context of climate change.
- Protect biodiversity and natural ecosystems throughout SRW's area of operation.

This year SRW incorporated the CAP into our EMS, continuing to progress adaptation actions and integrate adaptation principles into operations to manage climate change impacts, and effects on water resources and infrastructure. We are undertaking two key climate change adaptation projects:

Consolidation of water resources climate change assessments

This project will review and summarise the available climate change assessments on our different water systems, to present them in a simple, consistent format which identifies the key climate risks, and the priorities for further consideration. This review will include surface water and groundwater systems. The outputs of this project will inform the Climate Readiness Framework to inform decision-making across the organisation.

Climate change infrastructure vulnerability assessment

This project aims to assess climate change-related vulnerabilities of SRW's assets and infrastructure. The assessments are in progress and it is anticipated to highlight assets and infrastructure that may be vulnerable to climate change impacts. The outputs of the Climate Readiness Framework inform our Asset Management Plans and support decision-making across the organisation.

Climate Readiness Framework

SRW's Climate Readiness Framework is an adaptive decision-making tool developed and piloted in 2023-24. The framework uses climate-related assessment outputs to inform decisions that consider risks, vulnerabilities and opportunities in order to adapt to current and future climate change impacts across the organisation. It can be used to aid decision-making for a range of issues, such as water resources and infrastructure.

The framework adopts an adaptation pathways approach, considering the development and evolution of various plausible future scenarios. Adaptation pathways are useful in the face of uncertainty regarding climate change and its impacts, societal changes and the range of options available into the future, as they allow for flexibility and responsiveness. Through the use of adaptation pathways, the framework allows SRW to identify and prioritise intervention options, understand tipping and turning points, decision trigger points, and barriers and limits to adaptation.

SRW is in the process of embedding the framework into water resource planning, asset planning and corporate planning, to ensure that SRW is well-prepared for an uncertain future.

Climate change mitigation

The Victorian Government's target is to achieve net zero greenhouse gas emissions by 2045, with the water sector committed in aggregate to reach net zero emissions by 2035.

SRW's commitment under the Statement of Obligations (Emissions Reduction) is to achieve net-zero emissions by 2025. In addition, Victoria's water corporations have a target of 100% renewable electricity use by 2025.

SRW's Climate Change Mitigation Plan provides a framework and actions to meet our net-zero emissions target by 2025 and beyond. This year SRW incorporated the Climate Change Mitigation Plan into our EMS to govern actions related to greenhouse gas emissions and energy consumption.

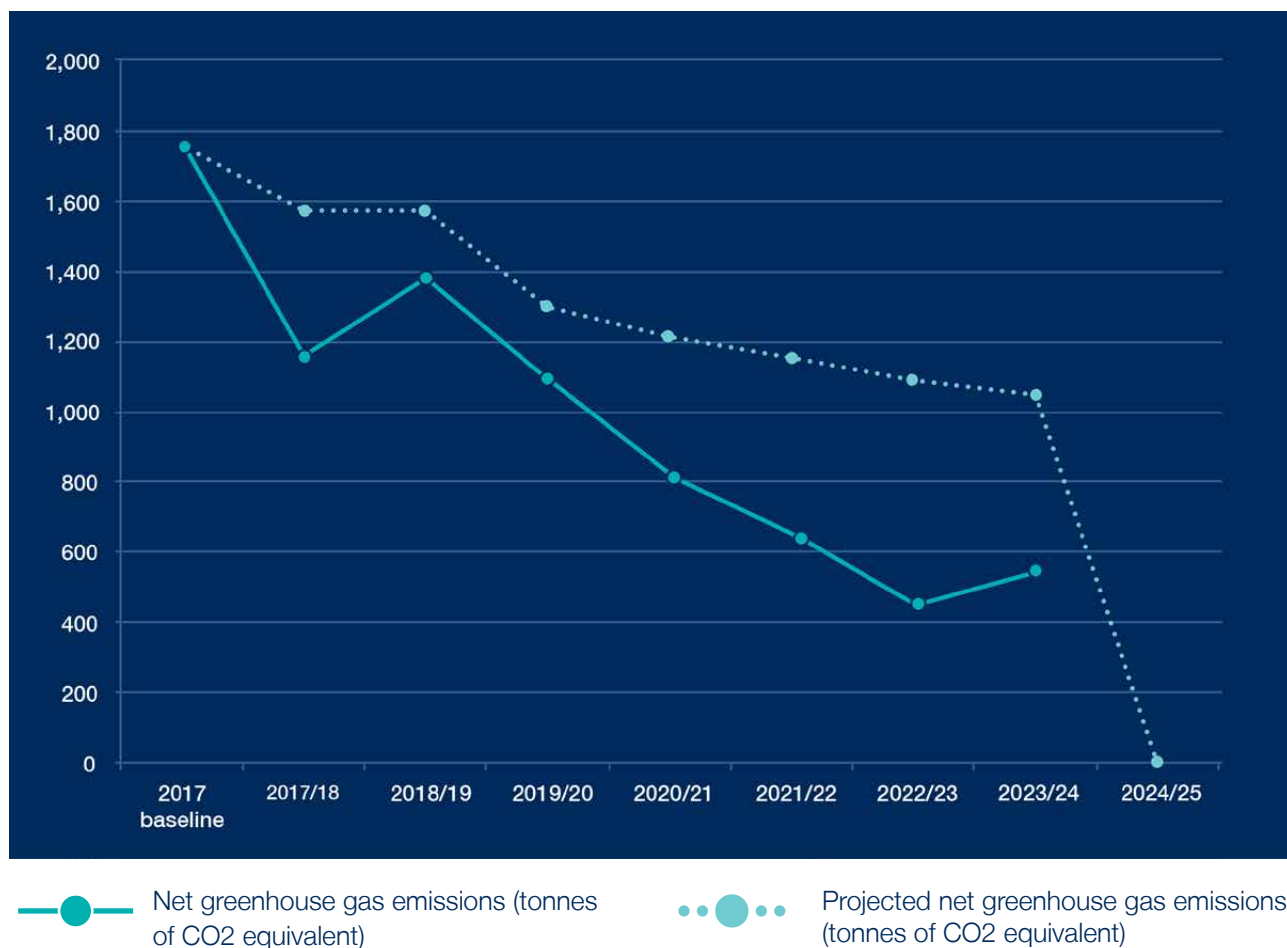
SRW has:

- Began transitioning our vehicle fleet towards low and no emissions vehicles.
- Partnered with Wannon Water to reduce carbon emissions through the trade of Australian Carbon Credit Units (ACCU).
- Assessed land holdings (including sites at Lake Glenmaggie, Merrimu Reservoir and Blue Rock Lake) for the feasibility of locations to undertake a reforestation project to generate ACCUs.
- Along with other water corporations, procured cheaper long-term renewable energy through the innovative zero emissions water limited collaboration.
- Investigated the opportunity to partner with other Victorian water corporations to establish a joint carbon offset partnership.
- Identified additional opportunities for solar systems, hydropower, and improvements in vehicle fleet efficiency as part of a broader review of SRW's pathway to net zero by 2025.

SRW has reported its emissions in line with the National Greenhouse and Energy Reporting Scheme (NGERS) framework. SRW is on track to achieve its goal of net zero emissions by 2025.

Progress towards 1 July 2025 emissions target

The following chart shows SRW's progress towards achieving net zero emissions.



Total energy usage for the year

The following table sets out a breakdown of SRW's total energy for 2023-24.

Total energy usage	2022-23 MJ	2023-24 MJ
Energy usage from fuels (stationary and transportation)	6,588,982	8,045,126
Energy used from electricity	3,036,385	3,092,952
Total energy used segmented into renewable and non-renewable sources	9,625,368	11,138,078
/ Renewable	3,432,591	3,567,646
/ Non-renewable	6,192,776	7,570,432
Units of energy used normalised by FTE	56,361	69,159

Total electricity consumption by source

Electricity source	Total electricity consumption (MWh)		Commentary
	2022-23	2023-24	
Directly purchased from retailer	680.6	695.5	All purchased electricity in 2023-24 was renewable energy including through use of State Purchasing Contracts
Not directly purchased but sourced from outside the organisation	NA	NA	SRW occupies office space at Yarra Valley Water's Mitcham location, which is not separately metered
Corporation led / self sourced activities and initiatives	162.8	163.7	Electricity generated from behind-the-meter solar installations across SRW's sites
Total	843.4	859.2	

Total electricity consumption by service delivery

Service delivery category	Total electricity consumption (MWh)		Commentary
	2022-23	2023-24	
Water treatment and supply	544.3	587.5	Data reported in 2022-23 Annual Report did not include self-generated solar electricity. This table has been updated to reflect 2022-23's total electricity consumption. Within normal range of consumption.
Other (e.g. offices, depots, etc.)	299.1	271.7	
Total	843.4	859.2	

On-site electricity generated segmented by usage and source

SRW has total installed on-site renewable electricity capacity of 0.22 MW in the form of solar panels. The following table shows renewable electricity generation for 2023-24.

On-site electricity generation		
Categories	2023-24 (MWh)	2023-24 (% of total consumption)
Solar	235	27.4%
Biogas	0	0
Hydroelectric	0	0
Wind	0	0
Other renewable	0	0
Total on-site electricity generation	235.0	27.4%
Exported to grid	71.3	8.3%
Consumed on-site	163.7	19.1%

Total electricity offsets retired by offset type

Renewable Energy Certificate (REC) retirement method ¹	RECs retired 2023-24	Commentary
Voluntarily retired (by SRW) ^{2,3}	0.0	SRW transitioned onto the State Purchasing Contract during 2023-24 and procured GreenPower for its sites, negating the need to retire large-scale certificates.
GreenPower ^{2,4}	695.5	
Certified carbon neutral electricity purchased ^{2,5}	0.0	
Voluntarily retired on SRW's behalf ^{2,6}	0.0	
Total voluntarily retired (a)	0.0	
Mandatory retired ⁷ (b)	0.0	
Total RECs retired (a+b)	0.00	

¹ SRW must maintain a defensible audit trail which demonstrates the number of RECs retired, the logic of how the REC retirement volume was determined, and that the voluntary retirement of RECs was ultimately accepted by the Clean Energy Regulator (CER).

² Each category is unique, and the reporting intent is to capture all REC retirement arrangements. This means RECs retired on SRW's behalf through a certified carbon neutral electricity purchase, for example, should not be double counted in both the certified carbon neutral electricity purchased category and the voluntarily retired on SRW's behalf category.

³ For example: this may include the voluntary retirement of RECs from self generated on site (behind the meter) renewable electricity or from RECs obtained through a Power Purchase Agreement (PPA).

⁴ This refers to the Commonwealth GreenPower program. Please note that it may not be possible to maintain a specific audit trail for GreenPower as you can't match a MWh of consumption to specific RECs.

⁵ For example: this may include green electricity retail contracts other than GreenPower backed ones.

⁶ For example: this may include RECs from a PPA or PPA like arrangement where RECs are not transferred to SRW but are instead retired on SRW's behalf.

⁷ This includes RECs mandatorily retired and conveyed to an entity's retailer for mandatory retirement. This is for Commonwealth Renewable Energy Target (RET) liable entities only and as such it can be deleted where it is not applicable.

Note: 1 REC = 1MWh renewable electricity.

Fuels used in buildings and machinery and associated greenhouse gas emissions

	2022-23	2023-24	Commentary
Total fuels used in buildings and machinery (MJ)	72,803	67,837	
Buildings			
Natural gas	0	0	SRW does not consume natural gas at any of its sites
Machinery			
LPG	3	0	
Diesel	38,600	35,971	Diesel used to power machinery and plant
Petrol	34,200	31,866	Petrol used to power machinery and plant
Greenhouse gas emissions from stationary fuel consumption (tonnes CO₂-e)	5.03	4.69	



Vehicle fleet

The following table sets out information in relation to SRW's vehicle fleet.

Number and proportion of vehicles	2022-23	%	2023-24	%
Total	128	100%	117	100%
Road vehicles	118	92%	107	91%
Passenger vehicles	111	87%	100	85%
Internal combustion engines	106	83%	92	79%
/ Petrol	20	16%	9	8%
/ Diesel	86	67%	83	71%
Hybrid	5	4%	6	5%
/ Plug-in hybrid electric vehicle (PHEV)	4	3%	5	4%
/ Hybrid electric vehicle (HEV)	1	1%	1	1%
Electric propulsion	0	0%	2	2%
/ Battery electric vehicle (BEV)	0	0%	2	2%
Goods vehicles	7	5%	7	6%
/ Internal combustion engines	7	5%	7	6%
» Petrol	2	2%	2	2%
» Diesel	5	4%	5	4%
Non-road vehicles	10	8%	10	9%
/ Internal combustion engines	10	8%	10	9%
» Petrol	2	2%	2	2%
» Diesel	8	6%	8	7%

Energy used in transportation and associated greenhouse gas emissions

Energy used in transportation	2022-23 MJ	2023-24 MJ
Totals	6,513,517	7,933,850
Road vehicles	6,179,317	7,642,352
/ Petrol	880,308	636,224
/ Diesel	5,299,008	7,006,117
/ Electricity (MWh)	1	12
Non-road vehicles	334,200	291,497
/ Petrol	102,600	50,010
/ Diesel	231,600	241,487
/ Electricity (MWh)	0	0
Greenhouse gas emissions from vehicle fleet	Tonnes CO ₂ -e	Tonnes CO ₂ -e
Totals	455.8	556.7
Road vehicles	433.2	545.9
/ Petrol	59.5	43.0
/ Diesel	373.1	493.3
/ Electric	0.6	9.5
Non-road vehicles	23.2	20.4
/ Petrol	6.9	3.4
/ Diesel	16.3	17.0
/ Electric	0	0

Total greenhouse gas emissions

Greenhouse gas emissions are typically reported in terms of Scope 1 and Scope 2 emissions.

Scope 1 emissions are direct emissions from sources owned or controlled by an organisation (e.g., fuel combustion in boilers, vehicles).

Scope 2 emissions are indirect emissions associated with purchased electricity, steam, heat, or cooling.

Scope 3, or indirect emissions, are not required to be reported by SRW.

The table summarises Scope 1 and Scope 2 emissions. It shows that SRW has exceeded its forecast emissions due to actively reducing fleet emissions and addressing Scope 2 emissions through the purchase of retail renewable energy.

Zero emissions for water supply and other activities are due to use of only renewable electricity for those purposes, both on-site generated and purchased grid-supplied electricity.

Greenhouse gas emissions					
Service delivery category	2023-24 emissions actual in tonnes of CO ₂ -e				
	Forecast	Scope 1	Scope 2	Total	Variance (%)
Water supply ¹	0.0	0.0	0.0	0.0	0%
Vehicle fleet ²	1,050.0	561.4	0.00	561.4	46.5%
Other ³	0.0	0.00	0.00	0.00	0%
Total	1,050.0	561.4	0.00	561.4	46.5%

¹ Includes Scope 2 emissions generated from irrigation pumping stations, groundwater pumps and irrigation channel infrastructure. SRW sourced electricity for 2023-24 through behind-the-meter solar initiatives and purchasing renewable energy from a retailer.

² Includes Scope 1 emissions generated from pool cars, machinery and fleet used for business purposes. Variance may be attributed to an increase in remote working, video conferencing and previously outlined measures for reducing vehicle travel.

³ Includes Scope 2 emissions from all other sites not included in water supply (offices, depots, recreation facilities etc.). SRW no longer has any offices or depots that are connected to mains gas services.

Delivering strong outcomes in partnership

Regional catchment strategies

SRW continues to contribute to strategic and biodiversity management across our region. SRW has five catchment management partners across its region: Glenelg Hopkins, Corangamite, Melbourne Water, West Gippsland, and East Gippsland.

During the reporting period we:

- Continued to collaborate with stakeholders on catchment management issues. This included municipal councils, Crown land managers, individual property owners and parties looking at undertaking use and development activity in catchments.
- Continued our program to meter all significant water users and ensure our metering is compliant with policy, standards and government guidelines.
- Contributed to river and groundwater monitoring through partnerships, such as the Regional Water Monitoring Partnerships.
- Contributed to the implementation of the Lake Wellington Land and Water Management Plan.
- Supported Victoria's Water Recycling Action Plan through the WID Recycled Water Scheme.
- Managed irrigation-induced salinity in the MID through the maintenance and operation of groundwater control pumps.

Victorian Waterway Management Strategy 2013

The Victorian Waterway Management Strategy (VWMS) provides a framework to manage and restore the environmental health of our rivers over the long term. A new strategy is currently being developed which is due to be finalised in 2025.

Key elements of the VWMS relevant to SRW include:

- Facilitate the movement of water to its highest value use.
- Provide and manage water for the environment.
- Restore flow-stressed river systems.

SRW supports the VWMS by:

- Complying with environmental obligations in bulk entitlements.
- Operating the MID nutrient monitoring program.
- Facilitating the delivery of environmental water by working closely with Melbourne Water, the West Gippsland Catchment Management Authority (WGCMA) and the Victorian Environmental Water Holder.
- Responding to environmental incidents.
- Participating in the joint forums with Gippsland Water, WGCMA, community groups and irrigation customers, advising on environmental water requirements on the Thomson, Macalister and Latrobe rivers.
- Participating in the Lake Wellington Sustainable Irrigation Group, including assisting with the implementation of the regional Land and Water Management Plan.

- Working with catchment partners to achieve improvements in waterway condition near SRW assets.

SRW also carries out activities at its storages to improve waterway health, such as erosion control works, the management of native vegetation offset sites, and amenity upgrades.

Regional waterway strategies

Regional Waterway Strategies are required under the *Water Act 1989* and are supported by the VWMS. The regional strategies identify high-value waterways and priority management activities during an eight-year period.

SRW's geographic area falls across five catchment management regions, with many of the Regional Waterway Strategies currently under review. In addition, SRW continues to support the development and implementation of various sub-strategies.

Integrated water management

Integrated Water Management (IWM) considers the entire water cycle to provide the best community outcomes when planning, delivering and operating infrastructure and water services.

DEECA established IWM forums to identify, coordinate and prioritise opportunities and areas that would benefit most from collaborative water cycle planning and management.

There are 15 IWM forum areas across Victoria, 14 of which have a Strategic Direction Statement, capturing the regional context, shared vision, and water-related outcomes.

Each forum is represented by water corporations, local government, catchment management authorities and Traditional Owner groups. SRW participates in nine forums with a focus on relevant surface water and groundwater strategies and projects.

SRW is a key contributor to the Werribee system reconfiguration project, as part of the Werribee catchment IWM forum, which is considering opportunities to substitute existing river water allocations with high quality fit-for-purpose recycled water to enable transition of river water to urban, environmental, and cultural uses. SRW is working with our partners in the region to explore this opportunity to future-proof our Werribee and Bacchus Marsh irrigation districts.

SRW is also exploring, in collaboration with South East Water, the potential for recycled water use in the Cora Lynn / Pakenham area as part of the Westernport catchment IWM forum to transition river and groundwater use to high quality fit-for-purpose recycled water.

SRW also contributes to the IWM forum for the Gippsland catchment region.

Remediation and Environmental Protection Plan

SRW continues to regulate the implementation of Barwon Water's Remediation and Environmental Protection Plan (REPP) in relation to Boundary Creek, Big Swamp and Surrounding Environment.

The REPP sets out actions and investigative works to address impacts caused by historic groundwater extraction from the Barwon Downs borefield. Barwon Water has met all obligations under the REPP, and the data indicates the subsurface (groundwater) and surface (streamflows, water quality and vegetation) recovery experienced last year continues.

Over the year Barwon Water has continued revising the REPP in line with updated data, knowledge, and community expectation, as well as undertaking the surrounding environment investigations.

Conservation

Native vegetation offset sites

SRW manages two native vegetation sites that provide offset credits, a 23.1 hectare site adjacent to Lake Glenmaggie and a 46.6 hectare site adjacent to Merrimu Reservoir.

As part of the landowner agreement with DEECA to establish these sites, SRW committed to a 10-year management plan designed to improve the extent and quality of native vegetation on the sites and to protect the sites in perpetuity.

Management actions on the sites include the minimisation of weeds, removal and control of pest species such as rabbits, deer and foxes, monitoring of erosion, and maintenance of fencing.

In addition, the restriction of public access to the sites eliminates rubbish dumping, firewood collection, disturbance of vegetation by four-wheel-drive vehicles and the spread of weeds and pathogens.

SRW submits an annual report to DEECA under the agreement to ensure compliance. Currently the Lake Glenmaggie site is in the eighth year of reporting and Merrimu is in the fifth year.

Biodiversity conservation

SRW recognises the ecological linkages between different parts of the environment (e.g. streams, streamside vegetation, and the biodiversity they support) and is aware that our actions and strategies influence biodiversity conservation.

SRW works with government departments, local government, and catchment management authorities to support biodiversity conservation and protection activities when undertaking works and projects.

SRW worked with Grow West and Melbourne Water to facilitate and support revegetation of land in the Werribee River catchment area including along waterways. SRW is continuing to pursue opportunities to establish more vegetation on its land and working with local community Landcare networks and groups to deliver revegetation projects.

Environmentally sustainable design and energy ratings of buildings

During 2023-24 SRW did not enter into any new leases of buildings, nor construct any new entity-owned buildings.

Corporate water and waste consumption

SRW's own corporate water consumption for 2023-24 was 3,343.7 kilolitres, being 21.6 kilolitres per full-time equivalent employee. SRW uses water for amenities, lawns, gardens, vehicle washing and miscellaneous uses, as well as for capital projects and construction.

SRW's waste to landfill totalled 56.4 tonnes while recycling totalled 12.3 tonnes for the financial year. Waste programs including separate waste streams for recycling and the reduction in paper use in offices.

Consultancy expenditure

Each year SRW engages consultants to provide expert analysis and advice to facilitate decision-making and provide skills not currently available within our organisation.

Greater than \$10,000

During 2023-24, SRW engaged with 11 consulting firms for operating and capital procurement greater than \$10,000 to provide advice, skills, and services. The total cost of these consultancies was \$925,972. For comparison, during 2022-23 SRW engaged with consulting firms at a total cost of \$1,556,209.

Less than \$10,000

During 2023-24, SRW engaged with 12 consulting firms for operating contracts less than \$10,000 to provide advice, skills, and services. The total cost of these consultancies was \$65,141. In comparison, during 2022-23 SRW engaged with consulting firms at a total cost of \$11,967.

Consultant	Purpose	Expenditure 2023-24	Future expenditure
GHD PTY LTD	Seismic Modelling & Geological Investigation - Glenmaggie Dam	\$185,540	\$26,529
PAQUA CONSULTING	Expert consultancy support for Mac-Avon project	\$2,351	\$4,467
	Assist with 3/4 bench product development and distribution options	\$22,316	\$320
PITCHER PARTNERS CONSULTING PTY LTD	Probity Services for Procurement 3 of the original probity scope for Phase 1B	\$8,114	\$1,186
	SRW Procurement Framework	\$4,500	\$5,500
	Probity Services for Technical Support Services 2023-2028 RFT	\$12,470	\$2,835
	Probity support Minor Civil works panel	\$1,583	\$13,721
RM CONSULTING GROUP (RMCG)	Southwest Limestone Aquifer GMA Social Research Project	\$39,760	-
	Macalister Salinity Management Zone (MSMZ) Risk Review 2023-24	\$38,970	-

Consultant	Purpose	Expenditure 2023-24	Future expenditure
SMEC AUSTRALIA PTY LTD (ST KILDA ADDRESS)	Glenmaggie- Structural assessment of Gates Under Earthquake	\$66,000	\$42,700
	Rosslynne Environmental Flow Review	\$47,608	\$47,999
	Consultant work for the WID REIP/HEMP	\$22,690	\$4,583
	Consultancy for Macalister Avon Irrigation Development Project works	\$43,424	\$222,675
	Rosslynne Environmental Flow investigation	\$10,712	\$7,000
	Engagement to review study assumptions and cost estimates for Yallourn and Narracan Hydro proposals	\$21,475	-
HARC SERVICES PTY LTD	PLL Sensitivity Analysis for Glenmaggie	\$11,585	-
WSP AUSTRALIA PTY LTD	Consultancy for Main Northern Channel erosion works	\$50,005	-
	Ladders and Walkways Planning Consultancy	\$27,721	-
	Consultancy for Electrical Scada - Cowwarr Switchboard and Control Room	\$29,443	-
	Consultancy for Bluerock Switchboard Replacement and Electrical Renewals	\$29,443	-
NTT AUSTRALIA DIGITAL PTY LTD	Consultancy to review Information Technology and Communication capability, systems and processes	\$78,705	\$31,295
CROSSCO CONSULTING PTY LTD	Engagement and technical service for Mitchell River Management Review	\$11,814	\$10,731
PROUD MARY CONSULTING PTY LTD	Consultancy for Stakeholder Engagement Facilitator services	\$77,131	\$38,629
	Consultancy for Werribee reconfiguration grower engagement	\$45,200	\$39,320
GLOSSOP TOWN PLANNING	Ongoing advice for statutory planning applications (catchment planning)	\$3,650	\$1,805
	Procurement of “referral reform implementation and “overflow referrals support” by Glossop	\$8,850	\$9,332
HYDROLOGY AND RISK CONSULTING PTY. LTD.-	For undertaking MID System performance review 2023	\$24,912	\$15,034
Total		\$925,972	\$525,661

Information and Communication Technology expenditure

For the 2023-24 reporting period, SRW spent \$4.8 million on information and communication technology (ICT), with the details shown below.

Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure (Total = A + B)	Operational expenditure (A)	Capital expenditure (B)
\$4.1m	\$2.3m	\$0.0	\$2.3m

Social procurement framework

SRW operates in regional communities across southern Victoria and recognises the impact of the opportunities that the organisation's collective procurement spend could have to the social and environmental landscape.

SRW's Social Procurement Strategy provides the governance framework in order to meet our compliance obligations in regard to the Victorian Government 2018 Social Procurement Framework. It also provides the flexibility for SRW to operate beyond compliance to play a key role in leading regional communities in social and sustainable procurement practices which underpin economic growth, social inclusion and improving sustainable outcomes for the environment.

Procurement at SRW is categorised as:

- goods and services, including business supplies and service contracts
- construction, which includes works and construction services as defined in the Ministerial directions for public construction procurement in Victoria.

SRW complies with the requirement to include social procurement framework outcomes as a part of tender evaluations for individual capital procurement activities within the framework thresholds.

SRW seeks opportunities to consider social procurement in our undertaking of training, procurement of goods and services and labour hire recruitment.

In support of our social procurement responsibilities, we seek to engage local trades and suppliers in the first instance when conducting routine facilities maintenance and cleaning contracts.

In addition, we support social procurement initiatives when we engage a local disability support provider to undertake grounds maintenance at several offices and public recreation areas.

In delivering large construction procurements, SRW has sought a 1% of total contract commitment to be spent with Victorian social benefit suppliers.

SRW has a strong community focus and expects our preferred suppliers to demonstrate engagement with, and opportunities for, local contractors and local training and employment on all applicable projects, contributing to the table below.

Social procurement activities during 2023-24

No. of social benefit suppliers directly engaged during the reporting period	2
Amount spent with social benefit suppliers (direct spend) during the reporting period (\$ GST exclusive)	\$32k
No. of mainstream suppliers engaged that have made social procurement commitments in their contracts with SRW	1
No. of contracts engaged during the reporting period that include social procurement commitments	7

Social procurement case study

George Gray Centre

George Gray Center is an enterprise that provides employment for people with disabilities and has been providing a range of support and employment services in the Wellington Shire over the last 50 years. Currently they employ over 50 individuals and are a NDIS registered provider.

The goal of the enterprise is to help people with a disability to identify what support is needed to achieve their individual goals, reach their full potential and to live a great life as a valued part of their community.

George Gray Centre is engaged by SRW to carry out landscaping and gardening maintenance activities at our Maffra office, depot and other field sites.

Utilising local individuals and providing training with a broad range of landscaping tools and equipment. The services received meet all SRW requirements and are provided in a professional and competent manner.

SRW expects to continue its engagement with George Gray Centre and will seek to further develop mutual opportunities that arise to ensure their ongoing success.

Procurement complaints

For the 2023-24 reporting period, SRW received one complaint related to the procurement of goods and services within the scope of the Victorian Government Purchasing Board framework. The procurement activity related to the supply of consultancy services and was resolved in consultation with the supplier.

Subsequent events

There were no subsequent events that will affect operations in future years, other than those already discussed in this report.

Executive officer disclosure

Total number of SES for Southern Rural Water, broken down into gender

	All		Women		Men		Self-described	
Class	No.	Var.	No.	Var.	No.	Var.	No.	Var.
SES 3							n	n
SES 2	1				1		n	n
SES 1	5	(1)	2	(1)	3		n	n
Total	6	(1)	2	(1)	4		n	n

The number of executives in the report of operations is based on the number of executive positions that are occupied at the end of the financial year. The financial statements lists the actual number of SES and the total remuneration paid to SES over the course of the reporting period. The financial statements note does not include the Accountable Officer, nor does it distinguish between executive levels or disclose separations. Separations are executives who have left the organisation during the relevant reporting period.

Reconciliation of executive numbers

		2024	2023
	Executives (financial statement Note 9.8)	5	6
	Accountable Officer (Managing Director)	1	1
Less	Separations	(1)	(1)
	Total executive numbers at 30 June	6	7



Performance reporting (financial) (Part B)

Financial management compliance attestation

I, Joanne Butterworth-Gray, on behalf of the Responsible Body, certify that Gippsland and Southern Rural Water Corporation has no Material Compliance Deficiency with respect to the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



Joanne Butterworth-Gray AM
Chair
Gippsland and Southern Rural Water Corporation
Dated 3 September 2024.

Current year financial review

Financial management

Long-term financial viability is a key pillar of our financial management. Finances are managed so the organisation is economically sustainable, and each of the four following areas of business operation fully recovers their respective own costs:

- eastern irrigation
- western irrigation
- headworks
- groundwater and rivers.

Overview

Our operating loss before tax was \$20.7 million, compared to a budgeted loss of \$23.8 million.

SRW prices are approved by the Essential Services Commission (ESC) to recover the full cost of operation. Whilst the full cost of operation includes funding for the investment needs of the business, our pricing is designed to reimburse depreciation and capital charges associated with regulatory assets only.

Regulatory assets exclude acquisitions and construction prior to 1 July 2004 or assets funded directly by customer or government contribution. As reported by the comprehensive operating statement, depreciation expense is largely associated with non-regulatory assets. For the 2023-24 financial year SRW recorded \$13.5 million of non-recoverable depreciation.

The five-year financial summary table describes our financial position once these non-regulatory charges are excluded, which reports an operating profit before statutory adjustments of \$2.3m million for the 2023-24 financial year, compared to a corporate plan budget of \$2.0 million surplus.

This improved 2023-24 operating result before statutory adjustments compared to the corporate plan by \$0.3 million is largely attributed to:

- sale of water and entitlements increased by \$1.3 million due to an additional sale of water entitlements on the Mitchell River (\$0.8m) as well as a better than anticipated auction result for MID water entitlements (\$0.5m) during 2023-24
- higher financing costs of \$0.8 million due to higher than rates of interest than budget, and a higher level of average debt experienced across the financial year.

Economic regulation

Economic regulation of SRW is guided by a range of legislation, including the *Essential Services Commission Act 2001*, the *Water Industry Act 1994* as amended by the water legislation (Essential Services Commission and other Amendments Act 2003), and other water industry legislation (including the *Water Act 1989* and the *Environment Protection Act 2017*). More information on the regulatory framework is set out within the Water Industry Regulatory Order (WIRO) made by the Governor-in-Council.

Pricing principles

SRW operates on a cost-recovery basis, ensuring pricing is sufficient to cover annual costs and to provide for investment needs. Pricing is founded upon the following principles:

- prices shall accord with government and Council of Australian Governments' policies, with particular reference to the National Competition Policy

- revenues flowing from prices shall meet the full cost of operation
- SRW shall set separate prices for each specific service supplied
- prices shall be equitable and avoid cross subsidy
- SRW will engage with customer committees on pricing and consider their recommendations in making pricing decisions
- prices shall be set to contribute to the investment needs of the business concerned.

Our annual prices are submitted to the ESC for determination. This annual assessment is made in accordance with the price determination set by the ESC for the five-year period ending 30 June 2028.

Rural bills

Rural bills – medium customer	Area	2022-23	2023-24
Total rural water bill	Macalister	\$4,991	\$5,443
50ML of High Reliability Water Share	Werribee	\$21,697	\$23,545
	Bacchus Marsh	\$10,513	\$11,297
Total rural water bill	Surface water 50 ML of licenced volume	\$985	\$1,059
	Groundwater 150 ML of licenced volume	\$1,000	\$1,074

Significant changes in financial position

Increase to debt by \$15.6 million

Expenditure on capital projects was \$36 million for the financial year (2022-23 \$30 million). A large proportion of this capital expenditure is associated with ongoing irrigation modernisation works.

As planned within the 2023-24 Corporate Plan, the cash operating surplus of SRW is insufficient to fund our capital expenditure program and it is necessary for SRW to utilise debt facilities and access government capital contributions to fund this level of expenditure.

In 2023-24, funding of the gap between operating cashflows and capital expenditure was provided from the receipt of government capital contributions for modernisation projects (\$13.1 million) and by an increase to SRW debts of \$15.6 million.

Significant changes or factors affecting performance

There were no major factors affecting performance other than those discussed in this report.



Five-year financial summary

Revenue	2023-24	2022-23	2021-22	2020-21	2019-20
	\$,000	\$'000	\$'000	\$'000	\$'000
Fees and charges	34,611	27,471	25,520	26,556	26,231
Storage operator charges	5,457	4,967	4,764	4,481	4,536
Government grants	1,312	1,060	1,139	2,756	370
Other	1,984	3,530	2,004	6,587	5,432
Total revenue	43,364	37,028	33,427	40,380	36,569
Expenditure					
Operations and maintenance	29,774	21,420	19,487	19,100	20,278
Other	11,641	11,489	9,890	10,312	9,208
<i>Earnings before interest, taxation, impairment, and depreciation</i>	1,949	4,119	4,026	10,968	7,083
Depreciation and amortisation	18,958	16,931	16,595	16,632	16,622
Asset write-off and impairment	64	56	24	611	0
Finance cost	3,553	1,739	1,749	1,846	1,806
Total expenditure	63,990	51,635	47,745	48,501	47,914
Equity					
Net operating statutory loss before tax	(20,626)	(14,607)	(14,318)	(8,121)	(11,345)
Movement in retained earnings	(15,469)	(10,955)	(12,244)	(7,299)	(10,449)
Balance sheet					
Current assets	15,680	25,000	28,502	32,650	21,205
Non-current assets	1,643,358	1,641,563	1,434,736	1,437,654	1,448,276
Total assets	1,659,038	1,666,563	1,463,238	1,470,304	1,469,481
Current liabilities	23,651	29,973	17,885	16,961	17,766
Non-current liabilities	314,836	306,540	262,174	278,430	295,977
Total liabilities	338,487	336,513	280,059	295,391	313,743
Net cash inflow from operations	(5,491)	794	2,349	4,168	8,648

Revenue	2023-24	2022-23	2021-22	2020-21	2019-20
Payments for infrastructure, property, plant and equipment	36,001	29,580	9,540	13,590	29,180
Financial result reconciliation					
Net operating statutory loss	(20,626)	(14,607)	(14,318)	(8,121)	(11,345)
Add back non-regulatory depreciation and impairment	13,453	10,802	11,891	12,396	12,726
Add non-regulatory asset transfers and write-offs	64	56	24	611	0
Add major projects expensed	9,584	1,926	857	1,393	3,212
Operating profit before statutory adjustments	2,475	(1,823)	(1,570)	6,279	4,593

Five-year performance indicators

Performance indicator	2023-24	2022-23	2021-22	2020-21	2019-20
Internal financing ratio	-15.30%	2.7%	42.6%	31.5%	29.8%
Gearing ratio	5.22%	4.3%	4.0%	4.2%	4.3%
Interest cover (cash)	-0.6	1.5	2.5	3.4	6.1
Return on assets	-1.08%	-0.8%	-0.9%	-0.5%	-0.7%
Return on equity	-1.17%	-0.9%	-1.0%	-0.6%	-0.9%

How this report is structured

Gippsland and Southern Rural Water Corporation (the Corporation) has pleasure in presenting its audited general purpose financial statements for the financial year ended 30 June 2024. It is presented in the following structure:

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Gippsland and Southern Rural Water Corporation

Comprehensive Operating Statement
For the financial year ended 30 June 2024

		2023-24 \$'000	2022-23 \$'000
	Notes		
Revenue			
<i>Revenue from operating activities</i>			
Service and usage charges	2.1	35,923	33,278
Chargeable works	2.2	954	1,148
Government grants and contributions	2.3	1,312	1,060
Interest income	2.5	29	305
Other income		933	1,077
<i>Revenue from non-operating activities</i>			
Sale of water and entitlements	2.4	3,955	0
Net gain on disposal of non-current assets	4.1.5	258	112
Total revenue		43,364	36,980
Expenses			
Bulk water	3.3	1,135	1,212
Environmental contribution	8.2	530	530
Employee benefits	3.1.1	18,876	18,741
Interest	6.1.2	3,553	1,739
Chargeable works	2.2	954	1,148
Repairs and maintenance	3.2	1,502	1,282
Supplies and services	3.4	18,418	9,949
Depreciation of regulatory asset base	4.1.4 & 6.2.2	5,192	5,767
Depreciation of other assets	4.1.4	13,453	10,802
Write-off of infrastructure, property, plant and equipment	4.1.1	52	0
Intangible asset write-offs	4.2.1	12	56
Amortisation	4.2	313	361
Total expenses		63,990	51,587
Net result before tax		(20,626)	(14,607)
Income tax revenue	8.1.1	5,157	3,652
Net result for the period		(15,469)	(10,955)
Other comprehensive income for the period			
<i>Items that will not be reclassified to net result</i>			
Net gain on revaluation of infrastructure, property, plant and equipment	4.1.1	0	184,650
Impairment/write-off of infrastructure, property, plant and equipment	4.1.1	(9,532)	0
Income tax relating to these items	8.1.1	2,383	(46,163)
Other comprehensive income for the period, net of income tax		(7,149)	138,487
Comprehensive result		(22,618)	127,532

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

Gippsland and Southern Rural Water Corporation

Balance Sheet
As at 30 June 2024

		2023-24 \$'000	2022-23 \$'000
	Notes		
Assets			
Current assets			
Cash and cash equivalents	6.3	1,980	14,359
Receivables	5.1	6,079	6,592
Contract assets	5.2	7,056	3,422
Other non-financial assets		565	627
Total current assets		<u>15,680</u>	<u>25,000</u>
Non-current assets			
Infrastructure, property, plant and equipment	4.1.1	1,640,681	1,639,171
Right-of-use assets	6.2.1	535	478
Intangible assets	4.2	2,142	1,913
Total non-current assets		<u>1,643,358</u>	<u>1,641,562</u>
Total assets		<u>1,659,038</u>	<u>1,666,562</u>
Liabilities			
Current liabilities			
Payables	5.3	7,868	13,307
Contract liabilities	5.4	3,226	3,858
Interest bearing liabilities	6.1	7,870	8,080
Lease liabilities	6.2.1	147	139
Employee benefits	3.1.2	4,540	4,589
Total current liabilities		<u>23,651</u>	<u>29,973</u>
Non-current liabilities			
Payables		2	3
Interest bearing liabilities	6.1	78,730	62,870
Lease liabilities	6.2.1	440	403
Employee benefits	3.1.2	401	462
Deferred tax liabilities	8.1.2	235,263	242,803
Total non-current liabilities		<u>314,836</u>	<u>306,541</u>
Total liabilities		<u>338,487</u>	<u>336,514</u>
Net assets		<u>1,320,551</u>	<u>1,330,049</u>
Equity			
Contributed capital	9.1.1	505,580	492,460
Asset revaluation reserve	9.1.2	853,605	860,754
Accumulated deficit	9.1.3	(38,634)	(23,165)
Total equity		<u>1,320,551</u>	<u>1,330,049</u>

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

Gippsland and Southern Rural Water Corporation

Statement of Changes in Equity
For the financial year ended 30 June 2024

Notes	Contributed Capital \$'000	Asset Revaluation Reserve \$'000	Accumulated Deficit \$'000	Total \$'000
Balance as At 1 July 2022	481,060	722,267	(12,210)	1,191,117
Net result for the period	0	0	(10,955)	(10,955)
Other comprehensive income	0	138,487	0	138,487
Total comprehensive income for the period	0	138,487	(10,955)	127,532
Transactions with the State Government in its capacity as owner	11,400	0	0	11,400
Balance as at 30 June 2023	492,460	860,754	(23,165)	1,330,049
Net result for the period	0	0	(15,469)	(15,469)
Other comprehensive income	0	(7,149)	0	(7,149)
Total comprehensive income for the period	0	(7,149)	(15,469)	(22,618)
Transactions with the State Government in its capacity as owner	13,120	0	0	13,120
Balance as at 30 June 2024	505,580	853,605	(38,634)	1,320,551

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

Gippsland and Southern Rural Water Corporation

Cash Flow Statement
For the financial year ended 30 June 2024

		2023-24 \$'000	2022-23 \$'000
	Notes		
Cash flows from operating activities			
<i>Receipts</i>			
Receipts from service and usage charges		38,178	34,826
Receipts from State Government			
-Operating	2.3	749	830
Interest received		29	305
Goods and Services Tax received from the ATO		6,202	2,973
<i>Payments</i>			
Payments to suppliers and employees		(46,966)	(36,214)
Interest paid		(3,553)	(1,765)
Goods and Services Tax paid to the ATO		(130)	(161)
Net cash inflow from operating activities	6.3.1	(5,491)	794
Cash flows from investing activities			
Payments for infrastructure, property, plant and equipment		(36,001)	(29,887)
Proceeds from sale of infrastructure, property, plant and equipment	4.1.5	671	271
Payments for intangible assets	4.2	(554)	(388)
Net cash outflow from investing activities		(35,884)	(30,004)
Cash flows from financing activities			
Proceeds from new borrowings (i)		23,314	18,350
Repayment of existing borrowings		(7,250)	(5,900)
Principal element of lease liability		(188)	(146)
Proceeds from contributions by State Government in its capacity as owner	9.1.1	13,120	11,400
Net cash inflow from financing activities		28,996	23,704
Net increase in cash and cash equivalents		(12,379)	(5,506)
Cash and cash equivalents at the beginning of the financial year		14,359	19,865
Cash and cash equivalents at the end of the financial year	6.3	1,980	14,359

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

(i) \$4.75m of the proceeds from new borrowings was applied to repay maturing loans of \$4.75m at 30 June 2024

1. About this report

Establishment of the Corporation

Gippsland and Southern Rural Water Authority (SRW or the Corporation) was established on 1 July 1995, by a Ministerial Order under section 98 of the *Water Act 1989*, dated 30 June 1995. The Authority's name was changed on 1 July 2007 to Gippsland and Southern Rural Water Corporation under Section 85(1) of the *Water Act 1989*, inserted by Section 54 of the *Water Governance Act 2006*. The business name of the Corporation is Southern Rural Water (SRW).

The Corporation is a not-for-profit entity owned by the State Government of Victoria, reported and domiciled in Victoria.

Basis of accounting

The financial report includes separate financial statements for Southern Rural Water (the Corporation) as an individual reporting entity. This financial report is a general purpose financial report that consists of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Statutory Certification and Notes accompanying these statements for the period ending 30 June 2024. The general purpose financial report has been prepared in accordance with Australian Accounting Standards (AAS), Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board, and the requirements of the *Financial Management Act 1994* and applicable Ministerial Directions. The Corporation is a not-for-profit entity for the purposes of preparing the financial statements.

Where appropriate, those AAS paragraphs applicable to not-for-profit entities have been applied.

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

The annual financial statements were authorised for issue by the Gippsland and Southern Rural Water Corporation Board of Directors on 03 October 2024

The principal address is:
Gippsland and Southern Rural Water Corporation
88 Johnson Street
Maffra VIC 3860

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 report is 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 12 months, being the Corporation's operational cycle.

Rounding

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

Historical cost convention

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

Comparative information

In these financial statements, the Corporation has changed the classification or presentation of certain disclosures (and relevant comparative information) to improve readability by the user. This change in the presentation has not arisen as a result of the identification of errors or changes in accounting policies by the Corporation. 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:

- accrued water usage charges
- the fair value of land, buildings, infrastructure, plant and equipment (Note 7.3)
- estimation of useful lives (Note 4.1.4)
- the impairment of assets (Note 4.1.4)
- recognition of deferred tax assets and liabilities (Note 8.1)
- accrued income (Note 5.2)
- employee benefit provisions (Note 3.1)
- contingent assets and liabilities (Note 7.2)
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (Note 3.1.3)
- determining whether the performance obligations are sufficiently specific so as to determine whether the arrangement is within the scope of AASB 15 or AASB 1058; refer note 2.1 and 2.2
- the timing of satisfaction of performance obligations; refer note 2.1.1
- for leases, determining whether the arrangement is in substance short-term arrangement; refer note 6.2

Compliance information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting (AASB 1049). Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. In addition, the Corporation adopted Disclosure of Accounting Policies (Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates) from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they did impact the accounting policy information disclosed throughout.

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 items recognised in the financial statements. The Corporation harvests, stores and manages water in reservoirs. This water is then supplied to irrigators, urban water corporations and power generators, or retained for the government. The Corporation also implements government regulations and policy for groundwater and surfacewater management in accordance with delegated powers from the *Water Act 1989*. The Corporation derives the majority of its revenue from charges for water entitlements. The majority of these charges are a fixed amount per entitlement, however variable usage charges are applied in some areas.

Income is recognised to the extent it is probable the economic benefits will flow to the Corporation and the income can be reliably measured at fair value. Where applicable, amounts disclosed as income are net of returns, allowances, duties and taxes.

2.1 Revenue from contracts with customers

	Notes		
Revenue from service and usage charges	2.1.1	35,923	33,278
Total revenue from contracts with customers		35,923	33,278

2.1.1 Revenue from service and usage chargesService charges*Fixed charges*

Water service charges			
Irrigation, diversion and groundwater		26,645	24,917
Recycled water		1,215	1,282
Storage operator charges		5,639	4,967
Other charges			
Bore construction, application fees, transfer fees and information statements		874	839
		34,373	32,005

Water usage charges*Variable usage charges*

Irrigation, diversion and groundwater		1,547	1,221
Recycled water		3	52
		1,550	1,273

Total revenue from service and usage charges

	35,923	33,278
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Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Fixed water and service charges (including recycled water and storage operator charges)	Fixed water and service charges are recognised as revenue when the services have been provided or service charge has been made. Fixed water and service charges are billed in advance and recognised evenly throughout the financial year to reflect continuous service being provided to customers. Fixed water and service charges are based a fixed fee for access to water and recycled water. The charges are payable within 28 days.	Revenue is recognised over time.
Other charges	Other charges revenue is recognised as the work is performed by the Corporation, rather than on receipt of the bore construction, application, transfer or information statement fees. The charges are payable within 28 days.	Revenue is recognised at a point in time as the work is performed by the Corporation.
Water usage charges	Irrigation, diversion and groundwater charges are recognised as revenue when the meters are read. Meter readings are undertaken progressively during the year and at end of each respective season, which aligns with the end of the financial year as there are no further deliveries after the end of season meter read. The charges are payable within 28 days.	Revenue is recognised over time as service is provided.

2.2 Chargeable works

Chargeable works	954	1,148
Total chargeable works	954	1,148

The Corporation often undertakes capital works for its customers. The cost of these works is included as a separate line of expenditure and revenue in the Comprehensive Operating Statement, and are recognised as the work is performed.

	2023-24 \$'000	2023-24 \$'000	2022-23 \$'000
2.3 Government grants and contributions	Funds received	Income recognised	Income recognised
Operating			
State Government			
<u>AASB 15 revenue recognition</u>			
Emergency water supply points program +	0	100	226
Water market transparency in Southern Victoria +	0	69	122
MID2030 Phase 2 building works governance +	0	6	135
SVID Phase 2 Avon irrigation district +	0	29	103
SVID Phase 2 Latrobe irrigation district +	0	0	1
Mitchell River Review +	0	12	1
Water Knowledge and Information for the Southwest Water +	0	0	30
Emergency Water Supply Point Project	0	435	210
Macalister Fresh Business Case and Project Development	0	201	20
Traditional Owner Licence Application Support	160	76	11
Latrobe Reserve Review Implementation Funding Agreement	0	33	39
Place of Take Implementation 2022 Southern Rural Water POT	40	45	42
South West Limestone Social Research	0	40	0
Rosslynne Reservoir Outlet Upgrade	15	55	0
EWSP Improvement Project	250	167	0
Flood Gauge & National Flood Warning Gap Analysis	6	0	13
2021 Storm Damage	0	44	107
Water resource risks in small peri-urban catchments	70	0	0
Recreational area management plans	90	0	0
Delegated licensing decisions admin support	30	0	0
Weirs and dam break consequence assessment - Macalister	38	0	0
Recreational area management plans - Blue Rock and Pykes Creek	50	0	0
Total government grants and contributions	749	1,312	1,060

*The Corporation applies AASB 1058 when the grants received by the Corporation are not enforceable and doesn't have sufficiently specific performance obligations. The Corporation also applies AASB 1058 to capital grants that are controlled by the Corporation.

+Under AASB 15 income will only be recognised when or as the performance obligations under the contract are satisfied, resulting in a deferral of income as compared to accounting under AASB 1004.

The Corporation has determined that all grant income is recognised as income of not-for-profit entities in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers in accordance with AASB 15. Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for as revenue from contracts with customers. This is recognised based on the consideration specified in the funding agreement and to extent that it is highly probable a significant reversal of revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

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

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

	2023-24 \$'000	2022-23 \$'000
2.4 Sale of water and entitlements		
Sale of created water shares (i)	3,146	0
Sale of surface licences (ii)	809	0
Total sale of water and entitlements	<u>3,955</u>	<u>0</u>
<p>(i) Where the responsible minister approves an amendment to a Bulk Entitlement Order, to issue new water shares, the Corporation recognises this revenue at the time these new water entitlements are sold. Total proceeds are recorded in the Comprehensive Operating Statement as revenue from non-operating activities.</p> <p>In 2024 the Water Minister approved net water savings of 4,485 ML Long Term Average Annual Yield (LTAAY) to be issued as 3,878 ML of High Reliability Water Shares (HRWS) and 1,710 ML of Low Reliability Water Shares (LRWS) achieved through MID2030 Phase 1A project. the Corporation sold 1000 ML(HRWS) and 441 ML (LRWS) from these water savings in 2023-24.</p> <p>(ii) During 2023-24, the Corporation conducted an auction of unregulated surfacewater licences in the Mitchell river catchments and sold 1,245 ML of licensed volume. The proceeds raised of \$0.809m have been recorded in the Comprehensive Operating Statement as revenue.</p> <p>During 2022-23, the Corporation didn't conduct any sales of water or water entitlements.</p> <p>Sale of water and entitlements are recognised as revenue when the auction concludes.</p>		
2.5 Interest Income		
<i>Interest from financial assets not at fair value through profit and loss</i>		
Interest on bank deposits	29	305
Total interest income	<u>29</u>	<u>305</u>
Interest income includes interest received on bank term deposits. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.		

		2023-24 \$'000	2022-23 \$'000
3. The cost of delivering services			
Introduction			
This section provides additional information about how the Corporation's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements.			
3.1 Expenses incurred in delivery of services			
	Notes		
Employee benefits in the Comprehensive Operating Statement	3.1.1	18,876	18,742
Repairs and maintenance	3.2	1,502	1,282
Bulk water	3.3	1,135	1,212
Supplies and services	3.4	18,418	9,949
Total expenses incurred in delivery of services		39,931	31,185
3.1.1 Employee benefits in the Comprehensive Operating Statement			
Employee benefits			
- salaries and wages		13,305	13,261
- annual leave		1,565	1,201
- long service leave		186	410
- employer superannuation contribution		1,944	1,823
- payroll tax		1,077	922
- termination benefit		108	36
- other		691	1,089
Total employee benefit costs		18,876	18,742
Employee expenses include all costs related to employment including wages and salaries, superannuation, fringe benefits tax, leave entitlements, redundancy 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 the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when 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.			

	2023-24 \$'000	2022-23 \$'000
3.1.2 Employee benefits - Balance Sheet		
Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.		
Current provisions:		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	1,021	994
Unconditional and expected to settle after 12 months	622	614
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	1,607	1,669
Unconditional and expected to settle after 12 months	625	566
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	446	517
Unconditional and expected to settle after 12 months	219	229
Total current provisions for employer benefits	4,540	4,589
Non-current provisions		
Long service leave	349	387
On-costs	52	75
Total non-current provisions for employee benefits	401	462
Total provisions for employee benefits	4,941	5,051
Reconciliation of movement in on-cost provision		
Opening balance	821	826
Additional provisions recognised	(104)	(5)
Closing balance	717	821
Current	665	746
Non-current	52	75
	717	821
Liabilities for wages and salaries (including non-monetary benefits, annual leave, and on-costs) are recognised in the provision for employee benefits as current liabilities, because the Corporation does not have an unconditional right to defer settlement of these liabilities.		
No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.		
<i>On-costs</i>		
On costs, such as payroll tax, superannuation and workers' compensation insurance, are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.		
<i>Long service leave</i>		
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 the Corporation does 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 leave 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 flows included in the net result within the operating statement.		

3.1.3 Superannuation

The Corporation's obligations for contributions to the Fund are recognised as an expense in the Comprehensive Operating Statement when they are made or due.

The Corporation makes a significant amount of its employee 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.

The Corporation contributes in respect of its employees to the following superannuation schemes. Contributions by the Corporation (excluding any unfunded liability payments) to the superannuation plans for the financial years ended 30 June 2023 and 30 June 2024 are

			2023-24 \$'000	Contribution rate	2022-23 \$'000	Contribution rate
Accumulation schemes:						
(a)	Vision Super	Employer contribution	912	11.00%	942	10.50%
(b)	Other superannuation schemes	Employer contribution	1,352	11.00%	1,279	10.50%
Defined benefit schemes:						
(c)	Government Superannuation Office - New Scheme	Employer contribution	16	9.10%	19	9.5% - 20.2%
		Total employer contribution	<u>2,280</u>		<u>2,240</u>	

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2024.

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2025 is \$0.9m

Accumulation (items a - b)

The Fund's accumulation category, Vision MySuper/Vision Super Saver, receives 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 11.0% as required under Superannuation Guarantee (SG) legislation (2023: 10.5%)).

Defined benefit (item c)

The Corporation does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a pooled multi-employer sponsored plan. 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 Corporation in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

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.

A triennial actuarial review for the Defined Benefit category as at 30 June 2023 was conducted and completed by the due date of 31 December 2023. The vested benefit index (VBI) of the Defined Benefit category as at 30 June 2023 was 104.1%. The Corporation was notified of the 30 June 2023 VBI during August 2023 (2022: August 2022).

The financial assumptions used to calculate the June 2023 VBI were:

Net investment returns	5.7% pa
Salary information	3.5% pa
Price inflation (CPI)	2.8% pa

The VBI is used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2023 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.

Employer contributions

Regular contributions

On the basis of the results of the 2023 triennial actuarial investigation conducted by the Fund Actuary, [Employer name] makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2024, this rate was 11.0% of members' salaries (10.5% in 2022/23). This rate is expected to increase in line with any increases in the SG contribution rate and was reviewed as part of the 30 June 2023 triennial valuation. 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.

Funding calls

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 98% from 26 July 2024 (previously 97%)

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

The 2023 triennial actuarial investigation surplus amounts

An actuarial investigation is conducted annually for the Defined Benefit category of which the Corporation is a contributing employer. Generally, a full actuarial investigation is conducted every three years and interim actuarial investigations are conducted for each intervening year. A full investigation was conducted as at 30 June 2023. The Fund's actuarial investigation identified the following for the Defined Benefit category of which the Corporation is a contributing employer:

	2023 (Triennial) \$m	2022 (Interim) \$m
• A VBI surplus	\$84.7	\$44.6
• A total service liability surplus	\$123.6	\$105.8
• A discounted accrued benefits surplus	\$141.9	\$111.9

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 2023. 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 2023. The discounted accrued benefit surplus means that the current value of the assets in the Fund's Defined Benefit category exceeds the value of benefits payable in the future but accrued in respect of service to 30 June 2023.

The 2024 interim actuarial investigation

An interim actuarial investigation is being conducted for the Fund's position as at 30 June 2024 as the Fund provides lifetime pensions in the Defined Benefit category. It is anticipated that this actuarial investigation will be completed by October 2024. The VBI of the Defined Benefit category was 105.4% as at 30 June 2024. The financial assumptions used to calculate the 30 June 2024 VBI were:

Net investment returns	5.6% pa
Salary information	3.5% pa
Price inflation (CPI)	2.7% pa

The Corporation was notified of the 30 June 2024 VBI during August 2024. Because the VBI was above 100%, the Defined Benefit category was in a satisfactory financial position at 30 June 2024 and it is expected that the actuarial investigation will recommend that no change will be necessary to the Defined Benefit category's funding arrangements from prior years.

	2023-24 \$'000	2022-23 \$'000
3.2 Repairs and maintenance		
Repairs and maintenance	1,502	1,282
Total repairs and maintenance	<u>1,502</u>	<u>1,282</u>
Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.		
3.3 Bulk water		
Recycled water	1,135	1,212
Total bulk water	<u>1,135</u>	<u>1,212</u>
Recycled water is supplied by a contract between Melbourne Water and the Corporation for distribution to customers in the Werribee Irrigation District.		
3.4 Supplies and services		
<i>Supplies and services</i>		
- Insurance	980	779
- Motor vehicle operating costs	861	828
- Professional services	1,414	1,971
- Telecommunications	297	309
- Computer software maintenance	831	794
- Utilities	280	243
- Regulatory fees	230	222
- Training	291	229
- Asset decommissioning costs	9,608	2,026
- Contractors	2,805	2,130
- Maintenance Services	319	152
- Other services	502	266
Total supplies and services	<u>18,418</u>	<u>9,949</u>
Supplies and services costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.		

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.

4.1 Infrastructure, property, plant and equipment

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

Year ended 30 June 2024

	Land	Water infrastructure	Machinery, fittings and equipment	Plant	Motor vehicles	Buildings	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2023	33,136	1,550,864	1,367	1,111	1,808	5,821	45,064	1,639,171
Additions - new assets	0	0	0	0	1,917	0	28,073	29,990
Transfers	0	53,636	210	148	0	0	(53,994)	0
Impairment/write-off	0	(9,584)	0	0	0	0	0	(9,584)
Disposals	0	0	0	(53)	(389)	0	0	(442)
Depreciation of regulatory asset base	0	(3,660)	(345)	(227)	(511)	(258)	0	(5,001)
Depreciation of other assets	0	(13,453)	0	0	0	0	0	(13,453)
At 30 June 2024	33,136	1,577,803	1,232	979	2,825	5,563	19,143	1,640,681
At 1 July 2023								
Gross carrying amount	33,136	1,581,112	6,629	2,189	3,899	6,329	45,064	1,678,358
Accumulated depreciation	0	(30,248)	(5,262)	(1,078)	(2,091)	(508)	0	(39,187)
Net carrying amount	33,136	1,550,864	1,367	1,111	1,808	5,821	45,064	1,639,171

Gross carrying amount	33,136	1,625,145	6,801	2,284	4,446	6,329	19,143	1,697,284
Accumulated depreciation	0	(47,342)	(5,569)	(1,305)	(1,621)	(766)	0	(56,603)
Net carrying amount at 30 June 2024	33,136	1,577,803	1,232	979	2,825	5,563	19,143	1,640,681

Year ended 30 June 2023

	Land	Water infrastructure	Machinery, fittings and equipment	Plant	Motor vehicles	Buildings	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2022	33,136	1,380,592	1,316	664	1,716	5,422	9,006	1,431,852
Additions - new assets	0	0	0	583	630	0	38,069	39,282
Transfers	0	1,476	469	0	0	66	(2,011)	0
Revaluation	0	184,064	0	0	0	586	0	184,650
Disposals	0	(48)	(8)	0	(138)	0	0	(194)
Depreciation of regulatory asset base	0	(4,568)	(410)	(136)	(400)	(253)	0	(5,767)
Depreciation of other assets	0	(10,652)	0	0	0	0	0	(10,652)
At 30 June 2023	33,136	1,550,864	1,367	1,111	1,808	5,821	45,064	1,639,171
At 1 July 2022								
Gross carrying amount	33,136	1,395,622	6,186	1,759	3,660	5,677	9,006	1,455,045
Accumulated depreciation	0	(15,030)	(4,869)	(1,095)	(1,944)	(255)	0	(23,193)
Net carrying amount	33,136	1,380,592	1,317	664	1,716	5,422	9,006	1,431,852
At 30 June 2023								
Gross carrying amount	33,136	1,581,113	6,627	2,188	3,899	6,329	45,064	1,678,356
Accumulated depreciation	0	(30,249)	(5,260)	(1,077)	(2,091)	(508)	0	(39,185)
Net carrying amount	33,136	1,550,864	1,367	1,111	1,808	5,821	45,064	1,639,171

4.1.2 Initial recognition and subsequent measurement

Infrastructure, property, plant and equipment

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.

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

Infrastructure, property, plant and equipment represent non-current physical assets comprising land, buildings, water and drainage infrastructure, plant, equipment and motor vehicles, used by the Corporation in its operations. Items with a cost or value in excess of \$5,000 (2023: \$10,000) and a useful life of more than one year are recognised as an asset. All other assets acquired are expensed, with the exception of those assets under the threshold that are considered as attractive assets.

The accounting policy relating to right-of-use assets have been disclosed in Note 6.2.

Leasehold improvements

The cost of leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives. At balance date, leasehold improvements are amortised over a 10 year period.

Subsequent measurement

Infrastructure, property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. 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 4.1.2 for fair value disclosures.

Revaluation of infrastructure, property, plant and equipment

Revaluations are conducted in accordance with FRD 103. Scheduled revaluation is undertaken every five years with an annual assessment of fair value to determine if it is materially different to carrying value. If the difference to carrying value is greater than 10 per cent, a management revaluation is undertaken while a movement greater than 40 per cent will normally involve an approved valuer (usually the Valuer-General Victoria) to perform a detailed assessment of the fair value. If the movement in fair value since the last revaluation is less than or equal to 10 per cent, then no change is made to carrying amounts.

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. The Corporation in conjunction with VGV, monitors changes in the fair value of each asset class through relevant data sources, in order to determine whether a revaluation is required.

The Corporation assets relating to land, buildings, infrastructure and service concession assets were independently valued by the VGV as at 30 June 2021.

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 PPE, are offset against other assets in that class but are not offset against assets in different classes. An asset revaluation surplus is not transferred to accumulated funds on the de-recognition of the related asset.

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

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

4.1.4 Depreciation and impairment

Depreciation is distinguished by:

- regulated asset base: expenditure that is recoverable from customers within prices authorised by the Water Industry Regulatory Order; and
- other assets: depreciation of assets acquired or constructed prior to 1 July 2004, or assets funded directly by customers or government contribution.

All non-current physical assets that have a finite useful life 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.

Physical assets with indefinite useful lives are not depreciated, and this includes:

- earthen storage embankments;
- tunnels and other excavations;
- irrigation channel excavation and base material; and
- drain excavations.

Land is not depreciated.

Motor vehicles are depreciated on a diminishing balance basis, over their estimated useful life, commencing from the time the asset is held ready for use.

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

The accounting policy relating to right-of-use assets has been disclosed in Note 6.2.

Useful lives within each asset class are consistent with the previous year and fall within the following ranges:

Class of Asset	Periods
Buildings	10 to 50 years
Water Infrastructure	
Storage embankments	350 years
Storage spillways	100 years
Storage discharge control structures	80 years
Storage civil works	50 years
Storage mechanical and electrical	25 years
Irrigation pipes	50 to 90 years
Irrigation structures, meters and pumps	25 to 75 years
Irrigation channels	100 years
Irrigation channel excavation and base material	Indefinite
Earthen storage embankments	Indefinite
Tunnel and other excavations	Indefinite
Drain excavations	Indefinite
Plant, equipment and other	
Machinery and tools	2 to 33 years
Computer equipment	4 to 10 years
Furniture and fittings	2 to 25 years
Motor vehicles	2 to 4 years
Plant	5 to 20 years

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

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Impairment

Non-financial assets, including items of infrastructure, property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 the Corporation's principal activities, particularly from an asset impairment standpoint.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off, except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of current replacement cost and fair value less costs to sell. The impact of climate risk is not a key assumption in the current replacement cost and fair value less costs to sell. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

The recoverable amount of specialised non-cash-generating assets which are 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*.

4.1.5 Net gain on disposal of non-current assets

The net gain on disposal of assets includes the following specific net gains and expenses:

Proceeds from sale of infrastructure, property, plant and equipment

Gain on lease termination

Written down value of disposed infrastructure, property, plant and equipment

671

271

29

35

(442)

(194)

Net gain on disposal of assets

258

112

4.2 Intangible assets

	Software \$'000	Water allocation \$'000	Implementation in progress \$'000	Total \$'000
Year ended 30 June 2024				
At 1 July 2023	1,164	129	621	1,914
Additions	0	0	553	553
Transfer	74	0	(74)	0
Assets written off	0	(12)	0	(12)
Amortisation	(313)	0	0	(313)
At 30 June 2024	925	117	1,100	2,142
At 1 July 2023				
Cost (gross carrying amount)	9,939	255	621	10,815
Accumulated amortisation	(8,775)	(126)	0	(8,901)
Net carrying amount	1,164	129	621	1,914
At 30 June 2024				
Cost (gross carrying amount)	10,013	255	1,100	11,368
Accumulated amortisation	(9,088)	(138)	0	(9,226)
Net carrying amount	925	117	1,100	2,142
	Software \$'000	Water allocation \$'000	Implementation in progress \$'000	Total \$'000
Year ended 30 June 2023				
At 1 July 2022	758	185	999	1,942
Additions	0	0	389	389
Transfer	767	0	(767)	0
Assets written off	0	(56)	0	(56)
Amortisation	(361)	0	0	(361)
At 30 June 2023	1,164	129	621	1,914
At 1 July 2022				
Cost (gross carrying amount)	9,172	255	999	10,426
Accumulated amortisation	(8,414)	(70)	0	(8,484)
Net carrying amount	758	185	999	1,942
At 30 June 2023				
Cost (gross carrying amount)	9,811	255	621	10,687
Accumulated amortisation	(8,647)	(126)	0	(8,773)
Net carrying amount	1,164	129	621	1,914

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 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 (when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). The amortisation periods are reviewed and adjusted if appropriate at each balance date. Intangible assets with indefinite useful lives are not amortised. However, all intangible assets are assessed for impairment annually as outlined below.

A summary of the policies applied to the Corporation's intangible assets is as follows:

	Software	Water allocation
Useful lives	Finite	Indefinite
Amortisation method used	3 to 10 years straight line	Not amortised or revalued
Internally generated / acquired	Acquired	Acquired
Impairment assessment / Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

Water allocation

The Corporation holds a water allocation within the Thomson Reservoir. This follows the purchase of 3,000ML of water allocation from Macalister Irrigation District water share owners in June 2016. The Minister for Water assigned this water allocation of 3,000ML to Greater Western Water for storage until the Corporation directs the delivery of the water. The water allocation was acquired by the Corporation to enable the sale of new water allocations to Werribee and Bacchus Marsh irrigators.

*Amortisation**Charge for the period*

- Software

313

361

Total amortisation

313

361

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. However, all intangible assets are assessed for impairment annually as outlined below.

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.

4.2.1 Intangible asset write-offs

Written down value of intangible assets written off

12

56

The Corporation holds a water allocation within the Thomson Reservoir. This water allocation was assigned to Greater Western Water in June 2016.

The Corporation has assessed the current holding of this allocation, and has written down the value of water allocation lost.

Total intangible asset write-offs

12

56

	2023-24 \$'000	2022-23 \$'000
5. Other assets and liabilities		
This section sets out those assets and liabilities that arose from the Corporation's operations and the delivery of services.		
5.1 Receivables		
Contractual		
Service and usage charges	5,607	5,595
Allowance for expected credit losses	(95)	(95)
Statutory		
GST Input tax credit receivables	567	1,092
Total current receivables	6,079	6,592
Total receivables	<u>6,079</u>	<u>6,592</u>

Receivables consist of contractual receivables, such as debtors in relation to goods and services, and accrued service and usage charges. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment. Trade receivables are due for settlement no more than 28 days from the date of recognition for water utility debtors, and no more than 28 days for other debtors. Contractual receivables are classified as financial instruments and categorised as loans and receivables.

Accrued income consists of revenue earned during the financial year in relation to variable usage charges in the Corporation's irrigation districts. This revenue is billed early in the next financial year.

5.1.1 Impairment of contractual receivables

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

On that basis, the loss allowance as at 30 June 2024 was determined as follows for trade receivables:

30 June 2024	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	2%	2%
Gross carrying amount-service and usage charges (\$'000)	767	361	96	4,383	5,607
Loss allowance (\$'000)	0	0	0	95	95
30 June 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected loss rate	0%	0%	0%	2%	2%
Gross carrying amount-service and usage charges (\$'000)	670	398	87	4,440	5,595
Loss allowance (\$'000)	0	0	0	95	95

Receivables from service and usage charges are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on receivables are presented in other expenses within the Comprehensive Operating Statement. No interest is charged for the first 28 days from the invoice date. Thereafter, interest is charged at 6.9 per cent on the outstanding balance. The average credit period for sales of goods / services and for other receivables is 28 days. There are no material financial assets that are individually determined to be impaired.

Past due but not impaired trade receivables relate to a number of independent customers for whom there is no recent history of default. Excluding a small number of recycled water charges, the Corporation's credit risk for water customers is mitigated by the *Water Act 1989*, where outstanding trade receivables are secured by a charge against the associated land or water share. The Corporation considers that underlying land and water share assets within each irrigation district provide adequate market value to support our trade receivable balance. The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

5.2 Contract assets

Current contract asset relating to:

Accrued revenue	7,056	3,422
Loss allowance	0	0
Total contract assets	<u>7,056</u>	<u>3,422</u>

Contract assets relating to service and usage charges:

Accrued revenue

Accrued revenue is recognised for water usage as well as other works and services that have been provided to customers at balance date but not yet invoiced. Usage charges are all recognised as revenue when the service has been provided. An accrual is done to account for water services provided for but not billed at the end of the reporting period.

Contract assets reconciliation

Opening balance 1 July	3,422	1,299
Less: Amounts billed during the year	(3,422)	(1,299)
Add: Amount accrued at year end (to be billed)	7,056	3,422
Carrying amount as at 30 June	<u>7,056</u>	<u>3,422</u>

Significant changes in contract assets

Contract assets have increased as the Corporation had provided for a sale of water entitlements in June 2024 that has since settled in July 2024.

		2023-24 \$'000	2022-23 \$'000				
5.3	Payables						
Contractual							
Trade creditors		7,032	12,548				
Other advances for capital and other works		809	761				
Statutory							
Fringe Benefits Tax payable		27	(2)				
Total current payables		<u>7,868</u>	<u>13,307</u>				
Payables consist of:							
- contractual payables, classified as financial instruments and measured at amortised cost. Trade creditors represent liabilities for goods and services provided to the Corporation prior to the end of the financial year that are unpaid; and							
- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the first 30 days from the date of the invoice. Thereafter, interest is charged dependent upon the terms and conditions of the supplier's contract.							
5.3.1	Ageing analysis of contractual payables						
		Maturity dates					
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
2024							
Supplies and services	7,841	7,841	7,722	119	0	0	0
Total	7,841	7,841	7,722	119	0	0	0
2023							
Supplies and services	13,309	13,309	13,196	113	0	0	0
Total	13,309	13,309	13,196	113	0	0	0
5.4	Contract liabilities						
Customers paid in advance		598	530				
Unearned income - Government Grants		<u>2,628</u>	<u>3,328</u>				
Total contract liabilities		<u>3,226</u>	<u>3,858</u>				
Customers paid in advance							
Payments received in advance of the provision of goods or services is considered as customers paid in advance. The Corporation will recognise these advance payments as revenue, once it has performed the performance obligations associated with the payments.							
<i>Contract liabilities reconciliation</i>							
<u>Customers paid in advance</u>							
Opening balance 1 July		3,858	4,541				
Add: Payments received for performance obligations yet to be completed during the period		598	530				
Less: Revenue recognised in the reporting period for the completion of a performance obligation		(667)	(983)				
<u>Unearned income - AASB 15</u>							
Add: Grant revenue received during the year		749	830				
Less: Grant revenue recognised for performance obligations met during the year		<u>(1,312)</u>	<u>(1,060)</u>				
Closing balance 30 June		<u>3,226</u>	<u>3,858</u>				

5.5 Investment in ZEW Ltd

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

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

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

The Members' Agreement specifies that ZEW may call on the Corporation to make a loan available to ZEW amounting to \$8.6k. The loan, if requested by ZEW, would meet the definition of a financial asset as it gives rise to a contractual right for us to receive cash from ZEW at the end of the loan term. Up until 30 June 2024, ZEW had requested and received a loan payment of \$5k. As this loan is concessional, it has been treated as an investment in ZEW and measured at amortised cost.

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

On 22 January 2021, the conditions precedent in the PPA was completed and the Corporation now has an obligation to purchase its percentage of energy allocation under the Members' Agreement. While the financial impact of the Members' Agreement with ZEW has resulted in increased revenue and expenses, as the Corporation has a minor share within the PPA of 0.61% the Corporation has not recognised the CFD derivative as a financial asset or liability.

The fair value of the PPA derivative is regularly valued by ZEW using energy market data from DEECA's independent expert for ZEW, as follows:

	2023-2024	2022-2023
	\$'000	\$'000
Fair value of PPA derivative: Financial <u>liability</u>	7,911	10,208
Corporation share at 0.61%	48	62

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). Note 7.1 provide additional, specific financial instrument disclosures.

6.1 Interest bearing liabilities**Current interest bearing liabilities**

Treasury Corporation of Victoria (TCV) - Unsecured
Lease liabilities

7,870
147

8,080
139

Total current interest bearing liabilities

8,017

8,219

Non-current

Treasury Corporation of Victoria (TCV) - Unsecured
Lease liabilities

78,730
440

62,870
403

Total non-current interest bearing liabilities

79,170

63,273

Total interest bearing liabilities

87,187

71,492

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.

Financial liabilities – Service concession arrangements are measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the Corporation and the operator. Interest bearing liabilities are subsequently measured at amortised cost.

Interest bearing liabilities are classified as current liabilities unless the Corporation has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

The Corporation has classified borrowings which mature within 12 months as current liabilities on the basis that the Corporation will and has discretion to refinance or rollover these loans with the Treasury Corporation of Victoria, pursuant to section 8 of the *Borrowings and Investment Powers Act 1987*. Borrowings known as 11am debt are classified as current borrowings.

These debt facilities are provided by TCV consistent with the Financial Accommodation issued by the Treasurer of Victoria to the Corporation, in accordance with section 8 of the *Borrowing and Investment Powers Act 1987*.

The borrowings are not directly secured by assets of the Corporation but have the benefit of the Treasurer's guarantee to TCV dated 25 April 2002.

The borrowings are in Australian dollars and accordingly the Corporation does not face a foreign exchange risk in relation to these balances.

6.1.1 Maturity analysis of interest bearing liabilities

	Carrying amount \$'000	Nominal amount \$'000	Maturity dates			
			1-3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	5+ years \$'000
2024						
Treasury Corporation of Victoria (TCV)	86,600	82,394	250	7,620	36,720	42,010
Lease liabilities	587	587	37	110	440	0
	87,187	82,981	287	7,730	37,160	42,010
2023						
Treasury Corporation of Victoria (TCV)	70,950	65,751	250	7,830	28,060	34,810
Total non-current interest bearing liabilities	542	582	39	100	403	0
	71,492	66,333	289	7,930	28,463	34,810

6.1.2 Interest expense

Interest on loans from Treasury Corporation of Victoria (TCV)	2,631	1,217
Interest on leases under AASB 16	26	24
Financial accommodation levy	896	498
Total interest expense	3,553	1,739

Interest expense includes costs incurred in connection with the borrowing of funds. Interest costs include interest on bank overdrafts, short term and long term borrowings, amortisation of discounts or premiums relating to borrowings, financial accommodation levy and finance lease charges.

Financial accommodation levy is a levy applied to the Corporation to remove the market advantage that government entities may experience in borrowings as a result 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 Leases

Information about leases for which the Corporation is a lessee is presented below

The Corporation's leasing activities

The Corporation leases various properties. Rental contracts are typically made for fixed periods of 5 years, but may have extension options as described below. Contracts may contain both lease and non-lease components. The Corporation allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Corporation is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Corporation revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Corporation.

The Corporation applies the revaluation model in AASB 116 to right-of-use assets that relate to a class of infrastructure, property, plant and equipment. The revaluation model is applied to all of the right-of-use assets that relate to that class of infrastructure, property, plant and equipment.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Corporation. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by Corporation and not by the respective lessor.

Critical judgements in determining the lease term

In determining the lease term, the Corporation considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$0.

Definition of a lease

For any new contracts entered into on or after 1 July 2019, the Corporation considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Corporation assesses whether the contract meets three key evaluations:

- Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Corporation and for which the supplier does not have substantive substitution rights;
- Whether the Corporation has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the Corporation has the right to direct the use of the identified asset throughout the period of use; and
- Whether the Corporation has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or the Corporation's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- payments arising from purchase and termination options reasonably certain to be exercised; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to Comprehensive Operating Statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease or the Corporation's incremental borrowing rate. TCV/Department of Treasury's (DTF) calculator is used to determine incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Corporation is exposed to future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:

- variable lease payments;
- extension options and termination options; and
- residual value guarantees.

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. Low-value assets comprise IT-equipment and photo copiers with individual values less than \$10,000 when new.

	2023-24 \$'000	2022-23 \$'000
6.2.1 Right-of-use-assets and lease liabilities		
This note provides information for leases where the Corporation is a lessee. The Balance Sheet shows the following amounts relating to leases:		
Right-of-use assets		
Buildings		
Carrying amount at beginning of year	478	943
Additions to right-of-use assets	400	0
Derecognition of right-of-use assets	(152)	(531)
Depreciation expense	(191)	66
Carrying amount at end of year	535	478
Cost	1,116	1,010
Less: Accumulated depreciation	(581)	(532)
Carrying amount at end of year	535	478
Buildings	535	478
Total	535	478
Lease liabilities		
Current	147	139
Non – Current	440	403
Total lease liabilities	587	542
Additions to the right-of-use assets during the 2024 financial year were \$400k (2023 \$Nil).		
6.2.2 Amounts recognised in the Comprehensive Operating Statement		
The following amounts are recognised in the Comprehensive Operating Statement relating to leases:		
Depreciation charge of right-of-use assets (buildings)	191	150
Interest expense (included in finance cost)	26	24
Total	217	174
6.2.2 Amounts recognised in the Statement of Cash Flows		
The following amounts are recognised in the Statement of Cashflows relating to leases.		
Principal payments of lease liabilities	188	146

	2023-24 \$'000	2022-23 \$'000
6.3 Cash flow information and balances		
Cash and deposits, including cash equivalents, comprise cash on hand and 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.		
For Cash Flow Statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as current borrowings on the Balance Sheet, as indicated in the reconciliation below.		
Cash on hand	0	0
Cash at bank	1,856	3,677
Deposits at call	124	10,682
Balance as per cash flow statement	1,980	14,359
6.3.1 Reconciliation of net result for the period to cash flow from operating activities		
Net loss for the period after income tax	(15,469)	(10,955)
Non-cash movements:		
Depreciation and amortisation	18,958	16,935
Gain on sale of fixed assets	(258)	(160)
Written down value of impaired, destroyed, lost or de-commissioned assets	64	104
Income tax revenue	(5,157)	(3,653)
Movements included in investing activities		
Increase/(Decrease) in payables - payments for infrastructure, property, plant and equipment	(5,612)	(9,399)
Movements in assets and liabilities:		
Decrease in current receivables	513	812
Decrease in contract assets	(3,634)	(2,123)
Increase/(Decrease) in other current assets	62	(13)
Decrease in provision for employee benefits	(110)	(252)
Increase in contract liabilities	(632)	(683)
Increase in payables	5,784	10,181
Net cash flows from operating activities	(5,491)	794
6.3.2 Financing facilities		
Unsecured loan facilities		
Amount used	86,600	70,950
Amount unused	16,820	150
Total	103,420	71,100

6.4 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.

6.4.1 Total commitments payable

Nominal Amounts: 2024

	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Operating and lease commitments payable	3,668	6,534	2,688	12,890
Capital expenditure commitments payable	14,426	0	0	14,426
Environmental contribution levy commitments	572	1,715	0	2,287
Total commitments (inclusive of GST)	18,666	8,249	2,688	29,603
Less GST recoverable	1,645	594	244	2,483
Total commitments (exclusive of GST)	17,021	7,655	2,444	27,120

Nominal Amounts: 2023

	Less than 1 year \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
Operating and lease commitments payable	2,329	7,776	2,595	12,700
Capital expenditure commitments payable	43,922	2,945	0	46,867
Environmental contribution levy commitments	530	0	0	530
Total commitments (inclusive of GST)	46,781	10,721	2,595	60,097
Less GST recoverable	4,205	975	236	5,416
Total commitments (exclusive of GST)	42,576	9,746	2,359	54,681

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 high level of judgement to be applied, which the Corporation related mainly for fair value determination.

7.1 Interest bearing liabilities

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

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables:
Receivables:	For supplies and services
Sale of goods and services	Amounts payable to government and agencies
Other receivables	Other payables
Term deposits	Interest bearing liabilities:
Investment in Zero Emissions Water (ZEW)	Bank overdraft

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.

The Corporation's financial assets and liabilities are classified as Level 1 under the fair value hierarchy, apart from receivables and payables, which are classified as Level 2 under the fair value hierarchy.

Classification of financial instruments

Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. Financial assets are initially measured at fair value plus or minus any direct transaction costs.

Subsequent to initial measurement, loans and receivables are measured at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The following assets are held with the objective to collect the contractual cash flows:

- cash and deposits
- receivables (excluding statutory receivables); and
- term deposits.

Financial liabilities initially recognised at fair value, plus or minus any direct transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss, over the period of the interest bearing liability using the effective interest rate method.

The Corporation recognises the following liabilities:

- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Offsetting financial instruments

Financial instrument assets and liabilities are offset, and the net amount presented in the consolidated Balance Sheet when, and only when, the Corporation concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of Balance Sheet assets and liabilities. Where the Corporation does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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. Climate-related matters may be relevant in the calculation of expected credit losses if, for example, they impact the range of potential future economic scenarios or assessment of significant increases in credit risk. All financial instrument assets, except those measured at fair value through profit and 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 and its investment in debt instruments. Although not a financial asset, contract assets recognised applying AASB 15 (refer to Note 5.2) are also subject to impairment (however it is immaterial). Equity instruments are not subject to impairment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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

7.1.2 Financial risk management objectives and policies

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

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

Risk management is monitored by the Audit, Risk and Governance Committee under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as credit risk, use of financial instruments, and investment of excess liquidity.

Specifically, the Corporation manages financial risk by adoption of a Treasury Management Policy that is consistent with State Government Treasury Management Guidelines. The Treasury Management Guidelines conform with the *Borrowing and Investment Powers Act (BIP Act)*, which provides statutory corporations their authority to borrow and invest.

Department of Treasury and Finance requirements dictate that all new borrowings must be approved by the Treasurer of Victoria. Annually, a Financial Accommodation approval is provided by the Treasurer which is consistent with the Corporation's budget planning, and cash requirements. At 1 July 2023, the Corporation held a Financial Accommodation approval for the 2023-24 financial year for \$103.42m of borrowings (1 July 2022 \$71.1m of borrowings).

In accordance with DTF guidance, in order to minimise credit risk exposure to the Corporation, the Treasury Management Policy limits investment of surplus funds to financial institutions approved by DTF. During the 2022-24 financial year surplus funds were invested with the National Australia Bank.

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's exposure to credit risk is influenced by the individual characteristics of each customer. The receivable balance consists principally of irrigation customers, large commercial and public sector enterprises supplied under a bulk entitlement order, as well as State Government departments. Notwithstanding the ongoing monitoring of these debts, the Corporation considers recoverability as virtually certain given covenants established by the *Water Act 1989*, and the credit worthiness of the State Government. 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 section 5.1).

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 Note 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 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.

Climate related risk

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 by a deterioration to water availability for our customers from lower rainfall and warmer temperatures, and the associated impact on their medium to long term viability. The corporation also faces physical risks associated with an increase in extreme short-term weather events impacting assets and operations. The Corporation will further enhance its understanding of exposure to climate change risk in the process of executing the Corporation's climate change adaptation plan over the next 3 years. As at 30 June 2024, the Corporation considered climate-related risk in the preparation of the financial statements.

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its 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 manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecasts and actual cash flows, and matching the maturity profiles of financial assets and financial liabilities. Annually, the Corporation completes a Corporate Plan which includes financial estimates for a five year period. This plan incorporates a cashflow forecast that then facilitates application to DTF for any necessary Financial Accommodation. Financial Accommodation establishes the Corporation's approval to establish borrowing facilities. At 30 June 2024, the Corporation had not accessed \$16.8m (2023: \$3.5m) of this Financial Accommodation.

Management of the Corporation's medium to longer term liquidity risk is influenced by the scale of the Corporation's upcoming capital expenditure program, and the associated ongoing need for debt funding to support this program. To effectively manage these longer-term impacts upon liquidity and more broadly, the organisation's financial sustainability risk:

- ☐ the Corporation conducts long-term capital expenditure planning (at least 25-years) and translates this information into a financial sustainability model. The board considers the resulting financial measures from this long-term financial model to ensure that short-term decisions are consistent with appropriate management of long-term liquidity and financial sustainability risks
- ☐ The Corporation's ability to meet liabilities as they fall due is reliant upon the ongoing issue of suitable Annual Borrowing Approval by the Treasurer. The Corporation's financial liability maturities are disclosed in Note 6.1.

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

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

a. Interest rate risk

The Corporation's exposure to market interest rates relates primarily to the Corporation's funds invested, and borrowed, with the Treasury Corporation of Victoria. Both investment of funds and short-term borrowings are held at variable market rates. The Corporation's non-current borrowings are at fixed interest rates.

The Corporation has minimal exposure to interest rate risk through its holding of cash assets and other financial assets. The Corporation manages this risk by maintaining a conservative investment portfolio whereby investment of surplus funds is restricted to DTF approved financial instruments that offer fixed or floating interest rates tied to prevailing market rates.

Interest rate risk on borrowed funds is managed by entering into debt facilities with a balanced term profile to avoid a concentration of maturities. In this way, the Corporation's aggregate interest rate is an average of recent market rates, which limits exposure to interest re-pricing in any one period.

b. Foreign exchange risk

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

c. Other price risk

The Corporation has no significant exposure to other price risk.

Market risk sensitivity analysis

The sensitivity analysis below has taken into consideration past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets. The Corporation believes that a movement of plus or minus 0.5% in interest rates is reasonable over the next 12 months and for the purpose of the sensitivity analysis described below a 1% movement in interest rates has been used for illustrative purposes.

Interest rate exposure on 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.

The Corporation's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The Corporation cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 100 basis points up and down in market interest rates (AUD) is 'reasonably possible'.

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.

30 June 2024	Interest rate exposure					Interest rate risk sensitivity			
	Carrying amount	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Plus 1 %		Minus 1 %	
						Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Contractual Financial Assets									
Cash assets and deposits at call	1,980	0.35%	1,980	0	0	20	20	(20)	(20)
Receivables	5,512		0	0	5,512	0	0	0	0
	7,492		1,980	0	5,512	20	20	(20)	(20)
Contractual Financial Liabilities									
Payables and accruals	7,032		0	0	7,032	0	0	0	0
Contact liabilities	3,226		0	0	3,226	0	0	0	0
Interest bearing liabilities	86,600	3.34%	0	86,600	0	0	0	0	0
Advances for capital and other works	809		0	0	809	0	0	0	0
	97,667		0	86,600	11,067	0	0	0	0
Total	(90,175)		1,980	(86,600)	(5,555)	20	20	(20)	(20)

30 June 2023	Carrying amount					Interest rate risk sensitivity			
	Carrying amount	Weighted average interest rate %	Floating interest rate \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000	Plus 1 %		Minus 1 %	
						Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Contractual Financial Assets									
Cash assets and deposits at call	14,359	2.12%	14,359	0	0	144	144	(144)	(144)
Receivables	5,500		0	0	5,500	0	0	0	0
	19,859	0	14,359	0	5,500	144	144	-144	-144
Contractual Financial Liabilities									
Payables and accruals	12,548		0	0	12,548	0	0	0	0
Contact liabilities	3,858		0	0	3,858	0	0	0	0
Interest bearing liabilities	70,950	2.45%	0	70,950	0	0	0	0	0
Advances for capital and other works	761		0	0	761	0	0	0	0
	88,117	0	0	70,950	17,167	0	0	0	0
Total	(68,258)		14,359	(70,950)	(11,667)	144	144	(144)	(144)

7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

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

The Corporation has no contingent assets at 30 June 2024 (2023: Nil)

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.

The Corporation has no contingent liabilities at 30 June 2024 (2023: Nil)

7.3 Fair value determination

This section sets out information on how the Corporation determined fair value for financial reporting purposes.

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

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result or Other Comprehensive Income;
- land, buildings, infrastructure, plant and equipment;

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.

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);
- land, buildings, infrastructure, plant and equipment;
- 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 30 June 2024	Fair value 30 June 2024	Carrying amount 30 June 2023	Fair value 30 June 2023
	\$'000	\$'000	\$'000	\$'000
Financial Liabilities				
Lease liabilities	587	587	542	542
Loans from TCV	86,600	82,394	70,950	65,751
Total of financial liabilities at fair value	87,187	82,981	71,492	66,293

7.3.2 Fair value determination - Non-financial physical assets
Fair value measurement hierarchy for assets as at 30 June 2024

	Carrying amount 30 June 2024	Fair value measurement at end of reporting period using:		
	\$'000	Level 1 (i) \$'000	Level 2 (i) \$'000	Level 3 (i) \$'000
Land at fair value				
Non-specialised land	3,251	0	3,251	0
Specialised land	29,885	0	0	29,885
Total of land at fair value	33,136	0	3,251	29,885
Buildings at fair value				
Non-specialised buildings	5,563	0	0	5,563
Total of buildings at fair value	5,563	0	0	5,563
Water infrastructure at fair value				
Reservoirs and weirs	862,102	0	0	862,102
Tunnels	56,145	0	0	56,145
Irrigation channels and pipes	324,703	0	0	324,703
Irrigation drains	57,204	0	0	57,204
Irrigation structures, meters and pumps	277,648	0	0	277,648
Total of water infrastructure at fair value	1,577,803	0	0	1,577,803
Machinery, fittings and equipment at fair value				
Machinery and tools	329	0	0	329
Computer equipment	678	0	0	678
Furniture and fittings	225	0	0	225
Total of machinery, fittings and equipment at fair value	1,232	0	0	1,232
Motor vehicles and plant at fair value				
Motor vehicles	2,825	0	0	2,825
Plant	979	0	0	979
Total of motor vehicles and plant at fair value	3,804	0	0	3,804

Fair value measurement hierarchy for assets as at 30 June 2023

	Carrying amount as at 30 June 2023	Fair value measurement at end of reporting period using:		
	\$'000	Level 1 (i) \$'000	Level 2 (i) \$'000	Level 3 (i) \$'000
Land at fair value				
Non-specialised land	3,251	0	3,251	0
Specialised land	29,884	0	0	29,884
Total of land at fair value	33,135	0	3,251	29,884
Buildings at fair value				
Non-specialised buildings	5,821	0	0	5,821
Total of buildings at fair value	5,821	0	0	5,821
Water infrastructure at fair value				
Reservoirs and weirs	867,953	0	0	867,953
Tunnels	56,581	0	0	56,581
Irrigation channels and pipes	280,182	0	0	280,182
Irrigation drains	57,511	0	0	57,511
Irrigation structures, meters and pumps	288,637	0	0	288,637
Total of water infrastructure at fair value	1,550,864	0	0	1,550,864
Machinery, fittings and equipment at fair value				
Machinery and tools	287	0	0	287
Computer equipment	802	0	0	802
Furniture and fittings	279	0	0	279
Total of machinery, fittings and equipment at fair value	1,368	0	0	1,368
Motor vehicles and plant at fair value				
Motor vehicles	1,808	0	0	1,808
Plant	1,111	0	0	1,111
Total of motor vehicles and plant at fair value	2,919	0	0	2,919

Notes:

(i) Classified in accordance with the fair value hierarchy, see Note 7.3

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2024.

The Valuer General Victoria (VGV) is the Corporation's independent valuation agency in relation to valuation of property, plant and equipment and infrastructure. The Corporation, in conjunction with VGV, monitors changes in the fair value of property, plant and equipment and infrastructure through relevant data sources to determine whether revaluation is required.

Although it is intended that asset valuations will be based on a five year cycle, FRD 103 Non financial physical assets (FRD103) requires entities to perform annual fair value assessments for each class of non financial physical assets to determine whether additional revaluations need to be undertaken between revaluation cycles. Management perform interim valuations when the triggers of FRD103 are met.

Non-specialised land

For non specialised land, an independent valuation was performed by the Valuer-General Victoria (VGV) to determine the 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 the sales analysed, an appropriate rate per square metre or per hectare has been applied to the subject asset. The effective date of the valuation is 30 June 2021.

To the extent that non-specialised land does not contain significant, unobservable adjustments, these assets are classified as a Level 2 under the market approach.

Non-specialised buildings

An independent valuation of non-specialised buildings was performed by VGV and used depreciated replacement cost to estimate fair value. The effective date of the valuation is 30 June 2021.

As depreciation adjustments are considered as significant, unobservable inputs in nature, the buildings are classified as Level 3 fair value measurements.

Specialised land

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 is classified as Level 3 assets.

CSO adjustments to land values have taken into account the planning restrictions applying to their use, as well as the restrictions and impacts of the existence of water infrastructure assets (drains, channels and reservoirs), but not the value of those assets (which are separately recorded as infrastructure assets). In the case of land used for reservoirs, the valuation performed by VGV recognises an associated CSO by valuing land above the full supply level at 80% of surrounding land values, and below the full supply level at 8% of adjacent land value.

An independent valuation of the Corporation's specialised land was performed by VGV. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2021.

Water infrastructure

Water infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the asset/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 depreciated replacement cost calculation.

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 infrastructure was performed by VGV. Water Infrastructure assets are valued by VGV at fair value. As the Corporation is categorised as not-for-profit, fair value is assessed as depreciated replacement cost. The effective date of the valuation is 30 June 2021. Important aspects to this valuation approach were:

- Replacement cost is determined on an 'Optimum Modern Equivalent' basis. This assessment calculates replacement cost by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained. In this way, value is not attributed to excess capacity, over design or redundancy.
- Depreciation is calculated using a straight line methodology, and in order to determine the depreciated value, condition assessments are used to calculate the remaining useful life

As depreciation adjustments are considered as significant, unobservable inputs in nature, water infrastructure is classified as Level 3 fair value measurements.

Machinery, fittings and equipment

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

As depreciation adjustments are considered as significant, unobservable inputs in nature, machinery, fittings and equipment are classified as Level 3 fair value measurements.

Motor vehicles and plant

Vehicles and plant are valued using the depreciated replacement cost method. The Corporation acquires new vehicles and usually 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 and plant.

As depreciation adjustments are considered as significant, unobservable inputs in nature, motor vehicles and plant are classified as Level 3 fair value measurements.

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

Service concession assets

Service concession assets are valued using the current replacement cost method adjusted for the associated depreciations. Service concession assets are classified as level 3 fair value measurements as they contain significant unobservable inputs and adjustments.

Fair value assessments

The Corporation conducted fair value assessments at 30 June 2024 of all asset classes, with no material movements identified since a managerial revaluation undertaken as 30 June 2023.

Consistent with FRD103, the managerial revaluation was calculated using indices recommended by Valuer General Victoria and resulted in a revaluation of water infrastructure assets of \$184.1m and buildings of \$0.59m at 30 June 2023

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.

Reconciliation of Level 3 fair value (\$'000) at 30 June 2024

Asset type	Opening balance	Additions	Transfers	Disposals	Depreciation	Impairment/write-off	Revaluation	Closing balance
Specialised land	33,136	0	0	0	0	0	0	33,136
Non-specialised buildings	5,821	0	0	0	(258)	0	0	5,563
Reservoirs and weirs	867,953	0	1,932	0	(4,136)	(3,596)	0	862,153
Tunnels	56,581	0	0	0	(95)	(341)	0	56,145
Irrigation channels and pipes	280,182	0	51,174	0	(4,874)	(1,779)	0	324,703
Irrigation drains	57,511	0	0	0	(307)	0	0	57,204
Irrigation structures, meters and pumps	288,637	0	530	0	(7,701)	(3,818)	0	277,648
Furniture and fittings	286	0	0	0	(61)	0	0	225
Machinery and tools	287	0	122	0	(80)	0	0	329
Computer equipment	794	0	89	0	(205)	0	0	678
Motor vehicles	1,808	1,917	0	(389)	(511)	0	0	2,825
Plant	1,111	0	148	(53)	(227)	0	0	979

Reconciliation of Level 3 fair value (\$'000) at 30 June 2023

Asset type	Opening balance	Additions	Transfers	Disposals	Depreciation	Impairment/write-off	Revaluation	Closing balance
Specialised land	29,884	0	0	0	0	0	0	29,884
Non-specialised buildings	5,422	0	66	0	(253)	0	586	5,821
Reservoirs and weirs	768,036	0	452	(7)	(3,730)	0	103,201	867,953
Tunnels	49,901	0	0	0	(87)	0	6,767	56,581
Irrigation channels and pipes	250,606	0	136	0	(4,050)	0	33,489	280,182
Irrigation drains	50,926	0	(3)	0	(290)	0	6,878	57,511
Irrigation structures, meters and pumps	261,122	0	891	(41)	(7,065)	0	33,730	288,637
Furniture and fittings	344	0	7	0	(72)	0	0	279
Machinery and tools	325	0	52	0	(89)	0	0	288
Computer equipment	648	0	410	(8)	(249)	0	0	801
Motor vehicles	1,716	0	630	(138)	(400)	0	0	1,808
Plant	664	0	583	0	(136)	0	0	1,111

8. Statutory obligations**Introduction**

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

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 25% (2023: 25%), 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.

Income statement

Current tax	5,157	0
Movement in deferred tax	0	(3,652)
	<u>5,157</u>	<u>(3,652)</u>

Tax reconciliation

Net result before income tax	<u>(20,626)</u>	<u>(14,607)</u>
Tax at the Australian tax rate of 25%	(5,157)	(3,652)
Tax effect of amounts which are not assessable/deductible (taxable) in calculating taxable income		
Sponsorships and entertainment	<u>0</u>	<u>0</u>
Income tax revenue	<u>(5,157)</u>	<u>(3,652)</u>

Income tax recognised in Other Comprehensive Income

Net gain on revaluation of infrastructure, property, plant and equipment	0	46,163
Impairment/write-off of infrastructure, property, plant and equipment	(2,383)	0
Income tax revenue (expense) recognised in Other Comprehensive Income at the Australian tax rate of 25%	<u>(2,383)</u>	<u>46,163</u>

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. 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.

The Corporation's deferred tax liabilities exceed the level of deferred tax assets and therefore a net deferred tax liability has been disclosed in the Balance Sheet.

Deferred tax assets

The balance comprises temporary differences attributable to:

Employee entitlement provision	1,235	1,263
Deferred revenue	657	798
Leases	13	(35)
Benefit of carry forward tax losses	99,300	96,253
	101,205	98,279
Offset against deferred tax liabilities	(101,205)	(98,279)
	0	0

Deferred tax liabilities

The balance comprises temporary differences attributable to:

Cumulative depreciation and amortisation	61,457	63,688
Net gain on revaluation of infrastructure, property, plant and equipment	275,011	277,394
Offset from deferred tax assets	(101,205)	(98,279)
	235,263	242,803

Movement in deferred tax liabilities

Carrying amount 1 July	242,803	200,292
Debited to other comprehensive income	(2,383)	46,163
Debited to the net result	(5,157)	(3,652)
	235,263	242,803

8.2 Environmental contribution**Environmental contribution levy**

530	530
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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 into a consolidated fund annual contributions for the first period, from 1 October 2004 to 30 June 2008 in accordance with the pre-established schedule of payments, which sets out the amounts payable by each Corporation. The contribution period has been extended until 30 June 2028.

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.

8.3 Dividends

An obligation to pay a dividend only arises after consultation with the portfolio Minister and the Treasurer and a formal determination is made by the Treasurer.

		2023-24 \$'000	2022-23 \$'000
9.	Other disclosures		
This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.			
9.1	Equity		
9.1.1	Contributed capital		
Contributed Capital			
Balance at 1 July		492,460	481,060
Capital transactions with the State Government in its capacity as owner arising from:			
Contribution - Macalister Irrigation System (MID2030 Phase 2 project)		8,445	10,000
Contribution - Werribee Irrigation System (Modernisation project)		4,000	0
Contribution - Bacchus Marsh Irrigation System (Critical infrastructure project)		675	1,400
Balance 30 June		<u>505,580</u>	<u>492,460</u>
Additions to net assets that 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 as contributed equity.			
9.1.2	Asset revaluation reserve		
		2023-24	
		Land	Buildings
		\$'000	\$'000
Asset revaluation reserve		28,473	2,455
Impairment of water infrastructure assets		0	0
Impairment reduction - tax (at 25%)		0	0
Closing balance		<u>28,473</u>	<u>2,455</u>
		Water Infrastructure	Total
		\$'000	\$'000
		829,826	860,754
		(9,532)	(9,532)
		2,383	2,383
		<u>822,677</u>	<u>853,605</u>
		2022-23	
		Land	Buildings
		\$'000	\$'000
Asset revaluation reserve		28,473	2,455
Increase in opening asset revaluation reserve resulting from reduction in tax rate		0	0
Revaluation increment on non-current assets		0	0
Revaluation increment - tax (at 25%)		0	0
Closing balance		<u>28,473</u>	<u>2,455</u>
		Water Infrastructure	Total
		\$'000	\$'000
		691,339	722,267
		0	0
		184,650	184,650
		(46,163)	(46,163)
		<u>829,826</u>	<u>860,754</u>
9.1.3	Accumulated surplus		
Accumulated surplus at beginning of reporting period		(23,165)	(12,210)
Net result for the period		<u>(15,469)</u>	<u>(10,955)</u>
Accumulated surplus at end of reporting period		<u>(38,634)</u>	<u>(23,165)</u>
9.2	Events occurring after the balance date		
The Corporation completed an efficiency payment to government in the form of the capital repatriation of \$0.3m in August 2024.			
No further matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Corporation, the results of those operations, or the state of affairs of the Corporation in future financial years.			
9.3	Responsible persons		
In accordance with the Ministerial Directions issued by the Minister for Finance under the <i>Financial Management Act 1994</i> , the following disclosures are made regarding responsible persons for the reporting period, as required by AASB 124 Related Party Disclosures. The responsible Minister during the 2023-24 reporting period was the Hon Harriet Shing MP, Minister for Water since June 2022.			
Remuneration paid to the responsible Ministers is reported in the State's Annual Financial Report. The names of persons who were directors of Gippsland and Southern Rural Water Corporation at any time during the financial year are as follows:			
Name	Title	Period of appointment during the 2023-24 reporting period	
Members of Corporation Board:			
Ms J Butterworth-Gray	Chairman	1 July 2023 to 30 June 2024	
Ms N Cleary	Deputy Chairman	1 July 2023 to 30 September 2023	
Ms M McCrum	Deputy Chairman	1 July 2023 to 30 June 2024	
Ms K Steel	Director	1 July 2023 to 30 June 2024	
Mr C Edwards	Director	1 July 2023 to 30 September 2023	
Mr M Darras	Director	1 July 2023 to 5 December 2023	
Ms J Doolan	Director	1 July 2023 to 30 June 2024	
Mr M Browne	Director	1 October 2023 to 30 June 2024	
Mr D Epstein	Director	1 October 2023 to 3 March 2024	
Mr A Scarff	Director	1 October 2023 to 30 June 2024	
Mr C FitzGerald	Managing Director and Accountable Officer	1 July 2023 to 30 June 2024	
Mr S Wilkinson acted in the position of Managing Director and Accountable Officer from 2 January 2024 to 5 January 2024.			
Ms Elisa Hunter acted in the position of Managing Director and Accountable Officer from 29 June 2023 to 14 July 2023.			
Remuneration			
Remuneration received or receivable by the responsible persons in connection with the management of the Corporation during the reporting period was in the range: \$660,000–\$669,999 (\$650,000–\$659,999 in 2022-23).			

9.4 Remuneration of executives

The number of executive officers, other than the Minister and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides 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, 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.

	Total remuneration	
Remuneration		
Short-term employee benefits	1,367	1,423
Post-employment benefits	138	143
Other long-term benefits	35	43
Total remuneration	1,540	1,609
Total number of executives	6	7
Total annualised employee equivalents	5.8	6.7

Notes:

- (i) The total number of executive officers includes the Managing Director, who meets the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and is also reported within the related parties note disclosure (Note 9.4)
- (ii) Annualised employee equivalent is based on the time fraction worked over the reporting period.

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.

Key management personnel (KMP)

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation, directly or indirectly, this comprises Independent Directors and the Managing Director.

Key management personnel (as defined in AASB 124 *Related Party Disclosures*) includes the Portfolio Minister and all Directors listed under responsible persons in Note 9.3 and members of the executive leadership team who have the authority and responsibility for planning, directing and controlling the activities of the Corporation directly or indirectly, during the financial year. The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the State's Annual Financial Report.

Compensation of KMPs

Short-term employee benefits	605	587
Post-employment benefits	58	56
Other long-term benefits	9	9
Total	672	652

Notes: KMPs are also reported in the disclosure of remuneration of executive officers (Note 9.4).

Significant transactions with government-related entities

During the year, the Corporation received funding of \$36.20 million (2023: \$30.77 million) and made payments of \$11.32 million (2023: \$8.15 million) with the following government-related entities:

Government-related entity receipts

Entity name	Brief description of main activity		
Department of Energy, Environment and Climate Action	Contributed capital funding in relation to modernisation of irrigation districts (refer Notes 9.1.1 and 2.3)	13,120	11,400
Department of Energy, Environment and Climate Action	Grant funding in relation to various projects (refer Note 2.3)	749	830
Treasury Corporation of Victoria	Loan accommodation funding in relation to the Corporation's capital expenditure requirements	22,900	18,350
Zero Emissions Water	Promote energy and emissions reduction initiatives to reduce carbon emissions	3	10
Total		36,772	30,590

Government-related entity receivables

Entity name	Brief description of main activity		
Department of Energy, Environment and Climate Action	Bore Construction Licence revenue	180	180
Total		180	180

		2023-24 \$'000	2022-23 \$'000
<u>Government-related entity payments</u>			
Entity name	Brief description of main activity		
Treasury Corporation of Victoria	Repayments of loan accommodation in relation to the Corporation's capital expenditure	7,250	5,900
Treasury Corporation of Victoria	Payments of interest on loan accommodation funding (refer Note 6.1.2)	2,631	1,216
Department of Energy, Environment and Climate Action	Payments of groundwater monitoring activities	346	385
Department of Energy, Environment and Climate Action	Payments of environmental contribution (refer Note 8.2)	530	530
Department of Treasury and Finance	Payments of financial accommodation levy (refer Note 6.1.2)	896	498
Zero Emissions Water	Promote energy and emissions reduction initiatives to reduce carbon emissions	13	5
Total		<u>11,666</u>	<u>8,534</u>
<u>Government-related entity payables</u>			
Entity name	Brief description of main activity		
Treasury Corporation of Victoria	Accrued interest on loan accommodation funding (refer Note 6.1.2)	215	75
Department of Treasury and Finance	Accrued payments of financial accommodation levy (refer Note 6.1.2)	202	120
Total		<u>417</u>	<u>195</u>
Transactions with key management personnel and other related parties			
Given the breadth and depth of Corporation 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 <i>Public Administration Act 2004</i> 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.			
Other related parties - Zero Emissions Water			
The Corporation Secretary of Southern Rural Water is a director and Company secretary of Zero Emissions Water. Transactions by the Corporation with Zero Emissions Water are entered in common with other members of the scheme and occur on an arm's length basis.			
9.6 Remuneration of auditors			
Victorian Auditor-General's Office			
Audit of the financial statements		55	53
Total remuneration of auditors		<u>55</u>	<u>53</u>
9.7 Ex-gratia expense			
Compensation		0	0
Total ex gratia expense		<u>0</u>	<u>0</u>
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 Corporation.			

9.8 Australian Accounting Standards issued that are not yet effective

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.

The following AASs become effective for reporting periods commencing after the operative dates stated:

Topic	Key requirements	Effective date	Estimated Impact
AASB2014-10	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	The standard is not expected to have a significant impact on the Corporation.
AASB2022-8	Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments	1 January 2027	The standard is not expected to have a significant impact on the Corporation.
AASB2022-9	Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector	1 January 2027	The standard is not expected to have a significant impact on the Corporation.
AASB2014-10	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	The standard is not expected to have a significant impact on the Corporation.
AASB2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Amendments to AASB101	1 January 2024	The standard is not expected to have a significant impact on the Corporation.
AASB2022-5	Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback – Amendments to AASB16	1 January 2024	The standard is not expected to have a significant impact on the Corporation.
AASB2022-10	Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities	1 January 2024	The standard is not expected to have a significant impact on the Corporation.
AASB2022-6	Non-current Liabilities with Covenants	1 January 2024	The standard is not expected to have a significant impact on the Corporation.
AASB2023-1	Supplier Finance Arrangements	1 January 2024	The standard is not expected to have a significant impact on the Corporation.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that have been in effect since July 2023. In general, these amending standards include editorial and reference changes which have an insignificant impact on public sector reporting. Where applicable, these standards have been adopted as required.

Standard
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.
ASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
AASB 2023-2 Amendments to Australian Accounting Standards – International Tax Reform – Pillar Two Model Rules

GIPPSLAND AND SOUTHERN RURAL WATER CORPORATION
Statutory Certification

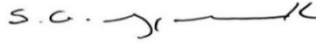
The attached financial statements for Gippsland and Southern Rural Water Corporation have been prepared in accordance with Standing Directions 5.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2024 and the financial position As at the date of signing, we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 03 October 2024.



Ms Joanne Butterworth-Gray
Chairman
Gippsland and Southern Rural Water Corporation
Dated on 03 October 2024



Mr Stuart Wigglesworth
Chief Financial Officer
Gippsland and Southern Rural Water Corporation
Dated on 03 October 2024



Mr Cameron FitzGerald
Managing Director
Gippsland and Southern Rural Water Corporation
Dated on 03 October 2024

Independent Auditor's Report

To the Board of the Gippsland and Southern Rural Water Corporation

Opinion	<p>I have audited the financial report of the Gippsland and Southern Rural 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 material 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
9 October 2024



Paul Martin
as delegate for the Auditor-General of Victoria

PERFORMANCE REPORT

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 <u>Net operating cash flows before net interest and tax</u> <u>Net interest payments</u>	times	1.5	-0.6	-0.3	-140.0%	1	-128.4%	8
F2	Gearing Ratio <u>Total Debt (including Finance Leases)</u> <u>Total assets</u>	x 100	4.30%	5.22%	5.50%	21.4%	2	-5.1%	
F3	Internal Financing Ratio <u>Net operating cash flow</u> <u>Net capital expenditure</u>	x 100	2.60%	-15.30%	-7.88%	-688.5%	3	-94.1%	9
F4	Current Ratio <u>Current assets</u> <u>Current liabilities (excluding long-term employee provisions and revenue in advance)</u>	times	1.00	0.83	0.49	-17.0%	4	69.7%	10
F5	Return on Assets <u>Earnings before net interest and tax</u> <u>Average assets</u>	x 100	-0.90%	-1.08%	-1.27%	-20.4%	5	14.3%	11
F6	Return on Equity <u>Net profit after tax</u> <u>Average total equity</u>	x 100	-0.90%	-1.17%	-1.34%	-29.7%	6	12.9%	12
F7	EBITDA Margin <u>Earnings Before Interest, Tax, Depreciation and Amortisation</u> <u>Total revenue</u>	x 100	8.70%	2.15%	0.88%	-75.2%	7	143.9%	13

Notes:

Significant variances to prior year

1. Cash Interest Cover

A deterioration of 140.0% has resulted from negative operating cashflow in 2023-24 caused by modernisation project costs not capitalised (\$7.6m more than 2022-23). The cash interest cover ratio is further deteriorated by higher interest charges of \$2.0m in 2023-24.

Remedial action for the deterioration to Cash Interest Cover:

The factors influencing the change to the Cash Interest Cover are either non-recurring (modernisation project costs not capitalised) or are managed as part of future financial planning assumptions (higher interest charges).

No additional remedial action is proposed by SRW.

2. Gearing Ratio

A deterioration of 21.4% is a result from a planned increase to borrowings driven by irrigation modernisation projects

Remedial action for the deterioration to Gearing Ratio:

The factor influencing the change to the Gearing Ratio is caused by the timing of irrigation modernisation projects. No remedial action is proposed by SRW as this capital expenditure formed part of the 2023-24 budget and future planning financial assumptions.

3. Internal Financing Ratio

A significant deterioration since June 2023 has resulted from negative operating cashflow in 2023-24 caused by modernisation project costs not capitalised and higher interest costs in 2023-24.

Remedial action for the deterioration to the Internal Financing Ratio:

The factors influencing the change to the Cash Interest Cover are either non-recurring (modernisation project costs not capitalised) or are managed as part of future financial planning assumptions (higher interest charges).

No additional remedial action is proposed by SRW.

4. Current Ratio.

A deterioration of 17.0% since 2022-23 has resulted from the reduction in Cash on Hand due to the increased debt taken on in 2022-23 to take advantage of favourable borrowing conditions, which was not repeated in 2023-24.

Remedial action for the deterioration to Current Ratio:

The factors influencing the change to the Current Ratio is caused by the timing of debt associated with large and planned modernisation works during 2024. No remedial action is proposed by SRW.

5. Return on Assets

A deterioration of 20.4% has resulted from Earnings After Tax recording a \$4.6m larger loss than 2022-23. The larger loss than 2022-23 is caused by an increase in project works not capitalised (\$7.6m), net interest (\$2.1m) and depreciation (\$2m), offset by higher earnings driven by from the sale of water & entitlements (\$3.9m) and Essential Services Commission approved price increases (\$2.4m).

Remedial action for the deterioration to Return on Assets:

The factors influencing the change to the Return on Assets are either non-recurring timing matters (irrigation modernisation project works) or form part of future financial planning assumptions.

No additional remedial action is proposed by SRW.

6. Return on Equity

A deterioration of 29.7% has resulted from

- a larger net loss due to significantly higher project works not capitalised, interest and depreciation than 2022-23.
- Increase in equity from 2022-23 asset revaluation and capital contributions for modernisation projects.

Remedial action for the deterioration to Return on Equity:

The factor causing the change to the Return on Equity Ratio is driven by the impacts of the modernisation projects, which are mostly completed as at June 2024. No remedial action is proposed by SRW.

7. EBITDA Margin

A deterioration of 75.2% since 2022-23 has resulted from the increases in revenue from additional customer charges and water entitlement sales not matched by higher costs attributed to non-recurring irrigation modernisation project costs not capitalised (\$7.6m).

Remedial action for the deterioration to EBITDA Margin:

The factors which led to a decrease in EBITDA Margin in 2023-24 (irrigation modernisation costs not capitalised) is one-off in nature and now that these projects are largely complete. SRW management expects the operating cost base will return to the the level of expenditure set by the 2024-25 Corporate Plan.

Significant variances to target

The 2023-24 target is derived from the 2023-24 Corporate Plan of the Corporation.

8. Cash Interest Cover

A deterioration of 128.4% has resulted from lower 2023-24 net operating cashflows before net interest and tax from and increased net interest payments:

- Operating cashflows less than budget due to higher project costs not capitalised (\$1.4m).
- higher net interest costs due to more average debt over period and higher interest rates than forecast

Remedial action for the deterioration to Cash Interest Cover:

The factors influencing the deterioration to the Cash Interest Cover are either non-recurring (modernisation project costs not capitalised) or are managed as part of future financial planning assumptions (higher interest charges).

No additional remedial action is proposed by SRW.

9. Internal Financing Ratio

A deterioration of 94.1% compared to the corporate plan target has resulted from lower 2023-24 net operating cashflows from:

- higher than expected project works not capitalised (\$1.4m) offset by higher than anticipated revenue from the sale of water entitlements (\$1.3m)
- higher net interest costs (\$0.7m) due to more average debt over period and higher interest rates than forecast
- higher than budget net payments to suppliers (\$1.5m) from timing differences between budget and actual working capital assumptions (largely attributed to operating payables)

Capital expenditure payments were higher than planned for 2023-24 (\$5.0m) which acted to accentuate the deterioration.

Remedial action for the deterioration to Internal Financing Ratio:

No remedial actions are proposed by SRW noting that:

- higher than expected project costs not capitalised (\$1.4m) is offset by lower than budgeted capital expenditure costs of irrigation modernisation projects, and total project expenditure by SRW is in accordance with project budgets
- higher than expected interest costs have since been included in future financial assumptions, including those used to inform the 2024-25 Corporate Plan
- working capital assumptions are a timing matter and do not affect the underlying financial assumptions of the corporation.

10. Current Ratio

An improvement of 69.7% to target has resulted from an increase to net receivables (\$6.7m) due to uncollected June 2024 water entitlement sales and bulk entitlement quarterly invoices debtors

11. Return on Assets

An improvement of 14.3% has resulted from a \$3.8m increase to Earnings before net interest and tax:

- higher than expected revenue from the sale of water entitlements (\$1.3m)
- lower depreciation (\$2.5m) from a lower than expected management revaluation in June 2023, higher than anticipated useful life assessments and less capital expenditure than anticipated since the 2023-24 Corporate Plan was set.

12. Return on Equity

An improvement of 12.9% has resulted from a \$2.4m decrease to Net loss after tax:

- higher than expected revenue from the sale of water entitlements (\$1.3m)
- lower depreciation (\$2.5m) from a lower than expected management revaluation in June 2023, higher than anticipated useful life assessments and less capital expenditure than anticipated since the 2023-24 Corporate Plan was set.
- Higher net Interest costs (\$0.7m)
- Lower than budgeted income tax credit (\$0.8m)

13. EBITDA Margin

An improvement of 143.9% has resulted from a \$1.4m increase to EBITDA principally due to higher than expected revenue from the sale of water & entitlements (\$1.3m)

PERFORMANCE REPORT

WATER SERVICE PERFORMANCE INDICATORS		2022-23 Result	2023-24 Result	2023-24 Target	% Variance to prior year	Notes	% Variance to target	Notes
KPI Number	Key Performance Indicator							
WSR1/ C1.4	Rural water supply deliveries							
	Number of orders delivered	x 100	100.0%	100.0%	95.0%	0.0%	1a	5.3%
	Total number of orders							1b
C1.5	Applications completed within agreed timeframes							
	Number of applications completed	x 100	71.6%	97.0%	90.0%	35.5%	2a	7.8%
	Total number of applications							2b
WSR2	Unavailability of Domestic and Stock supply							
	Duration that domestic and stock service is unavailable in excess of on-property storage requirement/length of water season	N/A	N/A	N/A	N/A	3a	N/A	3b
WSR3	Groundwater supply							
	Number of transfers processed within target period	x 100	90.0%	78.0%	90.0%	-13.3%	4a	-13.3%
	Total number of transfers processed							4b
Notes:								
1a. & 1b.	All valid orders confirmed were delivered to customers 100% of the time.							
2a.	We have started to see a decline in processing time and have finished the season above the target 90%, which is primarily due to the type and complexity of the applications received which varies from year to year.							
2b.	The target established in our Corporate Plan was based on the measure as defined in the Corporate Planning and Reporting Guidelines, which qualifies applications as being transfers of water shares. This qualification is not included in the Ministerial Reporting Direction under which this report is produced, and so our result includes all application types. Our performance for water share transfers was 100%.							
3a. & 3b.	This indicator is not applicable.							
4a. & 4b.	Groundwater transfers are minor category of the applications that we processed during 2023-24. As such, the change in result from 2022-23 and from our target reflects only a small number of applications. Across all categories, we processed 90% of applications within target timeframes.							
CUSTOMER RESPONSIVENESS PERFORMANCE INDICATORS		2022-23 Result	2023-24 Result	2023-24 Target	% Variance to prior year	Notes	% Variance to target	Notes
KPI Number	Key Performance Indicator							
CRR4	Billing Complaints							
	Number of complaints per 1000 customers	number	0.0	0.0	0.0	0.0%	1a	0.0%
								1b
Notes:								
1a. & 1b.	We had 0 billing complaints over the last three years, and an ongoing target of less than 1 complaint per 1,000 customers.							
ENVIRONMENTAL PERFORMANCE INDICATORS		2022-23 Result	2023-24 Result	2023-24 Target	% Variance to prior year	Notes	% Variance to target	Notes
KPI Number	Key Performance Indicator							
E2	Total net CO2 emissions							
	Net tonnes CO2 equivalent	tonnes	471.0	561.0	800.0	19.1%	1a	-29.9%
								1b
Notes:								
1a.	This reflects increased use of solar energy at our offices and an increase in low emission vehicles into the fleet. An increase in travel across the organisation back to pre-covid levels is responsible for the increased emissions compared to 2022-23, driven by modernisation project works, flood response, infrastructure inspections, compliance activities and staff engagement.							
1b.	Our CO2 emissions have reduced since 2019, and our current result is well ahead of our target for the 2023-24 year.							

GIPPSLAND AND SOUTHERN RURAL WATER CORPORATION
Statutory Certification

We certify that the accompanying Performance Report of Gippsland and Southern Rural 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 for these indicators, and an explanation of any significant variance between the actual result and the 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.



Ms Joanne Butterworth-Gray
Chairman
Gippsland and Southern Rural Water Corporation
Dated on 03 October 2024



Mr Stuart Wrigglesworth
Chief Financial Officer
Gippsland and Southern Rural Water Corporation
Dated on 03 October 2024



Mr Cameron FitzGerald
Managing Director
Gippsland and Southern Rural Water Corporation
Dated on 03 October 2024

Independent Auditor's Report

To the Board of the Gippsland and Southern Rural Water Corporation

Opinion	<p>I have audited the performance report of the Gippsland and Southern Rural 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 service performance indicators • customer responsiveness performance indicators • environmental performance indicator • statutory certification. <p>In my opinion, the performance report of the Gippsland and Southern Rural 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
9 October 2024



Paul Martin
as delegate for the Auditor-General of Victoria

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